

## Azerbaijan

Exchange rate: US\$1.00 equals 4,950 manat (AZM).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1956.

**Current laws:** 1992 (military pensions); 1992 (disability); 1992 (pensions), implemented in 1993; and 1997 (social insurance).

**Type of program:** Social insurance and social assistance system.

Local welfare offices may provide social assistance in the form of cash, in-kind, and care benefits financed from transfers from the state budget. Employers also provide some social assistance benefits.

#### Coverage

**Social insurance:** All employed residents, including the self-employed and members of collective farms.

**Social pension:** Elderly people, disabled people, and survivors who are not eligible for social insurance benefits.

#### Source of Funds

##### Insured person

**Social insurance:** 2% of gross earnings.

There are no minimum and maximum earnings for contribution purposes.

The above contributions also finance cash sickness and maternity benefits, work injury benefits, unemployment benefits, and family allowances.

**Social pension:** None.

##### Self-employed person

**Social insurance:** Between 10% and 20% of the national average monthly salary; 20% of gross monthly income for advocates and independent auditors and accountants.

There are no minimum and maximum earnings for contribution purposes.

The above contributions also finance cash sickness and maternity benefits, unemployment benefits, and family allowances.

**Social pension:** None.

##### Employer

**Social insurance:** 27% of payroll (nonagricultural); 23% of payroll (agricultural).

There are no minimum and maximum earnings for contribution purposes.

The above contributions also finance cash sickness and maternity benefits, work injury benefits, unemployment benefits, and family allowances.

**Social pension:** None.

#### Government

**Social insurance:** Subsidies as needed; contributes as an employer for its own employees.

There are no minimum and maximum earnings for contribution purposes.

**Social pension:** Total cost.

#### Qualifying Conditions

**Old-age pension:** Age 62 with 25 years of covered employment (men) or age 57 with 20 years of covered employment (women).

Covered employment includes noncontributory periods such as years of military and alternative national service; providing care for Group I invalids or disabled children younger than age 16; periods receiving unemployment allowance or in employment training; and periods receiving a Group I or II disability pension as a result of military or civilian national service or an occupational disease.

The full pension is paid with 45 years of service.

**Early pension:** Age 57 with at least 25 years of service (men) or age 52 with at least 20 years of service (women), including at least 12.6 years (men and women) working in unhealthy or arduous conditions.

Early pensions are also provided to mothers who have reared at least three children or one congenitally disabled child until age 8.

**Gradual retirement pension:** Pensioners may receive 50% of their pension entitlement while working after early or normal pension age. There is no earnings test.

**Special supplements (old age):** Rehabilitated victims of political repression receive 50% of the minimum old-age pension; war veterans (including enrolled civilian personnel and partisan forces) and some other categories of military personnel, 30%.

**Social pension:** For nonworking citizens age 65 (men) or age 60 (women); age 55 for certain categories of mother not eligible for the old-age pension.

**Disability pension:** The pension is awarded according to three assessed degrees of disability (Groups I to III). The degree of disability is assessed and periodically reviewed by a medical commission.

The minimum degree of assessed disability for entitlement to a pension is 25%. The benefit for different categories of insured person is determined by minimum periods of covered employment. There is no minimum period if insured and younger than age 21; if between ages 21 and 23, 1 year of employment; if older than age 23, 1 year of employment plus 3 months for each year over age 23.

Noncontributory periods are also credited or taken into consideration, including military and nonmilitary national service; education and professional training; caregiving for disabled persons, children, and the elderly; for temporary disability; and for periods of unemployment.

**Dependent supplement:** For the spouse and children of nonworking Group I or II disabled persons.

**Care supplement:** Group I disabled persons requiring care and all war-disabled persons (including dependent pensioners).

**Special supplements (disability):** Group I disabled persons (totally disabled, incapable of doing any work, and requiring constant attendance) receive 50% of the minimum old-age pension.

Group I war-disabled persons (totally disabled, incapable of doing any work, and requiring constant attendance) receive 100% of the minimum old-age pension (Group I war-disabled persons who are also eligible for a war veteran's supplement (old age) receive a maximum of 100% of the minimum old-age pension); Group II war-disabled persons (disabled and not requiring constant attendance), 70%; Group III war-disabled persons (partially disabled and incapable of doing usual work), 50%.

**Social pension:** All Group I, II, or III disabled persons not eligible for a disability pension; disabled children younger than age 16.

**Survivor pension:** The deceased had 1 to 15 years of work (depending on age at death). The pension is payable to a surviving spouse if retired or disabled, to a nonworking spouse, to a spouse caring for a child younger than age 8, to a spouse of someone killed in combat, and, to children younger than age 18 (age 23 if a full-time student, no limit if disabled).

**Dependent supplement:** The spouse and children of deceased National Heroes of Azerbaijan; the spouse and children of citizens who died during national service.

**Other eligible survivors:** The parents of an insured person killed in combat (regardless of whether they were dependent on the insured); retired or disabled parents (who were dependent on the insured); or parents (regardless of age or dependency) who do not work but care for one or more of the insured's children younger than age 8. Brothers and sisters who satisfy the age conditions and whose parents are incapable of work or are not working but are caring for one or more of the insured's children, brothers, sisters, or grandchildren younger than age 8. Grandparents who do not work but care for one or more of the insured's children, brothers, sisters, or grandchildren younger than age 8 and there is no one else capable of caring for them. Grandchildren younger than age 18 (age 23 if a full-time student, no limit if disabled) whose parents are incapable of work.

**Death grant:** Payable for the death of an old-age pensioner.

**Social pension:** Payable to a surviving dependent if the insured did not qualify for a social insurance pension.

Pensions are payable abroad under bilateral agreement.

### Old-Age Benefits

**Old-age pension:** 60% of average gross monthly earnings plus 2% for each year of employment over the minimum requirement.

Average gross monthly earnings are calculated on the basis of earnings during the 60 months of employment before the application for a pension.

The minimum pension is 100,000 AZM a month, plus a bread allowance of 11,000 AZM a month.

Normally, the maximum pension is 216,750 AZM (85% of three times the national average wage (85,000 AZM) used to calculate the pension).

**Early pension:** The reduction applied to early pensions varies from profession to profession.

**Gradual retirement pension:** Working pensioners are entitled to 50% of their pension entitlement.

**Care supplement:** 20% of the monthly minimum old-age pension for single pensioners aged 75 or older.

**Special supplements:** 30%, 50%, 70%, or 100% of the minimum old-age pension, according to the specified category.

**Benefit adjustment:** Benefits are adjusted according to changes in the cost of living.

**Social pension:** 80% of the national monthly minimum wage.

The national monthly minimum wage is 100,000 AZM.

**Benefit adjustment:** Benefits are adjusted according to changes in the cost of living.

### Permanent Disability Benefits

**Disability pension:** The benefit is based on the insured's average monthly earnings and the assessed degree of disability. For a Group I disability, 70% of average monthly earnings (80% if war-disabled); Group II, 50% (60% if war-disabled); or Group III, 30% (40% if war-disabled).

Average gross monthly earnings are based either on earnings during 5 years chosen out of the entire employment history or during the last 2 years.

The maximum monthly earnings for benefit calculation purposes are 216,750 AZM.

The minimum pension for a Group I disability is 150% of the minimum old-age pension (200% if war-disabled); Group II, 100% (150% if war-disabled); or Group III, 70% (100% if war-disabled).

Normally, the maximum pension is 216,750 AZM (85% of three times the national average monthly wage (85,000 AZM) used to calculate the pension).

**Partial pension:** The full pension is reduced in proportion to the number of years of employment.

The minimum partial pension is 85% of the national minimum wage.

The national monthly minimum wage is 100,000 AZM.

Dependent supplement: 20% of the monthly minimum old-age pension for each dependent. There is no maximum.

Care supplement: 50% of the monthly minimum old-age pension for a Group I disabled person.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

**Social pension:** 100% of minimum wage for a Group I disability, for a Group II disability if the disability began in childhood, or for disabled children younger than age 16; 80% for a Group II disability (excluding the disabled up to age 16); 65% for a Group III disability if the disability began before age 16.

The national monthly minimum wage is 100,000 AZM.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

### Survivor Benefits

**Survivor pension:** For a surviving spouse, 30% of the insured's average monthly earnings; 60% if the insured was in military service. The spouse's pension ceases upon remarriage.

**Orphan's pension:** 30% of the insured's average monthly earnings; 60% for full orphans.

Dependent supplement: Members of families of National Heroes of Azerbaijan who died for their country are entitled to 100% of the minimum old-age pension; members of families of other people who have died for their country are entitled to 50% of the minimum old-age pension.

Other dependents: 30% of the insured's average monthly earnings.

The minimum survivor pension is 100% of the minimum old-age pension (100,000 AZM) per survivor.

The maximum pension for each survivor is 216,750 AZM (85% of three times the national average monthly wage (85,000 AZM) used to calculate the pension).

There is no limit to the total maximum survivor pension.

**Death grant:** 150,000 AZM.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

**Social pension:** 80% of the minimum wage a month for each orphan, nonworking parents, grandparents, aunts and uncles, and for siblings who were employed by the insured to care for a disabled child younger than age 8.

The national monthly minimum wage is 100,000 AZM.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

### Administrative Organization

State Social Protection Fund (<http://www.sspf.gov.az>) provides general coordination and supervision.

Regional and local departments of the State Social Protection Fund administer the program.

State Social Protection Fund and its regional counterparts collect and manage payroll contributions and finance benefit payments.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1912.

**Current laws:** 1998 (social insurance) and 1999 (health insurance).

**Type of program:** Social insurance (cash benefits) and universal (medical care) system.

### Coverage

**Cash benefits:** Employed citizens.

Voluntary coverage for the self-employed.

**Medical benefits:** Permanent residents.

### Source of Funds

#### Insured person

*Cash sickness and maternity benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None.

#### Self-employed person

*Cash sickness and maternity benefits:* May contribute on a voluntary basis.

*Medical benefits:* None.

#### Employer

*Cash sickness and maternity benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None.

#### Government

*Cash sickness and maternity benefits:* May cover deficits.

*Medical benefits:* Total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits:** All employed persons.

**Medical benefits:** Permanently resident.

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of the last month's earnings for those employed for at least 8 years; for those wounded during the military conflict in Baku in 1990; for those wounded during the military conflict in Karabakh; for parents, wives, and

children of soldiers killed in combat; and for persons who helped during the Chernobyl catastrophe (80% of the last month's earnings for those employed between 5 and 8 years; 60% of the last month's earnings those who have worked for less than 5 years).

The benefit is paid from the first day of incapacity until recovery or assessed as permanently incapable of work.

The employer pays the benefits for the first 6 months.

**Maternity benefit:** 100% of gross average monthly earnings during the period before childbirth and 15,000 AZM a month after childbirth.

The employer pays the benefit for 70 days before and 56 days after the expected date of childbirth.

**Benefit adjustment:** Benefits are adjusted according to changes in the cost of living.

**Maternity leave:** For insured women in the nonagricultural sector, 70 days before and 56 days after (for multiple births or for a difficult delivery, 70 days after) the expected date of childbirth. For insured women in the agricultural sector, 70 days before and 70 days after (for a difficult delivery, 86 days after; for multiple births, 110 days after) the expected date of childbirth.

### **Workers' Medical Benefits**

Compulsory medical insurance is organized by employers and covers medical services provided directly to patients by public and private facilities contracted by the health insurance agencies. (Mandatory medical insurance for nonworking people is organized by the local authorities.)

Free medical services include the provision of wheelchairs, immunization and vaccination services, and home nursing care for Group I disabled persons. There is compensation for transportation expenses for disabled persons and for authorized medical treatment abroad.

Groups I and II disabled persons and persons with long employment records are entitled to free dental prosthesis and medicines prescribed by a doctor. Prosthesis, eyeglasses, and hearing aids are free for Groups I, II, and III disabled persons and for those with long employment records. General dental care is not free except for children up to age 16 and vulnerable groups of the population, including the disabled.

### **Dependents' Medical Benefits**

Individual entitlement is provided to all permanent residents.

### **Administrative Organization**

**Cash benefits:** State Social Protection Fund (<http://www.ssp.gov.az>) provides general coordination and supervision.

**Medical benefits:** Ministry of Health (<http://www.mednet.az>) administers the program.

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1956.

**Current law:** 1996 (work injury).

**Type of program:** Social insurance (cash benefits) and universal (medical benefits) system.

### **Coverage**

**Cash benefits:** All employees.

**Exclusions:** The self-employed.

**Medical benefits:** All residents.

### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** Not applicable.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above; and the cost of medical benefits and funeral grants.

**Government:** May cover deficits.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

100% of previous income. The benefit is payable from the first day of incapacity until recovery or the award of a permanent disability pension.

Previous income is calculated on the basis of income in the 12 months before the onset of disability or the determination of the degree of disability.

The degree of disability is assessed and periodically reviewed by a medical commission.

### **Permanent Disability Benefits**

**Permanent disability pension:** 100% of average monthly earnings multiplied by the assessed degree of incapacity. The pension is paid monthly.

Average gross monthly earnings are based on earnings during the last 60 months of employment before the application for a pension.

The minimum degree of assessed disability for entitlement to a pension is 25%.

Constant-attendance allowance: 9,000 AZM a month for a Group I disabled person to pay for someone else to provide personal care.

The degree of disability is assessed and periodically reviewed by a medical commission.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

**Disability lump sum:** A lump sum of 500,000 AZM is paid annually to victims of the Chernobyl catastrophe.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

### Workers' Medical Benefits

Medical services are provided directly to patients by governmental health providers. Benefits include general and specialist care, hospitalization, laboratory services, transportation, and the full cost of appliances and medicines. Rehabilitation and vocational training are available to disabled persons. All costs are paid by the employer.

### Survivor Benefits

#### Survivor benefit

*Widow(er) pension:* For a widow(er) under the pensionable age, 1/3 of average monthly earnings.

*Orphan's pension:* Up to 100% of the deceased's average monthly earnings are shared equally. Orphans must be younger than age 18 (age 23 if a student; no limit if disabled).

*Other eligible survivors (in the absence of the above):* 100% of the deceased's average monthly earnings are shared equally among dependent parents and other relatives.

Average monthly earnings are equal to the insured's average monthly earnings in the last 60 months of employment.

Dependent supplement: Members of families of National Heroes of Azerbaijan who died for their country are entitled to 100% of the minimum old-age pension; members of families of other people who have died for their country are entitled to 50% of the minimum old-age pension. The minimum old-age pension is 100,000 AZM a month.

The maximum total survivor pension is 100% of average monthly earnings.

**Funeral grant:** The employer pays for the funeral.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

### Administrative Organization

**Temporary disability benefits:** Enterprises and employers pay benefits to their own employees.

**Pensions:** State Social Protection Fund (<http://www.sspf.gov.az>) provides general coordination and supervision.

Regional and local departments of the State Social Protection Fund administer the program.

Social Protection Fund and its regional counterparts collect and manage payroll contributions and finance benefit payments.

**Medical benefits:** Ministry of Health (<http://www.mednet.az>) and health departments of local governments provide general supervision and coordination. Medical services are delivered through clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments.

### Unemployment

#### Regulatory Framework

**First law:** 1991.

**Current laws:** 1999 (labor code) and 2001 (employment).

**Type of program:** Social insurance system.

#### Coverage

All residents.

#### Source of Funds

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** Subsidies as needed from national and local governments.

#### Qualifying Conditions

**Unemployment benefit:** At least 26 weeks of covered employment in the 12 months before unemployment. The insured must be between age 15 and the pensionable age, registered with the state employment services, and actively seeking and willing to work.

The benefit is suspended for 3 months for refusing two acceptable job offers or for failing to attend the monthly registration at the employment service without a valid reason. The benefit ceases for filing a false or fraudulent claim or for refusing to attend vocational training.

#### Unemployment Benefits

70% of average gross monthly earnings during the 12 months before unemployment. The benefit must not exceed the national average monthly wage. The benefit is payable for a total of 26 weeks in any 12-month period.

The national average monthly wage is 383,100 AZM.

Dependent supplement: 10% of the benefit for each dependent up to age 18, up to a maximum of 50% of the benefit.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

## Administrative Organization

Ministry of Labor and Social Protection of the Population (<http://www.azerin.com/members/mlspp>) provides general oversight.

State Employment Service, with its local branch offices, is responsible for administering the program, paying benefits, providing services for unemployed persons (including training), and also for creating new jobs.

## Family Allowances

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### Regulatory Framework

**First law:** 1944.

**Current laws:** 1992 (pensions), implemented in 1993, with 1997 and 1998 amendments; 1995 (low-income families); and 1996 (children of low-income families).

**Type of program:** Social insurance (child-rearing allowance) and social assistance (child benefit) system.

### Coverage

**Child benefit:** All residents; the benefit is usually paid to a parent or the person responsible for rearing the child.

**Child-rearing allowance:** Employees and covered self-employed persons.

### Source of Funds

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** Total cost of child benefit and subsidies for the child-rearing allowance.

### Qualifying Conditions

**Child benefit (income tested):** Residents younger than age 16 (age 18 if a student with no student allowance).

**Income test:** The average monthly income per family member is less than 16,500 AZM.

**Child-rearing allowance:** For employees who leave the labor force in order to rear a child. There is no minimum qualifying period.

**Birth and adoption grants:** Paid to the mother (or other recognized carer).

**Full orphan's special allowance:** Paid to a full orphan until age 16.

## Family Allowance Benefits

**Child benefit (income tested):** Claims for benefits are either normal or special. For a normal case, the basic amount varies according to the income of the family. The full normal benefit is 9,000 AZM a month per child. For a special case, the basic amount does not vary with the age of the child or the income of the family. Special cases are as follows: for a child whose parent is in periodic military service, 12,500 AZM a month; children of war invalids and martyrs, 20,000 AZM a month; children of parents killed during the defense of the motherland, 35,000 AZM; or children of a parent who helped during the Chernobyl catastrophe, 25,000 AZM.

**Child-rearing allowance:** 15,000 AZM a month until the child is age 3.

**Birth and adoption grants:** A lump sum of 70,000 AZM.

**Full orphan's special allowance:** 5,500 AZM a month.

**Benefit adjustment:** Benefits are adjusted annually.

## Administrative Organization

Ministry of Labor and Social Protection of the Population (<http://www.azerin.com/members/mlspp>) provides general oversight.

Local branches of the Ministry of Labor and Social Protection of the Population are responsible for administering social security benefits and paying benefits to nonworking parents.

State Social Protection Fund and its regional counterparts collect and manage payroll contributions and finance benefit payments.