

Information of the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan on promoting and protecting the economic, social and cultural rights within the context of addressing inequalities in the recovery from the COVID-19 pandemic

2nd item: *Increasing social spending through national and local budgets for the realization of economic, social and cultural rights (e.g. rights related to health, food, water and sanitation, housing, education, social protection and work)*

The provision of targeted state social assistance (TSSA) to families, whose period of TSSA eligibility expired during the special quarantine regime in the territory of the Republic of Azerbaijan as of the 1st of March has been extended until the 1st of July 2020, according to Resolution No. 123 of the Cabinet of Ministers of the Republic of Azerbaijan dated the 1st of April 2020. Furthermore, during the special quarantine regime within the territory of the Republic of Azerbaijan, targeted state social assistance was assigned to families without a review of their financial situation until the 1st of July 2020. This was a critical step in mitigating the negative impact of the special quarantine regime on the social well-being of low-income families.

In addition, social support measures for elderly and people with disabilities living alone, low-income families, people from other vulnerable groups of the population have become widespread by both state institutions and representatives of the private sector, as an important contribution to national solidarity.

During the COVID-19 pandemic, 10,000 families who lost the head of the family, families with many children, or children with disabilities were given food rations along with other citizens from vulnerable groups.

All these social support actions covered up to 250,000 families with food aid in Baku city and other parts of the country.

Furthermore, among the priority areas of social service activities under the special quarantine regime in measures to protect vulnerable segments of the population are the measures related to the social protection of citizens over 65 years of age are.

Citizens over the age of 65 who are at high risk of infection, were prohibited from leaving their homes during the special quarantine regime to protect their health. In this regard, according to the instructions of the President, the Ministry of Labour and Social Protection of Population mobilized all social service workers and provided them with daily social household services (household work, purchase of basic necessities, medicines, utility payments, etc.). 15,000 older people living in single-person households and people with disabilities in Baku and regions of the Republic received social services at home.

During the special quarantine regime, a temporary supplement in the amount of monthly (tariff) salary was determined for the salaries of social service workers involved in the provision of social services.

At the same time, in order to improve the legislation in the field of unemployment insurance the draft Law of the Republic of Azerbaijan "On Unemployment Insurance" has been prepared to expand the number of persons receiving unemployment insurance payments, as well as to eliminate existing gaps and contradictions in the legislation in the field of assignment of unemployment insurance payments. Both drafts were submitted for review in December 2022.

According to the Law of the Republic of Azerbaijan No. 162-VIQD dated August 7, 2020, "On Amendments to the Law of the Republic of Azerbaijan "On Employment", the range of persons involved in paid public works has been expanded. The period provided by the

legislation for acquiring the right of ownership over the assets provided to the persons involved in the self-employment program has been reduced.

The Law of the Republic of Azerbaijan No. 260-VIQD dated February 1, 2021, "On amending the Law of the Republic of Azerbaijan "On Employment", which broadens the scope of employment measures, now includes members of the martyr's families who have a special need for the social protection that the law provides for and who are having trouble finding employment.

In accordance with the Law of the Republic of Azerbaijan No. 163-VIQD of August 7, 2020 on amending the Law of the Republic of Azerbaijan "On Unemployment Insurance", the relevant legal norms regarding the determination of the precise range of individuals entitled to receive unemployment insurance payments have been amended. In addition, the requirements established under the legislation regarding obtaining insurance payment have been changed.

On pension provision

In 2022, a number of amendments were made to the Law of the Republic of Azerbaijan "On Labor Pensions" in order to improve the social welfare of citizens, strengthen their social protection, form a high pension provision and ensure citizen satisfaction.

According to the Decree of the President of the Republic of Azerbaijan "On additional measures in the field of social protection of labor pensioners" the indexation of labor pensions was carried out, and the payment of relevant financial assistance to pensioners in 2022 was ensured in order to strengthen their social protection, mitigate the negative effects of the COVID-19 pandemic, as well as the impact of processes in international markets on labor pensioners' social welfare, and increase state care for special population groups in the post-war period.

From January 1, 2022 the amount of the minimum labor pension has been increased by 20 percent, from 200 manats to 240 manats.

The insurance part of the labor pensions assigned until 1 January 2022 was indexed. Cash assistance in the amount of 200 manats divided into quarters was paid to labor pensioners who receive a pension based on the insurance principle, effective January 1, 2022. The pension capital registered the insurance part of the insured's individual account was indexed. In addition, labor pensioners who received supplements due to length of service assigned until January 1, 2022 got monthly financial assistance in the amount of 10% of their pension (including the supplements due to length of service) in 2022.

The above-mentioned monthly amount of the financial assistance has been included in the pensions beginning January 1, 2023.

If the amount of the labor pension due to the loss of the head of the family per family member is less than the amount of social benefits provided for by the Law of the Republic of Azerbaijan "On Social Benefits", that person may receive the appropriate social benefit instead of the labor pension. In this case, the share of labor pension due to the death of the family's head is divided among the remaining family members.

The number of children of parents with many children includes not only their own, but also children who have been adopted or taken into guardianship. At the same time, fathers of children with disabilities under the age of 18 are eligible for early retirement under the conditions established by the legislation.

Eliminating the minimum pension capital requirement, which was a necessary precondition when determining the right to a labor pension under favorable conditions, has increased those people's access to pension provision.

Recalculation of the pension of the labor pensioners who re-enlisted as military servicemen after the assignment of old-age military pension was decided. Therefore,

pensions of the persons who have served for at least 72 months from the date of their re-admission to military service, persons who have been reinstated to military service by a legally binding decision of the court, persons who died while performing military service duties and persons belonging to the staff of high-ranking officers, shall be recalculated in accordance with their last monetary allowance.

On social insurance

According to the current Law of the Republic of Azerbaijan "On Social Insurance," individual entrepreneurs working in the construction and trade sectors are required to pay social insurance fees in proportion to the minimum wage. To avoid violations of equality between the social insurance burdens of micro, small, medium and large business entities, to take into account the true financial burden among entrepreneurs, to avoid economic inconsistency (taking into account profitability), to eliminate discrimination among entrepreneurs and to equalize social insurance burdens beginning January 1, 2021, percentage coefficients will be applied based on region to amounts equal to 50% of the minimum wage in construction and 25% in other fields.

The fact that the income of a number of categories of certain people engaged in lawful entrepreneurial activities is not permanent, the small amount of their income, the fact that income in some areas is seasonal, and the need to simplify the procedures for social insurance payments have all been considered.

Taking into account the level of profitability in certain areas of activity, individual provision of services, and the financial burden of business entities and persons using agricultural land in their possession, a payment discipline was established in accordance with the tariff system formed by applying the appropriate coefficients to the mandatory state social insurance premiums.

Despite the reduction of social tension among people who use agricultural lands in the regions, involving people engaged in this activity in social insurance, and the fact that those engaged in agriculture will pay small amounts in the future, due to the fact that they cannot be provided with pension payments, a percentage is applied to the minimum monthly wage per hectare of land for each family member, depending on the size of the land.

6th item: Ring-fencing and/or increasing social spending:

On social payments

The amount of a monthly social allowance paid to an employee of a privatized and state-administered enterprises whose health has deteriorated as a result of an industrial accident or occupational disease, or to the family members and other dependents of an employee who died for this reason in the case of loss of professional working capability, is defined as a percentage of the loss of the minimum monthly salary in the case of loss of professional working capacity, and in the amount of the minimum monthly salary in the case of death.

For the purpose of determining the targeted state social assistance (TSSA), the level of the need criteria for 2022 was 200 manats and the level of the living minimum was 210 manats. Thus, the need criterion for 2022 was 17.65% or 30 manats higher than the indicator for 2021 (170 manats), and the living wage for 2022 is the same as the indicator for 2021 (196 manats) increased by 7.14% or 14 manats. This is an important step toward gradually bringing the need criterion to the country's minimum living wage.

7th item: *Investing in social spending to comply with the obligation of realizing minimum essential levels of all economic, social and cultural rights and to progressively achieve the full realization of these rights by:*

On financial support

In 2020, when the impact of the pandemic impact was at its peak, the Fund's income from mandatory state social insurance contributions increased by 21.62% compared to 2019, when the pandemic had not yet begun, 8.28% in 2021 compared to the previous year, and in 2022 according to operational data it increased by 19% compared to the previous year and amounted to 4578.34 million manats. This indicator was by 18.46% higher than the 2021 corresponding indicator with the non-budget sector accounting for 63.51% of these funds.

In order to balance the budget of the State Social Protection Fund, the relative share of the funds allocated from the state budget for financing the obligations of the state budget in the income of the Fund decreased by 2.45% in 2018, by 9.43% in 2019, by 13.29% in 2020, by 12.84% in 2021, and in 2022 it decreased by 18.31% compared to the base year (according to operational data). This is one of the key signs that the share of transfers in income has decreased and that the trend of lowering reliance on the state budget and boosting financial stability will persist.

During the 11 months when the macroeconomic indicators for 2022 were refined, the share of payment costs to the population at the expense of the state social protection fund was approximately 3.83% of GDP, which is considered a positive financial indicator from the perspective of pension systems and management experience.

The growth of the State Social Protection Fund's income and expenses is directly related to the expansion of the wage fund, which is the main source of income for the population, given that wage labor accounts for approximately 98 percent of the paid mandatory state social insurance contributions. This demonstrates that the management and development trends of major socioeconomic institutions in the direction of global sustainable development goals continue even as we approach the post-pandemic period.

In 2020, the share of labor pension expenses in the overall payments to the population increased by 19.38% over 2019, and by 2.53% in 2021 compared to 2020. According to operational data, pension expenses in 2022 will be 4947,66 million manats (increase of 7.86% over 2021).