



FOR SECTORAL SOCIAL SCHEMES IN AGRICULTURE

EUROPEAN PROJECT VS/2013/0407

„Promoting social dialogue in the sector of Agriculture in the new member states toward developing Sectoral Social Schemes in terms of combating precarious work places, poverty and social exclusion of the agricultural workers”

COMPARATIVE ANALYSIS

OF SOCIAL SECURITY SCHEMES
FOR AGRICULTURAL WORKERS
IN NINE EUROPEAN PROJECT COUNTRIES

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ANALYSIS OF SOCIAL
SECURITY SCHEMES FOR
AGRICULTURAL WORKERS
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Analitycal Study

August 2014

Sofia



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This publication is an information and analytical reference material about the situation of the social security systems in the sector of Agriculture in the member states - partners under this project. Along to the challenges identified the Analysis covers in comparison the specific social security schemes in some of the old member states that have been developed during the years as a result of social dialogue and involvement of the working people. This publication is a contribution to the effective social dialogue process development in the sector and starting point to generating new possible solutions for improving the social security of the working in Agriculture.

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This project is supported by the European Union,
European Commission, GD „Employment, Social Affairs and Inclusion“

This publication can be downloaded on: www.fnsz.org



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Editorial:

The *Project entitled Promoting social dialogue in the sector of Agriculture in the new member states toward developing a Sectoral Social Scheme in terms of combating precarious work places, poverty and social exclusion of the agricultural workers* implemented by the Partnership with the financial support of the European Union aims to study and analyse the situation of social security systems in several EU member states and one candidate country with a special focus on the sector of Agriculture where the social security coverage of employees and workers is not sufficient. At the same time, the Partnership has background information and sufficient experience with respect to existing best practices in developing additional social security schemes established in some of the old member states (such as Germany, France, Italy, etc.), which may be studied by means of dialogue between the social partners and then promoted in order to provoke and encourage coordinated measures of the sectoral social partners aimed at establishing effective safety nets/specific sectoral schemes that would have a positive impact on industrial relations in general and especially on social dialogue and collective bargaining in partner countries selected as pilots for this project: Bulgaria, Romania, Macedonia, Slovenia and the Czech Republic. In addition, we expect a boost in the process of social dialogue and industrial relations (especially in the new member states) by introducing effective mechanisms for the development of sustainable agriculture that offers secure and attractive jobs and generating ideas and proposals to improve relevant pieces of social security legislation (at the European and country level).

The Partnership's experience related to social dialogue and industrial relations in the sector of Agriculture and the priorities that were defined inspire us to continue our work in mobilizing the energy of citizens and society in order to cope with social security challenges in this sector by means of discussions and creation of sectoral

social security schemes aimed at mid-term and long-term support for the policy benefitting interested workers and society as a whole. That will certainly improve the quality of social dialogue, particularly in the new member states, and bring it to a new level, while the resulting outcomes and know-how can be used in other sectors as well.



INTRODUCTION

Social protection systems within the European Union were created to serve a single higher purpose, i.e. to protect people from poverty as a result of unemployment, layoffs due to restructuring or other economic constraints, retirement, deteriorating health and disability, parenthood, old age or loss of a parent. In addition, they guarantee access to vital services ensuring decent quality of life, the right to free movement, non-discrimination, equality, and social integration.

It is member states' competence to ensure the organization and funding of social security systems. Yet the EU has a specific regulating role to play through the Open Method of Coordination making sure that citizens are protected in terms of social security.

The diversity of social protection systems in the European Union demonstrates that there is significant potential for interaction.

In general, problems related to social protection and social security for agricultural workers are similar, while solutions to enhance their rights and to make social payments (benefits, welfare, pensions and healthcare) more adequate in national legislative frameworks largely depend on the arrangements in this specific sector.

The comparative analysis of project countries demonstrates that in some countries farmers are covered by dedicated social security schemes (the case of Germany, France, Italy), while others have introduced special conditions (formal or informal) applicable to farmers as part of the general social security system. However, in both contexts special focus needs to be placed on retirement benefits for those individuals due to the unfavourable ratio between agricultural workers in active working age and those of retirement age.

The study of advantages and disadvantages of social security arrangements for farmers was carried out based on a comparative analysis of project countries using information about the characteristics of their respective systems and other available data.

The analysis has the ambitious goal of giving answers and outlining possible solutions that matter to all social security systems,

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i.e. more extensive coverage of the relevant group of individuals (in this case farmers and other agricultural workers), contribution collection rates, adequacy of social and healthcare payments and financial stability of the systems.

In addition to the above listed questions, serious attention needs to be given to other elements as well in the context of farmers' social security, such as the specifics of the sector and the jobs in it, the structures of farmers' social protection systems; the notion of "farmers"; the administration of the system, risks covered and benefits, the link between social security and other policies as well as the involvement of social partners in the management of systems.

A detailed analysis of dedicated social security schemes for farmers and the larger scope of protection for farmers' rights in the first group of countries (Germany, France, Italy) can build a solid foundation for finding solutions, proposing new policies and achieving a more effective and flexible social dialogue with the aim to improve social protection for agricultural workers and primarily enhance social security arrangements for farmers.

1. 1. Key indicators related to the sector of Agriculture in the nine European countries participating in the project

Indicator	Country	Slovenia	Macedonia	Czech Republic	Bulgaria	Denmark	Italy	Germany	France
Number of farms		72 623	192 675	48 000	370 222	39 929	1 620 884	273 000 288 200	370 222
Number of people working in farms - incl. seasonal - excl. seasonal		180 000 -	471 069	105 400	738 634	26 288	851 000	1,1 million 763	1 million
Total cultivated area, Ha -% arable land -% of country territory -% of EU territory		473 000 - -	650 000 45,4 -	4,224 mln 53,6 -	5 481 222 - 50 0,8	2 660 000 - 62 -	12 856 048 75 14,6	5 481 222 16 72100* 47 3,9	29,280 mln. 53,31 17,22
Part of agriculture in GDP		2,1 %	12 %	1,32 %	6,7 %	1,95 %	2 %	0,6 %	2 %
Value of agricultural production		1 149 *	1 254 *	122 million CZK	4 551,3 *	3 474,1 *	52,8 billion EUR	54,5 *	9,3 billion EUR
Agricultural export: - in EU - out EU		rag 60 % -	424 *	91,3 %	9,15 % 4,35 %	5 694 * 3 797 *	30 491 * 20 964 *	9,0 % 7,2 %	59 983* 39 123* 20 861*
*million EUR									

Table 1 Comparison of key indicators in the nine countries participating in the project



2. Description of social security systems in the individual countries and definition of the group of persons (employed workers) and self-employed persons (farmers) in agriculture for the purposes of social security

2.1. GERMANY

Germany has a general social security system as well as a **dedicated system for agriculture, which covers the owners of agricultural enterprises and the members of their families who work in those enterprises.** Individuals are insured depending on their social status. In **agriculture** the following main categories have been defined and different rules apply to them.

- employed workers (full time, part time, seasonal);**
- self-employed farmers who are also employers;**
- members of the family who help with farming;**
- employees in the public administration;**
- civil servants in the public administration;**
- individuals with minor activity in this sector.**

There are different rules which apply to each of those categories. There are **five main types of social security contributions that employed workers and entrepreneurs must pay to the government: retirement contribution; health insurance contribution; contribution for accidents at work; contribution for unemployment; and contribution for farmers' assistance.**

Employed workers in agriculture are **integrated in the general governmental system**, while for the purposes of **insurance against accidents at work** a dedicated insurance institute has been set up (*Social Insurance Company for Agriculture, Forestry and Horticulture – SVLFG*). Membership in this institute is compulsory for all workers in agriculture based on the principle of solidarity.

Social security for farmers is a single autonomous agricultural safety net which has at its disposal an entire set of specific features and distinctive characteristics compared to the principles of general social security.

Social security in agriculture offers all services under one roof: insurance for accidents at work and occupational diseases, retirement benefits, health insurance, hereditary pensions. Furthermore, there is **supplementary security** for workers in agriculture and forestry holdings and it is available to holding owners on the basis of legal and tariff provisions. The reasons to introduce **supplementary retirement security for workers in agriculture and forestry** relate to the low wages, low pensions, unrecognized and lost length of service, unemployment in the winter season. In Germany a joint institution was set up between employers' organizations, trade unions in agriculture and the government. This institution is comprised of:

- ✓ **An Office for supplementary security in agriculture and forestry and**
- ✓ **A Fund for supplementary security of workers in agriculture and forestry,**

which are two bodies with a common task, i.e. to provide additional retirement benefits to agricultural workers. For a monthly contribution of 5.20 Euro, those two offices together provide an additional amount of up to 80 Euro per month in order to support the elderly who have worked in the sector.

The conditions and access to the social security scheme are **subject to collective bargaining on the level of the sector.** The government is a guarantor for the sustainability of the scheme and participates in the initial launch of the scheme by contributing capital to it.

Since January 1st, 1995, compulsory social security includes farmers' spouses, which covers 95% - 98% of the spouses. In most cases, those spouses are part of the group of insured individuals and are entitled to their own pension. Social security in agriculture offers the same benefits as the general social security system. This also means provision of medical care in support



of farmers and their families. In addition, the agricultural scheme provides professional assistance in order to prevent early exclusion from professional life and to ensure old age pensions, disability pensions, widowhood pensions and pensions for orphans. **Due to structural changes and the reduced contribution rates, the government covers the annual difference between revenues and expenses in order to ensure the functioning of the system.**

The scheme provides health insurance and retirement coverage for all self-employed farmers and their families, while coverage for accidents at work and occupational diseases is available to self-employed farmers and their families, employed workers in agriculture and seasonal workers.

The main activities of individuals covered by the scheme are in agricultural and forestry enterprises, including horticulture and viticulture, fishing in lakes and island water reservoirs, as well as all other activities related to nature preservation, private entrepreneurs who provide stewardship of forests, hunting and parks, as well as enterprises which do not cultivate land but keep stock that is bred on that land (pastures), etc.

The conditions that individuals must meet in order to be eligible for **benefits from the funds for accidents at work** depend on the operation (usage) of the agricultural holding (there are no area or revenue related criteria). **If the cultivated land is less than 0.25 hectares, the individual may be exempt from the insurance.**

Eligibility for the **funds for old age and sickness** is based on cultivated area, which needs to exceed a certain threshold (approximately 6 hectares but it also depends on the region). This threshold is defined by the regional funds themselves. Exceptions are allowed depending on the conditions.

2.2. FRANCE

France applies **various social protection schemes**. This protection is a combination of mechanisms for collective personal protection which enables French nationals and households to cope financially with the consequences of social risks, i.e. situations as a result of which persons have a lower income while at the same time incurring higher costs due to the condition they are in (illness, old age, disability, unemployment, family expenses).

The general social security scheme covers persons of all professions except self-employed persons and professions in the agricultural sector. It comprises the following four main branches:

- ✓ health insurance based on contributions of the income (the National Sickness Insurance Fund for Employed Persons);
- ✓ family allowances (the National Family Allowance Fund);
- ✓ old age pension insurance under the National Old Age Insurance Fund for Employed Persons;
- ✓ insurance for accidents at work and occupational diseases.

The agricultural scheme covers workers in agriculture, agricultural professions exercised by salaried employees and self-employed persons. This scheme is managed by the Mutualité Sociale Agricole or MSA (*Agricultural Social Insurance Mutual Benefit Fund* under the supervision of the Ministry of Agriculture, the Social Security Directorate and the Ministry of the Budget). This fund is responsible **for four types of social security risks: sickness insurance, family allowances, pension insurance and accidents at work and occupational diseases and bundles them in a single service referred to as the “guichet unique” (one stop shop).**

The agricultural scheme comprises two sub-schemes:

- The scheme for salaried employees in agriculture;**
- The scheme for self-employed persons in agriculture (the majority are agricultural holders or farmers).**



The scheme covers self-employed farmers and their families, employers and their families, employed workers in agriculture (including seasonal workers) and their families.

The conditions that self-employed farmers must meet are defined by the MSA and include the following parameters: individuals must be engaged in farming activity and the operation must meet a certain size. (This is defined in the Rural Areas Code). The size of the operation is defined according to a fixed threshold. This threshold may be defined based on the area of cultivated land. If the area exceeds the defined threshold, the farmer is included in MSA (e.g. if the area farmed by an individual exceeds half of the minimum area fixed in the law, i.e. 0.25 hectares). However, those requirements may vary from one region to another and between farming activities. If measurement is not possible on the basis of area, the size is measured based on another threshold – working time necessary to operate the farm. The threshold is 1200 working hours per year.

2.3. ITALY

Unlike other sectors in the country, **agriculture has a special dedicated social security system**, whose methods of operation and contributions are different for both employed workers and self-employed individuals. **The category of employed workers** can be subdivided in three main groups: **full time workers; part time workers; small tenants.**

The specific nature of social security is due to the fact that farming is characterized mainly by seasonality of crops and the impact of climate and weather conditions. This presupposes more flexible conditions in terms of contributions on the basis of which individuals are entitled to benefits from the social protection system.

In Italy, seasonal temporary workers in agriculture also have access to the social security system with respect to unemployment benefits depending on the number of working days entered in the official registers published

annually by the National Social Security Institute. With respect to pensions, temporary workers are entitled to pensions under the same conditions that apply to employees in other private sectors.

In Italy, farmers receive healthcare and maternity care as well as benefits in respect of accidents at work and occupational diseases according to specific qualifying (required) conditions foreseen in their special scheme.

The general social security system is also in force but it contains **special provisions** in relation to maternity benefits.

For disability, old age, death (hereditary pensions) and family allowances a special system was set up which is similar to the general system. The eligibility conditions for benefits are the same for farmers, craftsmen and retailers. The requirements are for them to be insured for the risks of disability, old age and death (hereditary pensions). For the purposes of social security, a distinction needs to be made between the following:

- ✓ farmers who do not own land;
- ✓ farmers who are owners and who are engaged in agriculture exclusively or primarily;
- ✓ entrepreneurs (they only pay retirement contributions).
- ✓ Farmers – tenants and share farmers – pay 50% of the contribution. The remaining 50% are paid by the land owner for the risks of disability, old age, death (hereditary pensions) and family allowances.

2.4. DENMARK

In Denmark, **basic social protection is organized in a single system for all working groups of the population, i.e. for the entire population.** This system does not differentiate between professional groups or groups of the population in its structure or organization. Irrespective of the group the insured individual belongs to, the system ensures a single basic coverage of social risks, an umbrella administrative structure and a single financial scheme.



Denmark applies different laws with respect to social services related to education, unemployment and social assistance as well as with respect to insurance for sickness, accidents at work and occupational diseases, and old age benefits.

The Danish retirement system is based on three pillars. The first one is the basic pillar and has mixed financing: from taxes and on the basis of the cost reimbursement model. It is targeted at insuring all persons with sufficient income when they retire irrespective of their participation on the labour market. The second pillar covers about 90% of all full time workers. Its purpose is to secure acceptable pensions for workers after they retire. The second pillar is compulsory but the choice of schemes and funds depends on one's personal preferences. The purpose of the third pillar is to ensure flexibility, to meet individual needs of everyone. Insurance companies operating in this particular segment offer a great choice of **pension saving schemes**. There is a minimum and a maximum threshold for pensions.

2.5. MACEDONIA

In Macedonia **farmers** are included as a **separate category** in the general (universal) system for compulsory social security.

According to the Retirement and Disability Insurance Act, the Health Insurance Act and the Act on Compulsory Social Security Contributions, farmers are defined as "owners of a family farm". **An owner of a family farm** is a person who is responsible for the management of one agricultural holding, acts on behalf of the family business and is registered in that capacity in the single register of farmers under the Ministry of Agriculture, Forestry and Water Management. Owners of agricultural holdings are classified in three categories, namely:

- **Category I: Registered individual farmers** are a type of legal persons, a.k.a. a farming business, whose authorized person is a manager holding a stamp and a bank account and having their own accounting. In the context of specific measures and rural development, in addition to the general conditions those individual farmers must meet specific require-

ments such as: to be young farmers under the age of 40; to ensure that there are at least two individuals engaged in agriculture; to have minimum monthly contributions in the amount of 4,600 denars (for retirement and disability insurance in the PDIF fund and for health insurance in the HIF fund).

- **Category II: Recorded individual farmers** pay contributions based on cadastral income which is calculated on an annual basis; monthly contributions in the amount of 1,600 denars (1,150 denars for retirement and disability insurance and 450 denars for health insurance).

- **Category III: Farmers** holding a license from the Macedonian Internal Revenue Service (IRS) for additional income from farming. They pay annual personal income tax and reflect that in their tax returns. IRS reduces the reported additional annual income by 80%, and for the remaining 20% of the income they are allowed to pay 10% income tax. This category covers all individuals who engage in agriculture as an additional activity, they market agricultural products and receive government subsidies paid into their bank accounts.

The retirement and disability insurance system consists of three pillars: first pillar – compulsory retirement and disability insurance based on solidarity between generations; second pillar – compulsory retirement insurance managed by funds (with personal capital accounts), and third pillar – voluntary retirement insurance managed by funds.

In order to define the scope, a criterion was introduced to identify the three groups of individuals having the status of farmers and the risks in the universal/general social security system. According to this criterion, **the farmer** is a person who engages in agricultural activity and does not participate in the social security system in any other capacity (e.g. as an employed worker, another type of self-employed person or a civil servant). There is no requirement for minimum area of the land or number of livestock in order to identify this person as someone who is engaged in farming. The criterion to identify a person as a farmer is



for him/her to own or to rent out farming assets (land, livestock) and to generate agricultural products. A specific feature of Macedonian law (the same applies to Bulgaria too) is that **for the purposes of social security farmers' activity cannot be combined with other professional activities**, i.e. if a person who cultivates farmland or is in stock breeding and has a professional status as a worker or self-employed individual (different from the one originating from his/her agricultural activity), that person falls outside the strict scope of the notion of farmer. For the purposes of the implementation of social security, such a person cannot be a farmer and an employed worker at the same time or be engaged in farming, on the one hand, and in another activity as a self-employed person, on the other hand. This restriction **has serious repercussions for the individual scope of social security and results in limiting the access for part of** the farmers who also have another professional status.

2.6. SLOVENIA

Farmers and other persons engaged in agriculture (employed farm workers) are covered by **the general social security system** in Slovenia. The general system for compulsory social security incorporates compulsory retirement and disability insurance, compulsory health insurance and other types of social security and pays out benefits to individuals in cases of sickness, accidents at work, maternity, disability, old age and hereditary pensions; it is targeted at reducing the risks of poverty for all categories of insured persons and members of their families. The pension system in the Republic of Slovenia is comprised of **compulsory and supplementary retirement insurance**.

Supplementary retirement insurance is targeted at individuals participating in the compulsory retirement and disability insurance but wish to have additional income after retirement.

The compulsory social security system (first pillar) is applicable to: workers with employment contracts; self-employed persons; farmers; persons with contracts which do not require compulsory retirement

and disability insurance for work on a full working day or social security payments for full time work (contract for work done, copyright contract and other personal service contracts), representatives and persons with managerial functions according to the laws applicable to companies; unemployed insured persons, etc.

Insured persons include workers with employment contracts (employed workers, including employed workers in agriculture).

Self-employed persons with compulsory social security are persons who at their own expense are engaged in gainful activity or other activities that are allowed as well as persons registered abroad in the respective register of self-employed persons. Self-employed persons are insured on the basis of full time work.

Farmers have compulsory social security, if they are engaged in farming activity as defined by the Occupational Medicine Service; if they are not engaged in the sphere of education; if they do not receive early retirement benefits for old age, widowhood pension of disability pension; if at the time of submission of the social security application the income from farming of a non-insured member amounts to at least 60% of the average annual salary of workers in the Republic of Slovenia calculated on a monthly basis as defined by the line minister of agriculture.

Income from farming is the income as defined in accordance with the General Income Tax Act and represents the sum total of the income from core farming and forestry activities, the income from other farming activities and the income from additional activities in agriculture.

2.7. THE CZECH REPUBLIC

The social protection system in the Czech Republic is comprised of **four systems: social security system; non-contributory social benefit system; social services system; and the employment and labour market policy**.

The social security system includes compulsory retirement and health insurance system. In addition to the social

security premium, a contribution to the national employment policy is also collected within the existing scheme.

The majority of workers in agriculture in the Czech Republic enjoy the status of employees (mostly in companies owned by legal entities) and their income is paid in the form of employment salaries.

With respect to the scope of the social security system, we can say that it is **unified for employees and self-employed persons**. The principles of the social security system applicable to self-employed persons were laid down in 1990 with the adoption of the definition for self-employed persons (until that moment farmers/agricultural producers were included in a special category) and they **pay a social security premium and a contribution to the national employment policy**. Similarly to all other citizens, self-employed persons have compulsory coverage for healthcare (in-kind benefits in case of sickness and maternity). *Contributions for sickness (cash benefits) are not obligatory for self-employed persons (farmers) but they have the option to pay them voluntarily*. Basic pension benefits for old age, disability and hereditary pensions are compulsory.

Self-employed persons are also protected in cases of unemployment. Similarly to all other citizens, self-employed persons are entitled to benefits and support that do not depend on contributions but are financed with tax money, e.g. family allowances and others. Special rules apply to self-employed persons with respect to the income on the basis of which the social security premium and the contribution to the national employment policy are paid.

Contributions for health insurance, retirement insurance and the national employment policy are compulsory for every individual engaged in gainful activity. The insurance scheme for sickness is compulsory for employed workers and employees and is voluntary for self-employment individuals.

Unemployment contributions are part of the compul-



sory social security system funded by contributions which covers the economically active population (including self-employed persons) and provides income related benefits.

2.8. BULGARIA

The social security system in Bulgaria includes: **a compulsory social security system (state social security – first pillar); supplementary compulsory retirement insurance – second capital pillar with personal accounts and third pillar – voluntary retirement insurance also on the basis of the capital principle**. The other safety net is the social assistance system whose aim is to protect against the risk of poverty and covers family allowances and other types of assistance (related to a means test and specific eligibility requirements).

Compulsory state social security (first pillar) covers all persons with employment and public servant contracts, non-employment contracts, self-employed persons and farmers and others.

Supplementary compulsory retirement insurance (second pillar) covers all persons born after December 31st, 1959 (in universal pension funds) and persons working in harmful and heavy conditions (in professional pension funds).

According to the Bulgarian social security legislation **employed persons, including members of cooperatives who work and receive remuneration in the cooperative and also carry out activities in agriculture** have **compulsory insurance** for general medical conditions and maternity, disability as a result of a general medical condition, old age and death, accidents at work and occupational diseases and unemployment, i.e. for all social security risks.

Self-employed persons have compulsory insurance for disability as a result of general medical conditions, for old age and for death and this group also includes registered farmers and tobacco growers.



2.9. ROMANIA

In Romania, social protection is provided by public institutions in close cooperation with private institutions. Public social protection institutions manage different schemes both at the central and at the local government level.

At the level of the central administration, ministries, national agencies or national services provide protection to physical persons against the risks of sickness/healthcare, maternity, disability, old age, hereditary pensions, accidents at work and occupational diseases, family allowances and unemployment.

At the local executive level, mayor's offices and county general directorates for social assistance and child protection cover individual needs in compliance with the principles of social solidarity and social inclusion.

Pension companies are the most significant private social security institutions. These are young institutions which came into business recently and are responsible for providing insurance for disability, old age and hereditary pensions. Private providers of social services on the other hand cover to a large extent the needs for long-term care of insured persons.

According to Romanian law, self-employed persons are included in the existing universal (general) social protection system. Those persons, including farmers, are the subject of some specific rules related to coverage, financing of risks and benefits and the impact of failure to fulfil the obligations. With respect to social assistance schemes, there are no special rules based on the status of persons.

CONCLUSIONS IN THIS CHAPTER:

Based on the review of social security systems in the nine project countries, it is demonstrated that social security arrangements for farmers are organized in two ways:

1. **A General (Universal) System which covers all**

groups of workers or even the entire population (Denmark, the Czech Republic, Slovenia, Bulgaria, Romania and Macedonia). This type of system does not differentiate between professional groups or groups of the population in its structure and organization. **The General Social Security System ensures a single basic coverage of social risks, an umbrella administrative structure and a single financial scheme.** This system covers farmers as part of the category of self-employed persons but some countries have introduced specific conditions in terms of financing (in **Bulgaria** the required minimum contributory income for farmers is lower compared to the income for other groups of self-employed persons; in **Macedonia** tenant farmers and share farmers pay 50% of the contribution while the other 50% are paid by the land owner, to mention but a few).

Therefore, general systems too incorporate a mechanism to differentiate between professional groups within the group of self-employed persons.

It should be noted **that general social security systems covering agricultural workers often contain special provisions for farmers.** In **Bulgaria**, self-employed persons, including farmers, do not enjoy coverage for the risks of **accidents at work** and **occupational diseases**, while contributions for sickness and maternity (paternity) are optional for self-employed farmers and therefore, they can pay those contributions, if they wish to do so. In Romania and the Czech Republic, the same category of persons can choose to obtain coverage for accidents at work and occupational diseases.

In Bulgaria, self-employed persons, including farmers, do not enjoy coverage for the risk of unemployment. Both **Romania** and **Slovenia** give self-employed farmers voluntary access to the unemployment scheme. In **Slovenia**, however, farmers receive temporary unemployment coverage at a certain rate, if they have lost their crops due to inclement weather (or more generally, due to the seasonal



nature of their agricultural activities).

Other countries (Germany, France, Italy) have organized their social security systems in a way that a general scheme is available to all groups of the population engaged in gainful activity, while specific schemes have also been set up in parallel to provide coverage for certain professional groups (self-employed professionals, in particular), including farmers. In **Germany**, special schemes were introduced for farmers, freelance professionals, artists and writers. Farmers and freelance professionals in that country have established **their own retirement schemes**. At the same time, craftsmen and farmers are covered by the general health insurance system, although farmers have preserved their governing bodies. In **France**, special schemes were established for farmers, craftsmen, retailers, attorneys and other freelance professionals, while farmers have also established an independent social security system in cooperation with employees in agriculture which provides coverage for all basic social risks. In **Italy** also, specific schemes were made available to farmers, tradespeople, craftsmen, and freelance professionals. Some groups of self-employed persons (including farmers) join the general system for employed workers in order to obtain coverage for specific risks (such as maternity, unemployment, etc.), while maintaining their own administrative governing bodies.

The fact that independent dedicated schemes were created for farmers does not deprive those farmers of the possibility to participate in the general social security system in order to acquire access to certain types of benefits. For example, **German farmers** are insured for incapacitation under the general scheme for workers, while at the same time they preserve their own governing bodies. **France**, unlike the others, instituted a general health insurance scheme covering all self-employed persons except farmers who have their own scheme together with employed workers in agriculture; in terms of family allowances, however, farmers share the same scheme with the rest of the workers (employed workers and self-employed persons).

Italy places farmers (together with tradespeople and craftsmen) in the general scheme for employed workers managed by the National Social Security Institute (INPS) for part of the social security risks (sickness and unemployment), while for **disability, old age, death (hereditary pensions) and family allowances a special scheme has been instituted, which is similar to the general scheme**.

2. When compiling a comparative analysis of **social security systems of project countries, the farmers' group should be clearly defined in the context of social security**.

It is not always easy to define the farmer's group and this issue transpires in the analysis of the nine countries. In **France** and **Germany**, the law defines a farmer as „an individual who is officially registered with the Chamber of Agriculture” and by virtue of that registration is therefore defined as a “farmer” for the purposes of social security. The reason is that those countries have instituted **dedicated social security schemes for self-employed persons**.

In **Macedonia**, farmers are divided in three categories which are subject to registration in a **special register**. Such registration is required for farmers and tobacco growers in **Bulgaria** as well but it only applies to individuals for whom farming is the only gainful activity they are engaged in. It is understood that farmers should be engaged in the types of agricultural activities defined in the national law and should be registered as farmers.

In **Bulgaria, Slovenia, Macedonia, Romania** and **Denmark**, farmers as part of the group of self-employed persons operate and pay social security contributions at their own expense to the general social security systems.

In addition, all countries apply **minimum criteria** set forth in the national statutory framework qualifying an individual as a farmer. Those are typically indicators such as a minimum value of operations from cultivating land, crops, livestock, etc. This value is determined based on the type of farming activities and/or the mix of such activi-



ties (i.e. growing crops, forestry, livestock breeding, apiculture, etc.). An alternative to the minimum value is the **minimum annual income**. In other words, the farmer should generate such minimum revenue as part of turnover in order to qualify as a farmer.

With the exception of **the Czech Republic** where farmers are generally assigned to a special subgroup subsumed within the group of employed workers, the other project countries assign farmers to the group of self-employed persons.

3. Organization and administration of social protection systems in the individual countries

A very important topic that is dealt with in this comparative analysis and is relevant to the better protection of the interests of employed workers and self-employed persons (farmers) in agriculture pertains to the organization of the social protection system, the extent to which this system incorporates specific forms of farmers' participation and whether different social security risks for the analysed target category of persons are covered by a general or a dedicated administration.

3.1. GERMANY

In Germany, the social protection system is organized in one **central fund at the federal level, nine accidents funds, nine pension funds and nine sickness funds at the regional level. They are autonomous in terms of governance and management based on the principle of parity.**

The central fund at the federal level which manages cash benefits and in-kind assistance, old age pensions, pensions for disability due to illness or accident at work, hereditary pensions and family allowances is called the Social Security Fund for Agriculture, Forestry and Horticulture (LSV-SpV). It is **an autonomous public governmental organization covering farmers and members of their families**. This information is valid to 2012. Since 1 January 2013 all these funds mentioned above are combined into a single

one - SVLFG.

The health insurance system is comprised of the health insurance funds and has a health fund which is managed autonomously on the basis of the principle of parity.

With respect to **unemployment security, only workers hired by an employer who are engaged in agriculture are covered for this risk and the Federal Employment Agency manages the payments of unemployment benefits. The system is managed independently on the basis of the principle of parity and social partnership.**

The supplementary pension scheme for persons engaged in agriculture and forestry known as the ZLA/ZLF is an autonomous institution set up by employers' organizations, trade union organizations from the relevant sectors and the federal government. It has two divisions: an Office for supplementary security in agriculture and forestry and a Fund for supplementary security of workers in agriculture and forestry with the common purpose to supplement the low pensions of persons engaged in the sector.

3.2. FRANCE

The French social security system has five main components:

- **The General scheme**, covering the majority of employees and other categories of people (students, recipients of certain benefits, residents) who, over the years, have joined it;
- **The special employee schemes**, some of which cover all risks and others covering only old age pension insurance (nationals covered under the general scheme for the other risks);
- **The agricultural scheme** which covers all risks but in two separate streams: **farmers and agricultural workers**;
- **The schemes for non-agricultural self-employed persons**: three independent old age pension schemes (craft trade workers, traders and manufacturers and the professions) and a sickness insurance scheme;



□ Unemployment schemes.

The general scheme has four branches:

- ✓ the sickness, maternity, disability and death branch;
- ✓ the accidents at work and occupational diseases branch;
- ✓ the old age pension branch;
- ✓ the family branch.

The schemes mentioned above come within the responsibility of the ministries competent for social security, agriculture, and labour.

The National Sickness Insurance Fund for Employees manages the first two branches listed above in different ways, as follows. At a local level, there are two types of bodies which are not linked hierarchically: the funds for pension insurance and health at work and the primary sickness insurance funds.

The old age pension branch is managed by the National Old Age Insurance Fund, which has delegated some of its functions to the funds for pension insurance and health at work.

The family branch is managed by the National Family Benefit Fund, which supervises family benefit funds.

Contributions are collected at a local level by the Social Security and Family Benefit Contribution Collection Offices. These are supervised by the Central Agency for Social Security Bodies, whose task is to monitor the cash flow for each branch in terms of allocations and actual spending shown in the accounts.

The agreement-based unemployment insurance scheme is managed by the National Interprofessional Union for Employment in Industry and Trade, which by virtue of an agreement delegates to the Employment Office (Pôle emploi) the processes of registration, provision of assistance to job seekers, disbursement of unemployment benefits and collection of contributions paid by companies.

In addition to the basic old age pension insurance, there are mandatory supplementary pay-as-you-go schemes for employees (i.e. the agreement-based schemes provided by the Association for the Supplementary Retirement Schemes for Employed Persons and

the General Association of Pension Institutions for Managerial Staff and for the self-employed persons).

The agricultural scheme in France is organized in a single central fund, the Agricultural Social Insurance Mutual Benefit Fund (MSA) which has 35 regional chapters.

The MSA deals with the compulsory pension insurance of all persons engaged in agriculture (farmers who are employers, agricultural workers and their families) thus providing services to over 5.5 million persons. In addition to the payment of benefits, this organization is also involved in contribution collection and oversight of employers and self-employed persons who are insured at their own expense. The MSA is also engaged in providing supplementary pension, health and social insurance as well as in occupational medicine and safety at work. The MSA also provides protection to self-employed persons, including farmers, to employers and workers in agriculture and their dependents and to pensioners.

3.3. ITALY

The Italian legislation provides for the coverage of the following social security branches: old age, invalidity, survivors' pensions, sickness, unemployment, family, maternity and equivalent paternity benefits, as well as for benefits in respect of work injuries and occupational diseases.

All workers performing their gainful activity in the Italian territory are compulsorily covered by social security insurance. Both private sector employees and self-employed are to be registered with the General Compulsory Insurance Scheme on a mandatory basis managed by the **National Social Security Institute (INPS)**.

Health care benefits in kind are granted by the National Health Service, funded through general taxation and managed at a regional level. Since the General Compulsory Scheme is managed by INPS, it grants social security coverage to nearly 90% of the total population insured under the Italian social security legislation.



The afore mentioned social security institutions and professionals' pension funds all see to both the collection of contributions and the provisions of benefits. They act under the guidance and supervision of the competent ministerial authorities: the Ministry of Labour and Social Policies, the Ministry of Economy and Finance, and the Ministry of Health.

All employed persons and self-employed persons pay social security contributions with a few exceptions. If the person is an employee, his/her employer must take care of all the necessary formalities to register the employee for social security insurance. The rates of social security contributions may vary for employed persons in industry, commerce and agriculture, as well as for workers (operai), office personnel (impiegati) and managers (dirigenti) who also receive different benefits.

Self-employed persons (lavoratori autonomi) must register with and pay contributions to either an independent organization (called "Cassa") which is a social security fund according to their profession or directly to the INPS. This option is also available for farmers.

3.4. DENMARK

Social protection for all Danish citizens resident in Denmark is organized in pension schemes which provide **old age pension at the age of 65**. Danish citizens resident in Denmark and under the age of 65 are entitled to a pension in case of disability. This pension system (the social pensions) is run by the local authorities and Udbetaling Danmark. The Ministry of Social Affairs and Integration supervises the implementation of the legislation. The system of the supplementary pensions grants those employees, who work at least 9 hours per week, a supplement in addition to the social pension.

The unemployment insurance partial pension and **early retirement schemes are transitional systems in between the working life and retirement**. They are managed by the Ministry

of Employment. The sickness insurance which provides for the whole population is run and financed by the regional and local authorities. The Ministry of Health (Ministeriet for Sundhed og Forebyggelse) is in charge of the insurance. The cash benefits in the case of sickness are paid by the local authorities within the scope of the Ministry of Employment.

The general family benefits and the various other family allowances are administered by the local authorities within the scope of the Ministry of Taxation and the Ministry of Social Affairs and Integration. Cash benefits in the case of maternity are paid also by the Ministry of Employment. **Unemployment insurance is voluntary and contributions differ according to the specifics of various branches of the economy.** State contributions cover part of the State share for the expenses related to the unemployment insurance including early retirement. The Ministry of Employment is in charge of the unemployment insurance. The Danish social security system is generally financed by taxation (taxes paid to the State and local authorities) including labour market contribution.

3.5. MACEDONIA

In Macedonia, social security for farmers is guaranteed through **the general social protection system**. There are certain **specific provisions** applicable to farmers.

In relation to the organization of social security and the financing of schemes in Macedonia, it should be noted that farmers are treated differently and an important reason for this difference is the **minimum income level**. In general, the basis for participation should not be lower than 65% of the average net salary of employees in the Republic of Macedonia published for the current month. This rule does not apply to individual farmers. For the purposes of social security, individual farmers are distributed on a case by case basis, i.e. depending on the amount of income from the cadastre. With respect to benefits, it should be noted that self-employed persons who



are farmers are not covered for the unemployment social security risk, nor do they pay for the second pension pillar, i.e. the individual capital accounts scheme.

In Macedonia, there are no specialized bodies for the farmers' group.

The general administrative bodies which manage the social security system for all groups of insured persons, including farmers, are as follows:

- The Ministry of Labour and Social Policy responsible for the development of policies and for the monitoring of all types of social risks with the exception of healthcare. With respect to pension and disability insurance, the responsible body is the Pension Fund of the Republic of Macedonia with its regional offices: this is an independent body but is overseen by the Ministry of Labour and Social Policy. The Fund is responsible for the implementation of legislation in the field of pension and disability insurance;
- The Employment Agency with its local employment centres is responsible for unemployment benefits and the implementation of active measures and policies on the labour market. The Agency is also an independent body under the supervision of the Ministry of Labour and Social Policy;
- The Ministry of Health is responsible for the development of the healthcare and health protection policy;
- The Health Insurance Fund is an independent institution which is responsible for the organization of health insurance and disburses all the payments for health services.

3.6. SLOVENIA

The Ministry of Labour, Family and Social Affairs supervises the activities of the Pension and Invalidity Insurance Institute of Slovenia, the Employment Service of Slovenia and the Centres for Social Work.

The Pension and Invalidity Insurance Institute administers the payment of pensions and benefits and controls the spending on those payments.

Family benefits, social assistance and social services are granted by regional Centres for Social Work. The Ministry of Labour, Family and Social Affairs is responsible for the supervision.

Medical benefits for insured persons are set out by the Ministry of Health in cooperation with the Health Insurance Institute of Slovenia.

The Health Insurance Institute makes the payments for healthcare services and reimburses costs for medication and other expenditures related to individuals' health insurance.

3.7. THE CZECH REPUBLIC

The central authority of the State healthcare administration is the Ministry of Health, which prepares the legislative framework in this field. Health insurance is compulsory for all persons with permanent residence or employment by an employer with a registered office in the territory of the Czech Republic as well as those covered by EU regulations or bilateral agreements. The insurance is provided by eight health insurance companies as independent legal entities. The entitled persons have the right of free choice among the health insurance companies and also among the healthcare providers that have a contract with their health insurance company.

The Ministry of Labour and Social Affairs draws up legislation for the whole sphere of social security (i.e. the cash benefits for old age, disability, survivors and sickness). The administration is dealt with by offices of the Czech Administration of Social Security, which is subordinated to and supervised by the Ministry. The Centre of the Czech Administration of Social Security supervises 76 District Social Security Administrations.

The task of the Czech Administration of Social Security (CSSZ) is to collect contributions for the basic pension insurance system, the sickness insurance scheme, and the national employment policy system (unemployment insurance and employment policy programmes). The CSSZ is also responsible for the calculation and payment of benefits from pensions and sickness schemes as



well as the keeping of records on insured individuals (excluding the system of national employment policy).

The Labour Office of the Czech Republic which is controlled by MOLSA's Section of Labour Market together with the Office's 14 regional Labour Offices and their contact points operate in the individual regions and are responsible for the payment of unemployment benefits, keeping records on job applicants and promoting and creating employment opportunities. In addition, the Office develops and organises employment programmes (placement, vocational guidance, resettlement to a different job, etc.).

The schemes of State social support, which cover family benefits and a funeral grant, are administrated by **the Labour Office's regional offices** and their contact points. These bodies are responsible for all activities related to the administration of State social support benefits.

One-time or recurrent benefits and social assistance are provided by the **regional labour offices** and are funded by the national budget (general taxation). Those are compulsory or optional benefits for special cash aid, housing adjustment aid, purchase, special adjustment and operation of a motor vehicle, individual transportation and food for a leader dog.

Social services provide assistance and support to persons in adverse social situations and a care allowance. The latter is a recurrent monthly allowance provided to persons who are dependent on the assistance of a third person due to long-term adverse health conditions. Care allowances are covered by the national budget.

3.8. BULGARIA

The public social insurance system provides contributory cash benefits and pensions against the risks of: sickness; disability; maternity (paternity); occupational disease and accidents at work; unemployment; old age; and death. This system is managed by the **National Social Security Institute** which pays all types of ben-

efits and pensions and exercises overall supervision on spending for social payments. It has 28 local offices across the country which execute the payments of benefits and pensions; they provide integrated services to insured persons and beneficiaries of the system and supervise payments. The National Social Security Institute is an autonomous government institution.

The social assistance system provides protection against the risk of poverty and is funded by taxes through the national budget. This system pays family allowances and other types of social welfare on the basis of an income related criterion. **The Social Assistance Agency** manages activities related to the provision of minimum sufficient funds, social care and family benefits.

The Bulgarian healthcare model is comprised of contributory compulsory and supplementary health insurance. The State also finances some health services (emergency care, immunizations, etc.). **The National Health Insurance Fund** administers compulsory health insurance on the basis of National Framework Agreements with healthcare providers (general practitioners, healthcare organizations, dentists, pharmacists, etc.) and pays for all medical services for inpatients and outpatients, among others.

The Agency for people with disabilities implements different activities in the field of the integration of people with disabilities.

The National Revenue Agency is responsible for the creation and control of both taxes and social insurance obligations and their collection.

Private pension insurance companies manage compulsory pension funds of the second pillar and voluntary pension funds of the third pillar. They are controlled and report to **the Financial Supervision Commission**.

3.9. ROMANIA

Central public administration

The Ministry of Labour, Family, Social Protection and



Elderly implements the Government's policies and strategies in the field of labour, family, equal opportunities, and social protection. The Ministry of Health elaborates policies, strategies and action programmes in the public health field according to the Government Programme. It coordinates and controls the implementation of policies, strategies and programmes in the public health field, at the national, regional and local level.

The Ministry of Health is in charge of the reform process in the health field; it organises, coordinates, and guides the activities for assuring the population's health and acts in preventing and combating practices that harm health.

The Ministry of National Defence, the Ministry of Internal Affairs and the Romanian Intelligence Service administer and operate, through the categorical houses of pensions, the public system of pensions, and, directly, the schemes for accidents at work and occupational diseases, sickness benefits in cash, maternity/paternity benefits and family benefits, as regards the staff in the field of defence, public order and national security.

The National House of Public Pensions is an autonomous public institution. It administers and operates the public system of pensions, as well as the accidents at work and occupational diseases' scheme.

The National Agency for Employment is an autonomous public institution, which administers and operates the unemployment insurance system.

The National Health Insurance House is an autonomous public institution, which administers and operates the health insurance system, coordinated by the Ministry of Health.

Local public administration

The offices of the mayor and the county general directorates for social assistance and child protection are responsible for social assistance. They are subordinated to the county councils.

Private bodies

The pension companies manage the pension funds within the system of privately administered pension fund schemes (second pillar) and within the voluntary pension system schemes (third pillar).

The private social services providers are organised into private centres such as day centres, residential centres, etc.

CONCLUSIONS IN THIS CHAPTER:

Countries with a **general social security system** operate a single administration without differentiating between workers, self-employed persons, and other types of professional or demographic groups (active individuals, retirees, etc.). **Such systems exist in Denmark, the Czech Republic, Slovenia, Bulgaria, Romania, and Macedonia.** In Denmark, unemployment security is optional and is applied by professional organizations of different categories of self-employed persons.

A common feature of those countries is that they have established administrations dedicated to social security, health insurance and social assistance which report to their relevant line ministries and execute government policy in those areas of social protection. Farmers are represented in the governing bodies of those administrations by a member from the Trade Unions who sits in the **Supervisory and Management Boards of those administrations, but there are no elected representatives of farmers themselves.**

Those administrations have fully fledged networks of local chapters which provide services to insured individuals and beneficiaries and supervise social payments. They cooperate closely with local governments (the Czech Republic, Romania, Bulgaria, Slovenia, Macedonia, among others).

In addition to government administrations, social security coverage for specific risks, such as Supplementary Compulsory Pension Insurance, private social service providers, etc., is provided by private companies: in the first example supplementary compulsory pension insurance is managed by private retirement funds (Bulgaria, Macedonia,



Romania, Slovenia), and in the second example, those are private centres for social services (Romania, Bulgaria, the Czech Republic) which, however, are subjected to government scrutiny by supervisory bodies that govern and oversee the operations of such companies.

In the other group of countries, **Germany, Italy, and France**, where **dedicated schemes for different professional groups** are available, the administrative structure is much more complex. This is due to the division of persons in separate social security schemes depending on the professional group they belong to. In **France**, this division resulted in a much more sophisticated and elaborate structure because different administrations were established not only for each professional group but also for each type of risk which is covered. For example, different groups of self-employed persons have pension administrations of their own (farmers are one of those groups). Health insurance, however, is managed by a single body for all self-employed persons except farmers who have established their own health insurance administration. With respect to family allowances, the only competent body is the Casse Nationale des Assurances Familiales (the National Family Allowance Fund or CNAF) irrespective of the professional activities that family members are engaged in. The agricultural sector is covered for all social security risks by a centralized social fund known as the Mutualité Sociale Agricole or the MSA (Agricultural Social Insurance Mutual Benefit Fund).

In **Italy**, the administrative institutions managing dedicated schemes for freelance professionals, including farmers, have achieved a higher level of financial independence compared to the general social security system.

Typically, the group of interested self-employed persons is well represented in the management and governance bodies of those schemes as well as in the general system covering all self-employed persons. In cases where self-employed persons are not specifically represented, farmers' interests are generally protected by representatives of employers in this sector and by the relevant trade union struc-

tures, if such structures exist.

4. Covered social security risks and financing of social security systems—social security, health insurance, and social assistance

4.1. GERMANY

Social security contributions depend on the **worker's social status**. The sector of agriculture comprises the following main groups which are subjected to specific rules in relation to their rights and responsibilities within social protection systems: **employed persons** (full time, part time, seasonal work); **self-employed farmers who are employers; family members** who provide help in the farming activity; **employees in the government administration and persons with part time employment in agriculture**.

4.1.1. Retirement benefits

Old age and disability pensions for employed persons

Financing method: Workers' and employers' contributions are calculated on the basis of the worker's gross salary. The contribution rate is 19.90% (of which 9.95% are paid by the worker and 9.95% by the employer).

The maximum amount of the gross salary which is the basis for calculating social security contributions is 67,200 €/year; 5,600 €/month in the western part and

57,600 €/year and 4,800 €/month for the eastern part of Germany.

Minimum duration of participation: 5 years (with paid social security contributions or a special period, e.g. maternity leave).

Risks covered are: old age (seniority) and reduced capacity to work (disability). The amount of the cash benefit depends on the amount of paid contributions. A special formula is applied to calculate the pension.

The retirement plan is valid for an unlimited time.

Old age and disability pensions in the case of private enterprises, farmers and their families

Here the financing method is: contributions by the active farmer and the government. The contribution depends on the area of cultivated land. The funding ratio is 23% paid by the farmer and 77% paid by the government.

Minimum duration of participation: 15 years.

Risks covered: old age (seniority) and reduced capacity to work (disability).

Amount of the cash benefit: 1/12 of the total pension (total pension value) per month.

The retirement plan is valid for an unlimited time.

4.1.2. Health insurance

In the case of employees and workers with an employment contract

Financing method: contributions by workers and employers; the basis for calculation is the worker's gross salary. The rate is 15.5% (of which 7.3% are paid by the worker and 8.2% by the employer). There is an option for the worker to pay additional contributions. The maximum amount of the gross salary which is the basis for calculating social security contributions is 45,900 €/year and 3,825 €/month.

No minimum duration of participation is required.

Risks covered: sickness, allowances (for physical persons who do not have health insurance), sickness benefits, family allowances.

The benefits plan is valid for an unlimited time for members of the Fund.

In the case of private enterprises, farmers and their families

Financing method: contributions by the active farmer and the government. The contribution depends on the area of the land; the funding ratio is 44% paid by the farmer and 55% paid by the government.

No minimum duration of participation is required.

Risks covered are sickness, allowances (for physical persons who do not have health insurance), which give rise to the right to sickness benefits, family allowances.



The benefits plan is valid for an unlimited time for members of the Fund.

4.1.3. Unemployment benefits

Workers insured by an employer (employed persons)

Financing method: contributions by workers and employers, option to obtain credit from the Federation.

The contribution amounts to 3.0% of the worker's gross salary of which 1.5% are paid by the worker and 1.5% by the employer.

The maximum amount of the gross salary which is the basis for calculating social security contributions is 67,200 €/year or 5,600 €/month in the western part and 57,600 €/year or 4,800 €/month for the eastern part of Germany.

Minimum duration of participation: at least 12 months for the past 2 years.

4.1.4. Benefits in respect of accidents at work and occupational diseases

In the case of employed workers

Contributions from federal budget funding for employers in agriculture and a redistribution system depending on the category of risk.

No minimum duration of participation is required.

Covered risks are: cash benefits and in-kind assistance – therapy, rehabilitation, prevention, pensions as a result of an accident at work or occupational disease and benefits.

The benefits plan is valid until recovery or improvement of the health status.

In the case of private enterprises, farmers and their families *Insurance for the risk of accidents at work and occupational diseases is not mandatory.*

If persons choose to insure themselves against that risk, they enjoy the same rights as employed workers and the same financing and duration of benefits apply. The qualifying conditions that self-employed farmers need to meet in order to be entitled to benefits from those funds depend, in the case of funds for accidents at work, on the operation (usage) of



the farming enterprise (without any requirements in terms of area or an income based criterion). For less than 0.25 hectares of cultivated land, individuals may be exempt from insurance.

For old age and sickness funds, the area of cultivated land must exceed a certain threshold (approximately 6 hectares but it depends on the region). This threshold is defined by the regional funds themselves. Exceptions are allowed depending on the conditions.

Insurance of agricultural workers against accidents at work and occupational diseases is carried out in three stages which are specific for this category of persons: prevention, adjustment and compensation.

- **Prevention**—agricultural funds which are related to the prevention of accidents at work, occupational diseases and risks arising from professional activity.
- **Adjustment**—after an accident at work, the health and capacity to work must be recovered using all possible methods.
- **Compensation**—the insured person and lawful owners are entitled to financial compensation.

4.1.5. Farmers' assistance ensuring the survival of the agricultural holding

Domestic and farmers' assistance is a kind of social protection for farmers. It ensures that the activities of the affected farm will continue even when the farmer or a member of his/her family is not there due to sickness or the need for medical treatment.

Those costs are financed by agricultural funds entirely on the basis of farmers' contributions. Furthermore, **the government allows for aid to be granted in order to alleviate some of those contributions – this is important in order to balance the situation related to the declining number of farmers. The government also participates in covering the deficit caused by structural changes.**

4.1.6. Assistance to farmers when they reach retirement age: prevention above the age of 60.

The second pillar is post retirement assistance. Thanks to it farmers are entitled to receive such assistance, if their farm has reached a certain size. **Pension contributions depend on the income and the assistance is related to a separate contribution and separate benefits.**

4.1.7. Cash benefits and in-kind assistance

Unemployment benefits, benefits for reduced working hours, assistance for job seeking mediation, career consultancy, additional training and qualification.

The amount of the cash benefit is between 60-67% of the last salary.

The benefits plan is valid for a period which depends on the period with paid social security contributions and age (6-24 months).

4.2. FRANCE

Financing of the system is divided into two schemes – one **for self-employed farmers and the other for employed workers in agriculture.**

The allocation per funding sources for **self-employed farmers is 18% from social security contributions and taxes and 82% from external funding.**

The allocation per funding sources for **employed workers is 47% from social security contributions and taxes and 53% from external funding.**

Contributions paid by farmers are calculated on the basis of their professional income. Contributions include a technical part for benefits and supplementary part for costs related to the implementation and the social effect of the funds.

The contribution (the main part for participation) is fixed at the national level. The contribution corresponding to the supplementary part may vary +5% and -5% depending on the department.

As of January 1st, 2013, the social security ceiling is 3,086 € per month or 37,032 € per year.



4.2.1. Retirement benefits

Employed and self-employed persons in agriculture are covered by the MSA. The basic pension is topped up by a supplementary pension.

Retirement contributions in 2013 were: total contribution 15.15%, distributed according to the ratio 8.40% (for the employer): 6.75% (for the worker).

2014 – 15.25%, ratio 8.45% (employer): 6.80% (worker).

2015 – 15.35%, ratio 8.50% : 6.85% for the employer and worker respectively.

2016 – 15.45%, of which the employer pays 8.55% and the worker pays 6.90%.

After the 2010 pension reform, retirement age is increased progressively to **60-62** years. For persons born after **January 1st, 1955** the age for full pension entitlement will be increasing up to **67** years. On the other hand, there are provisions to facilitate earlier retirement for persons who have worked in an unhealthy or physically stressful environment or have many years of service.

The amount of the pension depends on the average annual earnings that are equal to the sum total of the adjusted annual earnings (the adjustment is against the inflation rate for each year of activity), the pension rate and the total period of insurance. Persons may qualify for the full rate (i.e. 50%) or the reduced-rate pension (minimum 25%), if they have retired before the legal retirement age of 62 (or 58, or 60 for early retirement for persons with many years of service).

Supplementary pension. This kind of pensions top up the basic pension paid by the social security system or the dedicated agricultural scheme of the MSA. From the moment of signing an employment contract, any salaried employee relying on a professional agricultural organisation or a farming business becomes affiliated to a **supplementary pension fund**.

The pension is the sum total of the basic pension and the sup-

plementary pension. As a rule, the pension can vary between 65% and 100% of the last received income before retirement.

4.2.2. Sickness, maternity and disability

The contribution rate for this risk in 2014 is **13.55% of which the employer pays 12.80% and the worker (employee) pays 0.75%**. The monthly basis on which contributions are paid is the person's gross salary. The contributory ceiling for those social risks is 3,129 € per month. The contribution is compulsory for employed workers in agriculture and for farmers, i.e. for everyone covered by the MSA.

To qualify for benefits, the claimant must have paid a certain amount in contributions or worked a certain number of hours within a given reference period and to prove they have worked at least 60 hours, or have paid contributions on an amount equal to at least sixty times the hourly SMIC (minimum hourly wage) over a period of one month; or have worked for at least 120 hours, or have paid contributions on an amount equal to at least 120 times the hourly SMIC over a period of three months; or have worked at least 1,200 hours, or have paid contributions on an amount equal to at least 2,030 times the hourly SMIC over a period of twelve months. To qualify for cash benefits, the claimant must have worked at least 200 hours in the three-month period preceding the period of sick leave (or paid contributions on earnings amounting to at least 1,015 times the hourly SMIC in the previous six-month period). The claimant must also have been registered with the health insurance scheme for at least one year.

Daily cash benefits

In the case of sick leave or incapacity for work the claimant will start receiving the daily cash allowance from the 4th day of the leave unless a conventional contract or collective bargaining agreement provides for more favourable conditions. The daily allowance is equal to 50% of the wage of the last three months divided by 91.25 (the average number of days for a three-month period). The allowance is paid either by the social security system (by the MSA for persons



insured under the agricultural scheme) or by the enterprise pursuant to a contractual agreement (this payment is reimbursable by the social security system). Beyond the first six months of sick leave, the daily allowance cannot be lower than 1/365th of the minimum disability pension, i.e. 9.20 Euro per day as of (January 1st, 2014). The daily allowance can be paid for a maximum period of three years.

Maternity and paternity

This insurance covers pregnancy and delivery related costs as well as cash benefits during the mother's pre- and post-natal leave, and/or the father's paternity leave. For mothers, this insurance also covers compulsory pregnancy related examinations with no co-payment payable for hospitalisation costs. Mothers are also exempted from the 1 Euro flat rate for visits to the doctor as well as from the flat charge for medicines. As of January 1st, 2014, the daily allowance cannot be lower than 1/365th of the minimum disability pension (€ 9.20) nor can it exceed € 81.27.

Inpatient care

In the case of hospital stays in public hospitals or private clinics recognised (operating) within the social security framework, hospital costs are covered by social security at a rate of 80%. After the 31st day in hospital or for certain complex surgical procedures, patients receive 100% coverage. However, they are still required to pay "the flat daily rate for hospital stay" or "the flat-rate charge for extensive procedures", as the case may be, to the tune of 18 Euro per day of hospital stay.

Accidents at work and occupational diseases

Only employers are obliged to pay this type of contribution and the rate is 5.3% of the gross monthly salary received by employees. The ceiling is 3,129 Euro per month. This contribution is mandatory for employed workers in agriculture.

The pension for disability is a flat rate compensation. It depends on the degree of full or partial permanent disability. Therefore, a scale is set up by the consulting physician of the social security

system or the MSA as a function of the severity and the effects of the accident at work or the occupational disease.

4.2.3. Unemployment

The total rate of this contribution in 2014 is 6.4% distributed as follows: 4% paid by the employer and 2.4% paid by the worker. The basis on which those unemployment contributions are made is the maximum amount (ceiling) that employed persons can be insured on, i.e. 12,516 Euro per month. This contribution is mandatory for employed workers in agriculture.

The unemployment insurance scheme is the result of an agreement concluded between the social partners. The agreement thus negotiated must then be approved by the government in order to enter into force. The unemployment allowance is calculated partly based on the reference daily wage. The reference wage is based on earnings subject to contributions during the 12 calendar months prior to the last day of paid work, up to a limit of four times the social security ceiling (€ 12,516 per month). Pursuant to the National Inter-Trade Agreement of 2013, the CFDT (the French Democratic Confederation of Labour), the FO (Force ouvrière) and the CGC (the General Confederation of Executives) together with employers committed to additional facilities for the unemployed, i.e. a scheme which prevents losing one's benefits even if the person finds a job for a short period of time or on a fixed term contract. In view of the growing use of short-term contracts, the objective is to provide security and incentives to find a job by ensuring a longer period for payment of allowances if the person loses his/her job again.

4.2.4. Health insurance

The contribution rate is 8% for declared income exceeding

the threshold of 9,354 Euro (for the period from October 30th, 2013 to September 30th, 2014). If the income exceeds this amount, individuals must pay a contribution equal to 8% of declared income above the threshold of 9,354 Euro.

4.3. ITALY

As was pointed out earlier, in terms of financing and risks covered there is a difference between: **farmers** who do not own land, **direct farmers**, i.e. farmers who are owners and who are engaged in agriculture exclusively or primarily and **entrepreneurs** who are engaged in agriculture as their main profession and who practice this activity on at least two thirds of standard parcels of land or 50% in mountainous or other less favoured parcels of land. The latter group only pay social security contributions for pension, while tenant and share farmers pay 50% of the contribution and the remaining 50% are paid by the owner of the land.

Covered risks for self-employed persons, including farmers comprise healthcare and maternity care as well as benefits for accidents at work and occupational diseases in accordance with specific qualifying conditions provided for in the relevant dedicated scheme.

For disability, old age, death (hereditary pensions) and family allowances there is a **dedicated scheme** which does not differentiate between different kinds of self-employed persons when it comes to the conditions they need to meet in order to qualify for benefits. The only requirement is that they be insured for the risks of disability, old age and death (hereditary pensions).

Social security contributions that agricultural workers (farmers) pay are a percentage which is calculated based on four values which varies depending on the size of farmed land, the age of the farmer, the number of work days and the reference income (known as the “generally accepted” or “negotiated” income). The daily reference (generally accepted) income is € 53.13 and it is updated every calendar year with



a Decree of the Council of Ministers.

Those interrelations are shown in the table below.

Type of land parcel	Age of the farmer/ Social security contribution %		Number of work days/per year	Annual contributory income in Euro
	Up to 21 years	Over 21 years		
			156	8,288.28
Standard	22%	20,02%	208	11,051.04
Mountainous or other less favoured	19.60%	16.50%	260	13,813.80
			312	16,576.56

In addition, they pay a contribution for the risks of accident at work and occupational disease which are again calculated on the basis of the number of work days and with a reference income of € 14.681,10 for 2013.

An additional contribution of € 0.61 per work day is accrued when payment is made to the pension fund.

For the maternity risk, a fixed contribution of € 7.49 is paid every year.

4.3.1. Old age pension

The amount of the old age pension after participation with paid contributions of **20 years represents the amount of 2% for each year** of participation with contributions (maximum 40) multiplied by the reference salary.

The reference salary is the negotiated (generally accepted) income which is based on four values (listed above) and is updated with the consumer price index increased by 1% for each year of service.

In accordance with the new system, the minimum qualifying period of 20 years participation with social security contributions is

required irrespective of the contributory system which is applied for the calculation of benefits.

Persons insured after January 1st, 1996, may retire before the age of 70 provided that the amount of their pension is equal to at least 1.5 times the amount of the basic minimum income defined for the purposes of social assistance. A minimum qualifying period of 5 years participation with contributions is applied to persons who retire when they turn 70 years of age. **The legal retirement age is as follows:**

- self-employed men and 'para-subordinate' male workers: 66 years and 3 months;
- self-employed women and 'para-subordinate' female workers: 63 years and 9 months.

Early retirement

From January 1st, 2012 the old age pension (pensione di anzianità) was replaced by the early retirement pension (pensione anticipata). When the retirement benefit is granted before the age of 63 years and 3 months and the person has accumulated a period of contributions paid of 42 years and 5 months for men and 41 years and 5 months for women, the amount of the benefit is subject to continuous reduction thus discouraging the desire for early retirement: 1% reduction is applied while eligible beneficiaries want disbursement of pension two years before they turn 63 years and 3 months. A reduction of 2% is applied when the benefit is given at an age of two years prior to reaching 63 years and 3 months.

As of January 1st, 2012, qualifying conditions for early retirement will gradually increase depending on the increase of the average life expectancy. The increased requirements for 2013 are as follows:

- 42 years and 5 months participation with paid social security contributions for men;
- 41 years and 5 months participation with paid social security contributions for women.



4.3.2. Sickness, maternity, disability

Benefits and allowances are granted according to the conditions set out in the general social security system in Italy. There is no special scheme for sickness cash benefits for workers in agriculture, craftsmen and retailers.

In the case of maternity, two months before the term and up to three months after birth insured persons receive maternity benefits to the amount of 80% of the agreed wages (the minimum daily wage is taken into account for agricultural workers hired on the basis of a contract with indefinite period of validity). Benefits are 100% funded by contributions.

Disability

Cash benefits for disability are subjected to limits with respect to income. The minimum period for a person to become entitled to cash benefits for disability is participation in the scheme for 5 years, 3 of which must have been done (completed) in the last 5 years. The amount of disability benefits and pensions corresponds with their amounts in the general social security scheme.

Accident at work and occupational disease

Benefits are granted according to specific qualifying conditions envisaged in their dedicated scheme.

In Italy, there is no dedicated insurance scheme for unemployment that would cover agricultural workers (farmers).



4.4. DENMARK

The Danish social security system is generally financed by taxation (taxes paid to the State and local authorities) including labour market contribution.

Social security benefits and allowances include the following: sickness, hospitalisation, maternity benefits, daily sickness and maternity allowances and re-adaptation aid; benefits for accidents at work and occupational diseases; allowance towards funeral expenses; disability pensions; old age pensions and supplementary pensions; unemployment benefits; family benefits.

As most branches of Danish social security are compulsory, there are no conditions for inclusion in the various schemes.

An exception is unemployment insurance. In order to be entitled to unemployment benefits, both employees and self-employed persons must be members of an unemployment fund. The maximum duration for payment of unemployment benefits is 2 years within a three year period.

In addition, employees who are insured against unemployment must meet two requirements. First, they must have been members of an unemployment fund for at least one year and if the person has recently graduated, he/she is entitled to unemployment benefits one month after graduation. And second, proof must be produced of a certain number of hours worked. Hours are recognized only if persons have been members of an unemployment fund at the same time. For individuals insured on a full time work basis at least 1,924 hours must have been paid for the last three years, while for individuals insured on a part time work basis the number is 1,258 hours for the last three years. *A self-employed person must have been a member of an unemployment fund for at least one year and must prove an average work week of at least 30 hours. In order to receive this benefit, persons must make themselves available to the employment*

service and to look for a job actively. There are different kinds of unemployment cash benefits depending on the age of the person, i.e. whether they are under or over 30 years of age.

4.4.1. Pensions

The state pension guarantees that people **over 65 years old** who leave the labour market will have an income. Retirement age varies depending on the person's date of birth. In 2011, an agreement was reached to gradually increase retirement age **from 65 to 67**.

Early retirement

Early retirement can be granted to persons aged 40 or between 18 and 39 years of age, if medical documents exist that due to specific health conditions the person is unable to work. For persons born before 1954, the early retirement age is 60. For persons born after 1954, the early retirement age gradually increases. In order to be entitled to early retirement, the person: must have resided in Denmark or another EEA country or Switzerland; must have been member of an unemployment fund and have paid contributions for the period between 25 and 30 years; must continue to be a member of an unemployment fund for a period for early retirement; must meet the requirements for acquiring the right to unemployment benefits in relation to unemployment; and must be available for work in order to receive an early retirement certificate.

4.4.2. Benefits in respect of accidents at work and occupational diseases

Everyone who works or has agreed to do any work for an employer in Denmark is covered by the law and is insured against that risk. The accident or the occupational disease must be the result of carrying out work activities and the harm to the health of the person must be caused by work. Employers are obliged to report work accidents which occurred. Medical doctors and dentists are obliged to notify the Management Board of the Industry Agency of potential occupational diseases.



Sickness benefits

In order to receive sickness benefits, a person must produce a medical document that he/she is unable to work due to illness. *In addition, based on a **signed agreement** social partners in the sector of agriculture in Denmark have decided that in cases of documented illness an additional premium should be paid to the sick person in order to reach his/her normal wage for the period of the illness. This payment may continue for a maximum period of 8 weeks.*

Rehabilitation is related to activities generating employment and financial assistance that the municipality provides to people with limited working capabilities. Rehabilitation helps boost the recovery of the capacity to work and is a major goal of the Danish social protection.

Birth and adoption benefits

For workers and employees, self-employed persons and helping spouses, the benefit is paid by the municipality for each day of absence from work for that reason. Business trip money can be paid during pregnancy, delivery and adaptation of workers and employees, self-employed persons and helping spouses related to the labour market. It has been agreed that the employer will pay wages to workers during their absence for a period of 4 weeks before the expected date of birth and up to 14 weeks after birth. The payment corresponds to standard time and includes maternity benefits. In addition, wages are received during parental leave for up to 11 weeks.

4.5. MACEDONIA

Compulsory contributions for retirement and disability insurance, health insurance and unemployment insurance are reduced in case of an accident at work. Contributions for 2013, calculated as a percentage of the gross salary are: 7.3% for health insurance, 0.5% for supplementary health insurance contributions, 18% for retirement and disability insurance and 1.2% for unemployment.

The maximum contributory income for persons who participate in the compulsory pension insurance system is limited to six aver-

age monthly salaries in the country based on the average salary for 2012 announced by the National Statistical Service. The threshold for 2013 is 183,570 denars (about 2,985 Euro). The minimum contributory amount for income which is the basis for payment of social security contributions is 50% of the average monthly salary.

4.5.1. Old age and disability pensions

The conditions that must be met in the compulsory pension system for old age pensions **are age of 64 years for men and 62 years for women with at least 15 years length of service** except in the case of disability or death. Payments from the pension system cannot be received (drawn) earlier than 10 years before the legal retirement age.

Insured persons having the status of individual farmers need to satisfy certain conditions in order to be entitled to pension. Those conditions are related to the duration of the period covered by paid contributions as per the Farmers Seniority Act and evidence that retirement contributions were paid during the period when this act was in force.

Seniority pension rates are determined on the basis of the average monthly wage received by the insured person during the entire insurance period but not earlier than January 1st, 1970.

Disability is determined based on the following categories: category 1 incapacity to work, if the insured person's capacity to work has been reduced by more than 80%, i.e. this is permanent incapacitation (generally referred to "incapacitation"), and category 2, if the insured person's capacity to work has been reduced by more than 50% to 80% (occupational incapacitation).

4.5.2. Unemployment benefits

The monthly benefit amount for unemployment is based on calculated and paid wages by the employer in compliance with the law, a collective bargaining agreement or contract for hire. The benefit is 50% of the average monthly wage for the last 24 months of the entitled person when the benefit is received for up to 12 months, and



for persons who are entitled to receive benefits for a period longer than 12 months, the benefit for the first 12 months is 50% of the average monthly wage for the last 24 months and for the remaining months of the eligible period, it is 40% of the average monthly wage.

4.5.3. Social welfare

Persons are eligible for social welfare, if they are capable to work and maintain a household but due to material insecurity are incapable to procure funds for their sustenance, in accordance with other statutory acts. The level of social assistance for the entitled person is 2,140 denars. For each additional member of the household the basic amount is increased by a multiplier of 0.37 for up to five members.

4.5.4. Health insurance

In Macedonia, health insurance can be of two types: compulsory and voluntary. Compulsory health insurance applies to all citizens in order to cover the provision of healthcare services and benefits based on the principles of universality, solidarity, equality and efficient usage of resources.

Voluntary health insurance provides health services which are outside the scope of compulsory health insurance.

Within compulsory health insurance, the law provides for various cash benefits, such as the right to receive benefits instead of a salary during temporary absence from work due to illness or injury, due to pregnancy, delivery and maternity and the right to be reimbursed for travel costs.

4.6. SLOVENIA

The salary and all other types of income from work are the basis for calculating the amount of the payable contribution for pensions for old age, disability and death (hereditary pensions) for workers with an employment contract.

After January 1st, 2014, the lowest base is 60% of the average annual salary of the worker in the Republic of Slovenia calculated by

months.

The rate **of the retirement contribution** paid **by the worker is 15.5%, while the employer pays 8.85%**.

Self-employed persons are exempt from contributions for the first 12 months from their initial registration in the register, while for the next 12-month period insured persons are obliged to pay only 50% of the amount of their contribution and the employer pays only 30%.

For farmers the following social security bases for contributions apply: the minimum wage for 2013 and 2014; 54% of the average wage for 2015; 56% of the average wage for 2016; 58% of the average wage for 2017; and 60% of the average wage for 2018.

For unemployed insured persons the basis for payment of contributions is the amount of the paid unemployment cash benefitor the insurance basis used by the employment service to pay its contributions. The person must pay a contribution rate of 15.5% and the remainder of the contribution of 8.85% is paid by the employment service.

For compulsory health insurance, since March 2014 the lowest basis for contribution payments is 60% of the average wage.

Parental protection contributions have a rate of 0.10% paid by the insured person and 0.10% paid by the employer on the specified contributory basis.

For the risk of accident at work and occupational disease, the contribution is 0.53% and is paid by the employer.

For the risk of unemployment, the insured person must pay a contribution of 0.14% of the contributory basis and the employer pays 0.06% of the basis.

4.6.1. Old age and disability pensions

Entitlement to seniority pension depends on whether the person reached a certain age and a predefined insurance period was accrued for seniority pension or for a retirement allowance without purchase of qualifying periods.

In order to qualify for seniority pension, individuals must meet two requirements which differed in the previous period depending on



whether the insured person was a man or a woman.

For women: age 58 years and 4 months and an insurance period of 38 years and 8 months without purchase of qualifying periods; or age of 62 years and at least 20 years of contributions paid; or age of 64 years and at least 15 years of contributions paid.

For men: age 58 years and 8 months and an insurance period of 40 years without purchase of qualifying periods; or age of 64 years and at least 20 years of contributions paid; or age of 65 years and at least 15 years of contributions paid.

The lowest pension basis in 2014 is 74.5% of the average monthly wage with taxes and contributions deducted. The basis is determined for each year.

Disability pension

Entitlement to disability pension depends on the degree of impairment of the insured person and some other conditions set forth in the law. The Invalidity Commission determines the presence of an impairment.

The insured person who became disabled is placed in one of the three categories depending on the remaining work capacity.

Family pension. The law guarantees a family pension when an insured person or beneficiary dies and the survivors are entitled to at least 33% of the pension base of the deceased.

4.6.2. Parental leave

Includes different types of rights for absence from work due to birth or childcare by the person who actually takes care of the child.

Parental leave includes: maternity leave (105 days); parental leave (90 days); childcare leave (260 days); adoption leave (120 or 150 days);

Parental leave payments cannot be lower than 55% of the minimum wage in the Republic of Slovenia.

4.6.3. Benefits in respect of accidents at work and occupational diseases

Insured persons receive disability pension in case of an accident at work or occupational disease caused by exercising a certain type of work or activity. In the case of death of the insured person, the surviving members of the family can receive the rights to a widowhood pension or a family pension in the same amount as the amount within the scope of the compulsory social security system.

4.6.4. Unemployment benefits

In order to be eligible for benefits persons must meet certain conditions. The right to unemployment benefits is granted to an unemployed person when: the person was insured against unemployment for at least 9 months during the last 24 months before unemployment; all contributions have been paid (an exception can be made for persons whose employer failed to pay contributions); the person became unemployed and his/her employment contract was not terminated at the person's fault; the person is registered with the employment service of the Republic of Slovenia and submitted a claim to the right to unemployment benefits within 30 days after the termination of compulsory insurance.

4.6.5. Compulsory health insurance

It provides to the insured persons insurance to the extent foreseen in the Healthcare and Health Insurance Act, which includes: payment for health services; compensation instead of salary during temporary absence from work; compensation for funeral and for assistance in relation to the person's loss; reimbursement of travel costs incurred during the search for health services.

4.7. THE CZECH REPUBLIC

Social security contributions which are paid **by employers** amount to **25% of the assessment base for a defined period**, including: 2.3% for health insurance; 21.5% for retirement insurance and 1.2% for the national employment policy.



Workers and employees pay 6.5% for retirement insurance on the assessment base for a defined period.

Self-employed persons pay 29.2% on the assessment base (including 1.2% to the national employment policy); for voluntary health insurance of 2% (the minimum payment is CZK 115).

4.7.1. Old age and disability pension

Old age pension is comprised of two parts: basic amount (the same for all types of pensions irrespective of the duration of the insurance history and the income of the insured person (around 9% of the average salary) and **percentage amount** tied to earnings which is calculated from the personal assessment base and the number of years of contributions. The basic amount is 2,230 CZK (87 €) per month to which is added the percentage amount tied to earnings which is calculated from the personal assessment base and the number of years of contributions (1.5% of the personal assessment base per year of insurance). The conditions that need to be met in order to be entitled to pension are: required length of service for the purpose of social security of 25 to 35 years depending on the year when the person reaches retirement age. Retirement age increases on an annual basis: for men by 2 months, for women by 4 months until the age of 68 years for men and women born in 1983 is reached. In accordance with the applicable legislation, retirement age will increase for people born in 1984 and after by 2 months for each subsequent year after birth.

The law does not set a minimum or a maximum amount for pensions.

Early and deferred pension

The earnings-related amount of pensions is reduced by 0.9% for every (even incomplete) period of 90 days that the pension is received within a 720-day reference period before normal retirement age, and by 1.5% for every period of 90 days of pension receipt preceding this reference period, up to a maximum of three additional years.

A minimum limit of 90 days after normal retirement age is stipulated for deferred pensions. For every 90 days of economic activity during which the claim for an old age pension is postponed, an increase of 1.5% of the reference value is provided for.

As long as an old age beneficiary works (and has only half of his/her pension), his/her pension is increased about 1.5% for every period of 180 calendar days, or 0.4% for every 360 days if the beneficiary works and has whole pension.

4.7.2. Sickness and maternity

Sickness benefits, maternity benefits, family member care benefits and pregnancy and maternity indemnities are paid by the **Sickness Insurance Fund**. *Employees (compulsory) and self-employed persons (voluntary) participate in sickness insurance.*

Sickness benefit

Benefits are always paid from the 15th calendar day of the period of temporary inability to work and for each calendar day. During the first 14 calendar days the worker or the employee receives wage compensation from the employer for each working day. The employee is not entitled to compensation for the first three days of the illness. The sickness benefit is 60% of the daily assessment base from the 15th to the 30th calendar day of the illness, 66% from the 31st to the 60th calendar day of the illness and 72% from the 61st calendar day of the illness onward.

Maternity benefits

In order to receive maternity benefit, mothers must have paid into the sickness insurance fund for at least 270 calendar days within the two years preceding the birth. Self-employed persons must have paid the premiums for sickness insurance and, for at least 180 days, the contributions to the self-employed individuals' sickness insurance scheme during the year preceding the birth. This benefit is awarded for a maximum of 28 weeks, or 37 weeks for women who have given birth to two or more children at the same time.

The second non-contributory social support system is



financed from the State budget. By means of this system, the State contributes in particular to families with dependent children in the case of an acknowledged social situation which the family is unable to resolve using its own funds and abilities.

The third system is comprised of social services. It provides one-off or recurrent benefits: allowance for living, supplement for housing and extraordinary immediate assistance. Benefits are designated for persons with low incomes or in the event of an emergency situation. Regional labour offices manage the assistance in material need and care allowances and those costs are covered by the central budget (general taxation).

4.7.3. Unemployment benefits

Those benefits belong to the fourth system which covers the employment and labour market policy. Jobseekers are entitled to unemployment benefits, if before the materialization of the unemployment risk they had 12 months of basic pension insurance in the past three years of registration in the Labour office. The duration of unemployment benefits is as follows: 5 months for persons below the age of 50, 8 months for those aged 50-55, 11 months for those over 55.

Unemployment benefits are calculated as a percentage from the average net monthly earnings on the last job or from the assessment base, if the jobseeker is a self-employed person: 65% for the first 2 months; 50% for additional 2 months; 45% for the remaining period.

4.8. BULGARIA

In accordance with the three pillar model in Bulgaria, we must distinguish between the two categories of persons – employed and self-employed persons.

Employed persons' social security contribution for pension for old age, disability and death (first pillar) is 17.8% for persons born before January 1st, 1960 (including 9.9% paid by

the employer and 7.9% paid by the worker), while for persons born after this date the pension contribution is **12.8%** (respectively 7.1% paid by the employer and 5.7% paid by the worker). The social security contribution for universal pension funds (*second pillar*) for persons born after December 31st, 1959 is 5% of the contributory income of which 2.8% are paid by the employer and 2.2% are paid by the worker.

The minimum monthly contributory income on which social security contributions are paid is 340 BGN (in 2014), i.e. the amount of the minimum salary for the country is the lowest insurance threshold for employed workers.

The maximum contributory income on which social security contributions are paid is 2,400 BGN (in 2014).

The government participates as the third employer in the Pensions fund for the state social security with a contribution of 12%.

For self-employed persons including farmers and tobacco growers social security contributions amount to 17.8% for pension in the first pillar if they were born before January 1st, 1960 and 12.8% if they were born after this date.

The social security contribution for self-employed persons for universal pension funds (i.e. for persons born after December 31st, 1959) is 5% on their contributory income.

The minimum contributory income for self-employed persons is differentiated according to the annual taxable income they generated for the preceding year and it varies between 420 BGN and 550 BGN per month.

The minimum contributory income for farmers and tobacco growers on which they must pay social security contributions is 240 BGN (120 Euro), while the maximum amount is 2,400 BGN.

4.8.1. Pensions

To be entitled to **pension for length of service and old age funded by the state social security system (first pillar)**



the following requirements must be met: **age** 63 years and 8 months (men) and 60 years and 8 months (women) in 2014 and **length of service with contributions paid** not less than 37 years and 8 months (men) and 34 years and 8 months (women). Retirement age and length of service will increase progressively by 4 months every year until the age of 65 for men and 63 for women is reached and the length of service becomes 40 years for men and 37 years for women. If the above conditions are not fulfilled, an insured person can be eligible for pension for length of service and old age, if they have at least 15 years and 8 months of service with contributions paid and their age is at least 65 years and 8 months (men and women) in 2014. Minimum and maximum amounts for pensions for length of service and old age have been introduced.

Deferred retirement

Persons can retire later than the legal retirement age and length of service. There is no maximum period for deferred retirement. For each year of deferred retirement an additional 4% are accrued on a yearly basis.

Supplementary pension for old age (supplementary compulsory retirement insurance in the second pillar)

The person must have reached the legal retirement age and have the required length of service with contributions paid in order to be eligible for pension from the state social security (first pillar). Payments of supplementary old age pensions from universal pension funds (second pillar) will start from the year 2023 the earliest since those funds cover persons born after December 31st, 1959. The amount of supplementary annuity of the second capital pillar is calculated on the basis of accumulated funds in the individual account of the person and the future life expectancy.

Early retirement

Early retirement benefits for length of service with contributions paid and old age can only be granted to persons working in the first and second categories of labour as well as teachers.

Social old age pension (on the basis of a means test)

A social old age pension may be granted at the age of 70, to persons for whom the annual income per family member at the date when the person reaches this age is less than the sum total of the guaranteed minimum income specified for the country for the last 12 months. The amount of the social pension is 75% of the minimum old age pension from the state social security.

Disability pension due to general sickness

It is provided by the state social security (first pillar). Persons up to 25 years of age must have at least one year of length of service with contributions paid, up to 30 years of age – 3 years and above 30 years of age – 5 years of contributory length of service.

Social Disability Pension

It is calculated on the basis of a means test. The right to a social pension for disability is granted to persons who have reached 16 years of age and have a permanently reduced capacity to work/type and degree of inability of more than 71%. The social disability pension is calculated as a percentage of the social pension for length of service and old age and its amount also varies depending on the degree of reduced ability.

4.8.2. Sickness and maternity

For sickness and maternity the total rate of the contribution is 3.5%: the worker (employed person) pays 1.4% on his/her contributory income and the employer pays 2.1% on the same basis.

Self-employed persons, including farmers and tobacco growers, pay 3.5% at their own expense. Sickness and maternity insurance is voluntary for self-employed persons.

Persons insured for sickness and maternity are entitled to cash benefits for this risk and those benefits are paid by the state social security. In order to be granted the right to those benefits, insured



persons must have at least 6 months length of service with contributions paid for this risk.

The daily cash allowance for temporary incapacity due to general sickness (disease) is calculated as 80% of the average daily gross wage or the average daily contributory income for a period of 18 calendar months. The first three days of the temporary incapacity are paid by the employer (70% of the wage) and from the fourth day of incapacitation onward the cash allowance is paid by the state social security to the tune of 80% of the basic wage or contributory income.

Maternity benefits

The daily cash benefit for pregnancy and birth is set at 90% of the average daily gross wage or the average daily contributory income for a period of 24 calendar months preceding the month when temporary incapacity to work occurs due to pregnancy and birth.

Mothers insured for general sickness and maternity are entitled to a cash compensation for pregnancy and birth for a period of 410 calendar days, beginning 45 days before the determined date of child birth.

Benefit for taking care of small children

The amount of this benefit is equal to the minimum wage (in 2014) and is paid until the child reaches the age of two years.

4.8.3. Benefits in respect of accidents at work and occupational diseases

In this case social security contributions are paid only by the employer and they vary between 0.4% and 1.1% depending on the severity and frequency of accidents at work and the risk of occupational disease.

There is no requirement for a minimum contributory period. *The rate of the cash benefit for accidents at work and occupational diseases in the case of temporary incapacity to work due to that risk is 90% of the contributory income of the insured person and is paid from the first day of temporary incapacitation to the full recovery or to the issuance of a certificate for permanent disability due to an ac-*

cident at work or an occupational disease.

For disability pensions due to an accident at work or occupational disease (permanent disability), the amount of the monthly pension is between 30% and 40% of the contributory income of the person before the disability occurred and depends on the degree of loss of the ability to work.

External assistance supplement

If the insured person needs constant assistance and company by another person in order to perform his/her daily chores, the person receives a monthly supplement to the tune of 75% of the amount of the social old age pension.

4.8.4. Unemployment

All persons with an employment contract must be insured against the risk of unemployment. Insured persons pay 0.4% personal contribution and employers pay 0.6% on the contributory income.

Persons who have paid contributions to the Unemployment Fund for at least 9 months during the 15 months preceding the end of the insurance are entitled to unemployment benefits on the condition that they have registered as unemployed at the Employment Agency, and they have not acquired the right to a pension for length of service and old age.

The unemployment benefit amounts to 60% of the average daily wage (contributory income) for the 24 months preceding the materialization of the risk. The duration of that benefit varies from 4 months, if the person has participated in the insurance for at least three years, to 12 months for length of insurance above 25 years. There is a minimum and a maximum amount for this benefit. The amount of the benefit is reduced proportionally for persons with part time employment.

Self-employed persons, including farmers, cannot insure themselves against unemployment.



4.8.5. Health insurance

Compulsory health insurance contributions amount to 8% of the contributory income. The basis for those contributions is the same as for the compulsory social security. The health insurance contribution is divided between the employer and the worker in the ratio of 60:40. Self-employed persons pay the full rate of 8%.

Compulsory health insurance is managed by the National Health Insurance Fund and its 28 territorial units which provides the following types of medical assistance: medical and dental services for the prevention of diseases; medical and dental services for the early discovery of diseases; outpatient and hospital medical care for diagnostics and the treatment of basic diseases on clinical pathways; medical care for pregnancy, labour and motherhood; prescription and dispensing of authorized medicines, etc.

In addition, there is voluntary health insurance which is managed by shareholder companies registered pursuant to the Commerce Act and it provides an additional package of health services and medicines which are not included in the basic healthcare package.

4.9. ROMANIA

Social protection (social security) in Romania is financed from social contributions, local budgets, and the State budget and is based on the three pillar model. Family benefits and social assistance are tax-financed. The other branches are primarily financed by contributions.

4.9.1. Old age, disability, and death

Insured persons pay to the first pillar a contribution of 10.50%. There is a ceiling applied to the calculation basis of five times the projected average gross earnings. In the second pillar, 4% is subtracted from the contribution rate to the first pillar and transferred to the second pillar. The contribution rate to the second pillar is increased by 0.5% annually until it reaches 6%. There is a ceiling applied to the calculation basis of five times the projected average

gross earnings.

Employers pay to the first pillar a contribution rate which varies with the working conditions: 20.80% for normal working conditions, 25.80% for difficult working conditions, and 30.80% for special working conditions. There is a ceiling applied to the calculation basis of five times the projected average gross earnings multiplied by the average number of employees.

In the second pillar, there is no employer contribution requirement.

Self-employed persons pay to the *First pillar*: 31.30% (including the 4% contribution rate to the second pillar). There is a threshold applied to the calculation basis of minimum 35% of the projected average gross earnings, and a ceiling of five times the projected average gross earnings.

Second pillar: 4% is subtracted from the contribution rate to the first pillar and is transferred to the second pillar. The contribution rate to the second pillar is increased by 0.5% annually until it reaches 6%. Here as well, there is a threshold applied to the calculation basis similarly to the first pillar.

Old age pensions (first pillar)

A person who was insured in the public system of pensions (first pillar) is entitled to an old age pension in the case that he/she meets both the standard retirement age and the minimum contribution period conditions. The difference between the standard retirement ages for men and women is maintained: men – 64 years and 7 months on July 1st, 2013, increasing to 65 years on January 1st, 2015 and women – 59 years and 7 months on July 1st, 2013, increasing to 63 years on January 1st, 2030. However, men and women do have an identical minimum contribution period of 14 years and 2 months on July 1st, 2013, increasing to 15 years on January 1st, 2015.

The difference between the full contribution periods for men and women is also upheld: men – 34 years and 2 months on July 1st, 2013, increasing to 35 years on January 1st, 2015 and women – 29 years and 2 months on July 1st, 2013, increasing to 35 years on January 1st, 2030.



The old age pension in the first pillar is calculated and paid on a monthly basis using a point system. It is determined by the length of contribution period and the level of earnings (all being variables, characteristic to each person), as well as the pension point value (which is a constant for all pensioners).

Old age pensions (second pillar)

The lump sum calculated and paid from the second pillar is equal to the net personal asset accumulated in the individual account opened in the pension fund by the participant. The participant is guaranteed the amount of the paid contributions reduced with the transfer penalties and legal fees.

4.9.2. Sickness and maternity

Insured persons pay a contribution rate for benefits in kind of 5.5%. *There is no contribution for cash benefits. No ceiling is applied to the calculation basis.*

Employers pay a contribution rate of 5.2% for benefits in kind and 0.85% for cash benefits. Regarding the contribution for cash benefits, the ceiling applied to the calculation basis corresponds to 12 times the minimum gross wage for each employee.

Self-employed persons pay a contribution rate of 5.5% for **benefits in kind** and 0.85% for cash benefits.

The threshold applied to the calculation basis is the minimum gross wage and regarding the contribution for cash benefits, the ceiling applied to the calculation basis corresponds to 12 times the minimum gross wage.

Pensioners also pay a contribution rate for benefits in kind of 5.5%. There is no contribution for cash benefits.

To be eligible for sickness benefits, the insured person must have at least 6 months of contributions in the 12 previous calendar months before the incapacity began.

Child care allowance

The insured person has the right to interrupt his/her activity and receive sickness indemnities in the event that his/her child is

up to 7 years of age and is struck by illness. The age is increased to 18 years, if the child in question is disabled and is struck by illness.

Medical benefits

This benefit is paid to persons who have paid at least 1 month of contributions in the last 12 months. No compulsory insurance period conditions apply for certain categories of residents, for emergency surgery, and in cases of tuberculosis, AIDS, or other contagious diseases.

Cash sickness benefits for a temporary incapacity to work represent 75% of the insured person's average monthly earnings (100% for emergency surgery, tuberculosis, AIDS, and other contagious diseases).

Illness prevention and rehabilitation benefit

The benefit comprises temporary rehabilitation through placement in an alternative job and a cash benefit to replace part of the earnings lost as a result of a reduction in working hours. The value of each benefit may not exceed 25% of the insured person's average monthly earnings in the last 6 months before the work incapacity began. Benefits are paid for a maximum of 90 days per year. The benefit is equal to 75% of the insured person's average monthly earnings in the last 6 months before the incapacity began.

Maternity indemnity

To be entitled to maternity benefits, the insured person must have at least 1 month of contributions in the last 12 months. The maternity indemnity is paid for a period of 120 calendar days to the insured mother (63 days before birth, respectively 63 days after giving birth to the child). The maximum monthly earnings for benefit calculation purposes are equal to 12 times the minimum gross monthly wage. The indemnity is granted even in the event that the child is born dead.

4.9.3. Unemployment

Insured persons pay a contribution rate of 0.5%. *There is a ceiling applied to the calculation basis of five times the projected average gross earnings.*

The employer pays a contribution rate of 0.5%. No ceiling is applied to the calculation basis.



Self-employed persons get voluntary insurance for this risk. The contribution rate is 1%. There is a threshold applied to the calculation basis which corresponds to the minimum gross wage and a ceiling of five times the projected average gross earnings.

The right to unemployment benefits is given to registered unemployed persons who meet the following conditions: domicile or residence in Romania; lack of job or *lack of self-employment income (or self-employment income lower than a reference social indicator)*; age between 16 and the qualifying age for old age pension; working capacity; recruitment availability; actively seeking employment, and registration with the county agency for employment.

The registered unemployed who involuntarily became unemployed is required to apply for unemployment benefit within 12 months and to have completed a contribution period of at least 12 months during the 24 months preceding the application date in order to be entitled to an unemployment indemnity from the unemployment insurance system's scheme. The duration of the unemployment indemnity varies with the length of contribution period: 6 months for a contribution period between one and five years, 9 months between five and ten years, and 12 months for ten years and over. For graduates this period is 6 months.

4.9.4. Benefits in respect of accidents at work and occupational diseases

There is no worker or employee contribution requirement for this particular risk.

For employers the contribution rate ranges between 0.15% and 0.85% according to the frequency and severity of risk classes. No ceiling is applied to the calculation basis.

Self-employed persons get voluntary insurance. The contribution rate is 1%. *There is a minimum threshold applied to the calculation basis of 35% of the projected average gross earnings and a ceiling of five times the projected average gross earnings.*

Temporary working incapacity indemnities

A person who is insured in the accidents at work and occupational diseases scheme is entitled to a temporary working incapacity indemnity, if the temporary working incapacity is the result of an accident at work or occupational disease. There is no contribution period condition. The duration of the indemnity is 180 days in a one-year period and may be extended up to 270 days.

Temporary change of workplace and reduced working time indemnities

The person who is insured in the accidents at work and occupational diseases scheme is entitled to a temporary change of workplace indemnity if, as a result of some accident at work or occupational disease, he/she is not able to work at his/her regular workplace any longer and changes it temporarily. The duration of this indemnity is up to 90 days in one-year period.

The temporary working incapacity indemnity is calculated and paid monthly as 80% (100% in case of medical/surgical emergencies) of the average monthly gross income earned by the person during the last six months preceding the contingency (or during the period that is shorter than six months).

4.9.5. Health insurance and healthcare

All persons legally residing in Romania are covered by the national health insurance fund, including foreign nationals permanently residing in the country. In order to receive healthcare, the insured person and his/her dependants must have paid at least 6 months of contributions during the 12 previous calendar months. In case of an emergency surgery, tuberculosis, AIDS, or other contagious diseases, no qualifying conditions apply. Voluntary coverage is available for temporary residents and for diplomatic staff accredited in Romania.

Medical services are provided directly by local health insurance funds and include general and specialist health care, outpatient care, hospitalisation, medicines, appliances, rehabilitation, preventive medical assistance, maternity care, transportation and other medical services.



CONCLUSIONS IN THIS CHAPTER:

The first conclusion in this section bears on the differences of coverage of social security risks for employed persons and self-employed persons, including farmers, in general social security systems, on the one hand, and in dedicated schemes for agricultural workers, on the other hand.

The analysis of the nine countries demonstrated that:

1. **Employed workers** in the project countries are covered for all social risks: sickness, disability, maternity (paternity), accidents at work and occupational diseases, unemployment, old age and death (regardless of whether they are insured under general social security schemes or dedicated schemes for workers in agriculture).

2. For self-employed persons, including farmers, risk coverage in the countries where those categories of persons are insured under the general social security systems is significantly different and the difference is most prominent for the **risk of accident at work and occupational disease** (in Bulgaria self-employed persons and farmers cannot be insured against this risk, while in Romania and the Czech Republic the same category of persons are given the choice to insure themselves against accidents at work and occupational diseases, if they wished to do so).

3. Differences also exist in terms of **unemployment** coverage. In Bulgaria farmers are excluded from social security for unemployment, while in Romania farmers being part of the group of self-employed persons may voluntarily insure themselves against unemployment. In Slovenia as well farmers obtain coverage for that risk. In Denmark, unemployment insurance covers that category of individuals as well and is managed through professional organizations.

In the Czech Republic, due to the fact that the majority of workers in agriculture enjoy the status of employees and their income is paid in the form of employment salaries, the security system is, therefore, the same for employees and self-employed persons. Farmers who belong to the group of self-employed persons and do not have

the status of workers are also protected against unemployment as part of the system for compulsory social security funded by contributions and providing income related benefits.

In countries where workers in agriculture are covered by dedicated social security schemes, such as **Germany**, unemployment coverage applies only to agricultural workers hired by an employer. Self-employed farmers are not covered for that risk.

In **Italy**, temporary seasonal workers in agriculture also have unemployment coverage within the social security system depending on the number of work days recorded in the official registers published by the National Social Security Institute every year.

In **France**, unemployment coverage for farmers can be negotiated between social partners but is not included as a social security risk covered by the MSA.

If practices in terms of unemployment coverage of the nine project countries need to be summarized, we believe that it is crucial for the success of an unemployment scheme for self-employed persons to reflect in its structure the specific features of the relevant group of self-employed persons. All conditions should be defined depending on the specific occupational situation of self-employed persons in general and farmers in particular.

Unemployment schemes for self-employed persons are possible in all countries which have not provided coverage for that risk yet. To be entitled to unemployment payments, individuals who have been given the option to insure themselves, be it voluntarily, against that risk should have ceased fully their business activity related to farming and should be willing to make themselves available on the labour market. The condition that self-employed persons cannot be held liable for unemployment is not always valid (e.g. when crops are destroyed by bad weather or due to bankruptcy as a result of limited market opportunities, etc.) and should not be the reason to deprive them of unemployment benefits. At first sight, there is a major difference compared to unemployment schemes enjoyed by workers



(employed personnel). Yet, the probability of forced unemployment in agriculture is not lesser than that for employers in other sectors. Therefore, those issues need to be raised here and ideas for the future need to be discussed on how to expand social security coverage for farmers in such situations.

In that context, we draw **the second conclusion** in this section, which pertains to the minimum and maximum income based on which contributions are paid by employed workers and self-employed persons and some specific differences applicable to self-employed persons. In **Slovenia**, self-employed persons are exempt from contributions for the first 12 months from their initial registration, while for the next 12-month period insured persons are obliged to pay only 50% of the amount of their contributions. In **Bulgaria**, farmers' contributions are based on a lower monthly contributory income compared to other categories of self-employed persons and employed workers. A different security threshold is applied in **Italy** as well, where farmers pay a percentage based on four values which varies depending on the size of farmed land, the age of the farmer, the number of work days and the reference income (known as the "generally accepted" or "negotiated" income). Differentiated income for the purposes of social security contributions paid by farmers has also been provided for in **Slovenian law** where the default social security base is 60% of the average employment wage while for farmers it is the minimum employment wage for 2013 and 2014; 54% of the average wage for 2015; 56% of the average wage for 2016; 58% of the average wage for 2017; and 60% of the average wage for 2018. In **Macedonia**, differentiated incomes for the purposes of social security contributions have also been applied and they are individually calculated based on cadastral income data.

The key issue to be resolved in this context is how to build a social security scheme from square one taking into account that regular full time employment with fully declared income is the exception rather than the rule with farmers and especially small farmers who

make up the majority of persons working in the sector of agriculture. This is because in addition to the traditional differentiation between employed workers and self-employed persons, the law in almost all countries contains separate provisions for farmers and this is clearly demonstrated in country reports on the individual scope and funding of systems. Two aspects need to be accounted for here:

Farmers are self-employed persons and are, therefore, different from employed workers who have fixed working hours and salaries and in this sense stronger employment and income guarantees and then in turn better chances of receiving adequate social and retirement benefits.

Within the general group of self-employed persons, farmers are significantly different from other self-employed persons and in addition there are differences between the various groups of farmers, i.e. small and big farms possessing different sizes of land of varying fertility, different numbers of heads of livestock, machinery and equipment, revenue from marketing their produce. (Some countries have introduced formal differentiation between farmers: Macedonia, Italy, France, Germany. Other countries, such as Bulgaria, Romania, Denmark, view farmers as a uniform group and apply the same social security base to calculate contributions for all farmers).

The purpose of such differentiation would be to set up systems at different levels of protection (for example, farmers who are less protected compared to others due to the conditions they operate in, the impact of local climate, the insecurity on the market for their produce, prices, etc.).

In this context, a question should also be raised as to the capabilities of existing farmers' unions to play a role in the official registration of farming operations and potentially in the execution of administrative tasks related to coordination with social security systems.

The **third key conclusion** is related to the large diversity among the nine project countries in terms of the types of allowances and retirement payments and the eligibility criteria that individuals



need to meet to be entitled to those benefits. Despite the fact that in all countries employed workers in agriculture who participate in general social security schemes are entitled to coverage for the full range of risks (sickness, maternity, accident at work and occupational disease, disability, old age and death), while self-employed persons, including farmers, are covered only for part of those risks (typically, old age, disability and death), analysis has shown that general schemes also provide for different eligibility criteria (conditions that individuals need to satisfy) to be entitled and to receive those benefits and pensions, such as for how long did the person participate in the scheme, the duration of benefit payments, the amounts of benefit payments, minimum amounts and ceilings of benefit payments and pensions, etc.

In relation to retirement security for farmers, all nine countries provide coverage either in the general system or in dedicated social security schemes and the differences are mainly in terms of contribution amounts, eligibility criteria (age and length of service) for entitlement to old age, disability or hereditary pensions and the formula to determine the amount of the pension.

In Germany, the minimum required duration of participation in the scheme is 15 years for the person to be entitled to old age pension and pension for reduced capacity to work (disability). Retirement age is 65 years for men and women but will gradually be brought up to 67 years for both men and women. The cash benefit is 1/12 of the total pension (total pension value)/per month and the retirement plan is valid for an unlimited time. Supplementary pension insurance ZLA/ZLF in Germany provides workers in agriculture and forestry with a supplementary monthly pension of up to 80 Euro.

In **France**, retirement age will rise progressively to **60-62** years. For persons born after **January 1st, 1955** the age for automatic entitlement to a full pension will increase to **67** years. The amount of the pension depends on the average annual earnings which are equal to the amount of adjusted annual earnings (adjust-

ments are proportionate to the inflation rate for each year), the level of pensions and the total duration of the periods of social security coverage. It is typical for persons engaged in agriculture to receive supplementary pensions. This pension supplements the basic pension paid by the social security system or by the dedicated agricultural scheme of the MSA.

From the moment of signing an employment contract, any salaried employee relying on a professional agricultural organization or a farming business becomes affiliated to a supplementary pension fund.

The pension rate will be calculated as the total of the basic and the supplementary pension. As a rule, the pension can vary between 65% and 100% of the last received income before retirement.

In **Italy** the legal retirement age is as follows:

self-employed men and 'para-subordinate' male workers: 66 years and 3 months, self-employed women and 'para-subordinate' female workers: 63 years and 9 months.

The amount of the old age pension after the qualifying period of **20 years** of participation with social security contributions **represents the rate of 2% for each year** of participation with contributions (a maximum of 40) multiplied by the amount of the reference salary.

In **Denmark**, state pension is guaranteed to persons above the age of 65 so that they have an income after having left the labour market. Retirement age varies depending on the person's date of birth. In 2011, an agreement was reached to gradually increase retirement age from 65 to 67.

The new member states and the candidate country, **Slovenia, Macedonia, the Czech Republic, Bulgaria** and **Romania**, exhibit retirement schemes for farmers which are very much alike and rely on a multiple pillar retirement model with supplementary pensions provided by private capital schemes (with the exception of Macedonia where farmers are not included in the second capital pillar). The above listed countries also envisage a progressive increase of retirement age and seniority pension requirements within their cur-



rent compulsory pension systems are as follows:

In **Macedonia**: The Macedonian compulsory pension system sets forth the following eligibility requirements for seniority pensions: age of 64 years for men and 62 years for women with at least 15 years of length of service except for cases of disability or death. Pension payments cannot be drawn (retrieved) earlier than 10 years before the legal retirement age. Insured persons having the status of individual farmers need to satisfy certain conditions in order to be entitled to pension. Those conditions are related to the duration of the period covered by paid contributions as per the Farmers Seniority Act and evidence that retirement contributions were paid during the period when this act was in force.

Seniority pension rates are determined on the basis of the average monthly wage received by the insured person during the entire insurance period but not earlier than January 1st, 1970.

In **Slovenia** entitlement to seniority pension depends on whether the person reached a certain age and an insurance period was accrued for seniority pension or for a retirement allowance without purchase of qualifying periods. In order to qualify for seniority pension, individuals must meet the requirements which differed in the previous period depending on whether the insured person was a man or a woman.

For women the two conditions must be met: age 58 years and 4 months and an insurance period of 38 years and 8 months; or age of 62 years and at least 20 years of contributions paid; or age of 64 years and at least 15 years of contributions paid.

For men the two conditions must be met: age 58 years and 8 months and an insurance period of 40 years; or age of 64 years and at least 20 years of contributions paid; or age of 65 years and at least 15 years of contributions paid.

In **the Czech Republic** persons must satisfy the following conditions in order to qualify for pension: length of service with paid social security contributions of 25 to 35 years depending on the year

when the person would reach retirement age. Retirement age is increased progressively every year: 2 months per year for men and 4 months per year for women until the age of 68 years is reached for men and women born in 1983. Pursuant to the applicable law, retirement age will be increased for individuals born in 1984 and onwards by 2 months for each subsequent year after birth. *The law does not set a minimum or a maximum amount for pensions.*

Bulgaria: To be entitled to pension for length of service and old age funded by the state social security system (first pillar) the following requirements must be met: age 63 years and 8 months (men) and 60 years and 8 months (women) in 2014 and length of service with contributions paid not less than 37 years and 8 months (men) and 34 years and 8 months (women). Retirement age and length of service will increase progressively by 4 months every year until the age of 65 for men and 63 for women is reached and the length of service becomes 40 years for men and 37 years for women. If the above conditions are not fulfilled, an insured person can be eligible for pension for length of service and old age, if they have at least 15 years of service with contributions paid and their age is at least 65 years and 8 months (men and women) in 2014. Minimum and maximum amounts for pensions for length of service and old age have been introduced.

Romania: persons who have been insured in the public pension system (first pillar) are entitled to seniority pensions, if they meet both the standard retirement age requirement and the minimum required length of service with contributions paid.

Project countries do not exhibit any major differences in **healthcare coverage and family allowances** between professional groups, i.e. employed workers and self-employed persons, including farmers. Therefore, farmers are equally protected compared to other groups of self-employed persons and there are no major differences of coverage between self-employed persons and workers and employees (employed workers) either. In reality, however, farmers



may become victim of discrimination of a different kind as a result of the quality of the living environment in rural areas. That environment is characterized by numerous constraints in the road, social, health-care infrastructure which is often lacking in those areas. Many countries experience budgetary constraints due to which governments are sometimes tempted to invest more money in the healthcare infrastructure of big urban agglomerations and leave rural areas aside.

Another indirect issue is related to the structure of family allowances: how well are payments targeted at groups of the population who really need them, and should payments be made only to the families in dire straits in order to make the system more efficient and financially sound.

In conclusion, it should be stressed that for all kinds of benefits and retirement payments it is of paramount importance to adequately assess the level of income of self-employed persons and farmers, which in itself is a difficult task rarely fulfilled in real life, at least that is the case for Bulgaria. In that context, countries' social policy must make use of sophisticated tools to monitor, report and evaluate farmers' income because it is the basis for calculations of benefits and retirement payments and may be an indicator as to the adequacy of social payments.

5. Social Partners' possibilities for interventions in social policy

The analysis of social security systems of the nine project countries should help us identify highlights that we will propose for discussion to the social partners in the search for effective solutions to the key challenges faced by the systems.

In the context of the project countries, **employed workers** are covered for all social security risks: sickness, disability, maternity (paternity), accidents at work and occupational diseases, unemployment, old age and death (regardless of whether they are insured under general social security schemes or dedicated schemes for

workers in agriculture).

However, the system needs to be expanded and improved with respect to registration and reporting for all persons employed in this sector, including seasonal workers.

It is important that the farmers' group should be clearly defined in the context of social security.

Social security arrangements for farmers are organized in two ways.

A General (Universal) System which covers all groups of workers. The General Social Security System ensures a single basic coverage of social risks, an umbrella administrative structure and a single financial scheme. For self-employed persons, including farmers, risk coverage in the countries where those categories of persons are insured under the general social security systems is significantly different and the difference is most prominent for the **risk of accident at work and occupational disease**.

If practices in terms of unemployment coverage of the nine project countries need to be summarized, we believe that it is crucial for the success of an unemployment scheme for self-employed persons to reflect in its structure the specific features of the relevant group of self-employed persons. All conditions should be defined depending on the specific occupational situation of self-employed persons in general and farmers in particular.

Unemployment schemes for self-employed persons are possible in all countries which have not provided coverage for that risk yet.

The fact that independent dedicated schemes were created for farmers does not deprive those farmers of the possibility to participate in the general social security system in order to acquire access to certain types of benefits.

Expanding social security for farmers and workers in agriculture is an issue which requires a debate about future prospects. The key issue to be resolved in this context is how to build a social secu-

rity scheme from square one taking into account that regular full time employment with fully declared income is the exception rather than the rule with farmers and especially small farmers who make up the majority of persons working in the sector of agriculture. Two aspects need to be accounted for here: farmers are significantly different from other self-employed persons and in addition there are differences between the various groups of farmers, i.e. small and big farms possessing different sizes of land of varying fertility, different numbers of heads of livestock, machinery and equipment, revenue from marketing their produce. There is a need for differentiation of the social security basis for calculation of contributions that would result in setting up systems at different levels of protection.

Another important question that should be raised concerns the capabilities of existing farmers' unions to play a role in the official registration of farming operations and potentially in the execution of administrative tasks related to coordination with social security systems.

Typically, the group of interested self-employed persons is well represented in the management and governance bodies of those schemes as well as in the general system covering all self-employed persons. In cases where self-employed persons are not specifically represented, farmers' interests are generally protected by representatives of employers in this sector and by the relevant trade union structures, if such structures exist. In this field, opportunities for dialogue and intervention for optimizing the system need to be sought by pursuing synergies and correlation with the Common Agricultural Policy and the European Agricultural Fund for Rural Development (EAFRD).

This is yet another emphasis on the importance of social dialogue and industrial relations which provide a tool to search for and find solutions for better protection and social security of workers and persons engaged in agriculture. Those examples of good practices which exist in the analysed old member states must be encouraged, studied and promoted taking into account specific national characteristics of the new member states.



5.1. National action plans of the project countries viewed from the perspective of trade unions

Project partners' in-depth work in all the stages resulted in the development of action plans which reflected the relevant country specific situation. Based on the plans that were presented to date, we can highlight the key parameters (see below) which will be further developed and summarized in the follow-up deliverable, i.e. Cross-national brochure regarding possible successful solutions for the development of effective sectoral social schemes in Agriculture through social partners' concerted action.

5.1.1. Identified problems

Macedonia: Some of the most serious problems that need to seek a solution in the near future are: insufficient information about seasonal workers in terms of their rights and possibilities to improve their social security; insufficient communication with the institutions about the situation related to seasonal workers; lack of reliable official data about the situation and working conditions of seasonal workers; lack of cooperation and exchange of opinions and solutions with the Ministry of Labour and Social Affairs, the Organization of Employers of Macedonia, the Employment and Insurance Supervision Agency.

Slovenia: According to the representatives of the relevant trade union (KZI), the important problems relate to: irregular payments of social security contributions and payment of such contributions based on a partially declared income; the issue of ageing population complemented by a lack of adjustment of working conditions (depending on age) for older workers; undeclared work and seasonal work where working conditions and pay scales are not the same as for workers who have an employment contract or another type of contract (social discrimination).

In **Bulgaria** too there are a number of problems related to farmers' social protection. Those problems refer to: the lack of differentiation among farmers depending on their income from farming for the purposes of social security; the very low share of covered



(insured) farmers from the total number of insured persons – 11.1% in 2013; social security coverage for the risks of unemployment and accident at work and occupational disease which is not included as compulsory or voluntary coverage for self-employed farmers in social security law; the missing opportunity for early retirement for farmers with a reduced pension; the lack of adequate coverage for the risk of unemployment for seasonal workers who represent a significant share of the workforce in farming; there are no provisions in the law concerning compensations for lost income in case of inclement weather or natural disasters which can destroy farm production (such compensations are foreseen in the guarantee fund for ensuring the income of hired workers in case of insolvency of the employer).

In **Italy** the main problems are related to: fuzzy identification on the labour market due to the high share of informal employment; retirement age for agricultural workers is the same as for all other workers; there is a need for a fairer pay for agricultural workers.

Germany: the supplementary pension level is not sufficiently high; there should be some differentiation of the work and social rights of workers and employees; the low pay scale in agriculture results in low benefits and pensions; demographic changes / challenges that agriculture is facing.

5.1.2. Possible measures to improve the social protection of persons working in agriculture from the perspective of trade unions and with their active participation

According to Agrosindikat, Macedonia, the measures should consist of: large-scale awareness for migrant workers about their rights and opportunities to improve their social security, as well as gathering experience and opinions about working conditions; improving cooperation with the institutions; ensuring initial reliable official data about the situation and working conditions of seasonal workers by the relevant institutions; fruitful cooperation and exchange of opinions and adoption of specific practical solutions together with the Ministry of Labour and Social Affairs, the Organisation of Employers

of Macedonia, the Employment and Insurance Supervision Agency.

KZI, Slovenia proposes several measures which can resolve the above listed problems: adequate legislation and more effective control; where necessary, adding provisions to the law which will foresee special conditions in the collective bargaining agreement regarding undeclared work and seasonal work.

In **Bulgaria** the short-term measures that can contribute to a more flexible and fair social protection for farmers include: updating and supplementing the farmers' register in order to include detailed information about the farms, such as the amount of cultivated land, the number of animals that are bred in the farm, generated income and the number of individuals involved in the operation of farms, etc.; increasing the percentage of insured farmers by creating more flexible conditions for payment of social security contributions (a single annual payment for pensions) and a differentiated minimum income for social contributions; supplementing the Social Security Code in order to include farmers in the group of insured persons for the risks of unemployment and accident at work and occupational disease, while taking into account the specificities of this sector; creating a more flexible scheme for the retirement of farmers who are missing several years of service in order to qualify for pension; adding provisions to the Labour Code and the Social Security Code in order to "define seasonal work" and the specific eligibility requirements for seasonal workers to receive unemployment benefits (such as a shorter duration for the payment of those benefits, lower amounts of those benefits, etc.); proposing a special system to guarantee the income of farmers whose only gainful activity is farming in the cases when they are unable to produce or market their farm production due to inclement weather, disasters or unpredictable market developments (this could be a social security or insurance risk covered by contributions or premiums).

AIPAA, Italy also suggests new measures, i.e.: to ensure better transparency and lawfulness on the labour market; to introduce a



lower retirement age for farmers; to bring up the pay scale for workers in agriculture to the level in other sectors.

According to the representatives of **IG BAU, Germany**, the measures must contribute to: the financial improvement of supplementary social security; checking and analysing work relations in agriculture; increasing the pay scale in agriculture. In view of the existing demographic challenges, it is necessary to ensure more and better jobs/employment; higher and better education; more occupational health and safety; development of human resources and higher commitment on behalf of employees.

5.1.3. Necessary actions, solutions and active coordination between trade unions and institutional stakeholders

Macedonia. Trade unions can play a leading role with respect to: organizing regular meetings and trainings as well as other electronic and verbal communication with the institutions; submitting formal requests for official information to the relevant institutions; organizing round tables jointly with the Ministry of Labour and Social Affairs, the Organization of Employers of Macedonia, the Employment and Insurance Supervision Agency in order to adopt concrete practical solutions.

Slovenia. Negotiations with social partners (employers and the government) in order to take necessary legislative and practical actions are an important tool to arrive at fairer and adequate solutions affecting all persons engaged in agriculture.

Bulgaria. In Bulgaria too, trade unions and most of all the Federation of Independent Trade Unions in Agriculture will participate actively in: the development of a reasoned opinion by the social partners containing a proposal to the Ministry of Agriculture and Food with necessary changes in the law; the initiation of changes in the Social Security Code in order to foresee the possibility for payment of pension contributions until March 31st of the following year and to introduce differentiated minimum insurance income for farmers based on their generated annual income from farming; development

of proposed amendments to the Labour Code and the Social Security Code concerning seasonal work.

Italy. Trade unions can play an important role in: trend analysis concerning supply and demand on the labour market; developing clear and adequate legislation related to agriculture; conducting round tables for broad-based consultations.

Germany. Trade unions can undertake necessary actions and solutions in the field of: improving the legal framework for collective bargaining agreements; studying and analysing the situation in agriculture; insisting on determination of minimum wages in the law; other initiatives undertaken by the IG BAU.

5.1.4. Expected and achieved outcomes

In **Macedonia** the efforts to obtain initial reliable official data about the situation and working conditions of seasonal workers from relevant institutions have already started and some results are in place. In addition, trade unions have already extended a proposal to the relevant stakeholders for fruitful cooperation, exchange of opinions and adoption of concrete practical solutions jointly with the Ministry of Labour and Social Affairs, the Organization of Employers of Macedonia, the Employment and Insurance Supervision Agency. Stakeholders' reply concerning the date of the meeting is still pending.

In **Bulgaria** work is being done on refining the register of farmers in order to make it compatible with the registers of the National Revenue Agency and the National Social Security Institute. Initial talks were conducted with institutional stakeholders (the National Social Security Institute and the Ministry of Labour and Social Policy) by the Federation of Independent Trade Unions in Agriculture on the subject of introducing differentiated minimum insurance income for farmers as well in order to harmonize this regime with the regimes applicable to hired workers and the other groups of self-employed persons for whom such differentiation of minimum income for social security contributions has already been introduced. Work is under way to prepare a reasoned opinion for the creation of a Special Guar-



antee Fund which will make benefits and social assistance payments (mostly for small farmers whose only gainful activity is farming, based on the register); this opinion should be discussed with the social partners and with the executive and legislative branch.

Italy has already approved a Law against illegal employment which was drafted with the active involvement of trade unions. The real retirement age of agricultural workers is low and it should be revised in view of the social security situation in the agricultural sector and trade unions will play an active role in this process. Trade unions will also insist on the presence of mediators for the purposes of control on work in agriculture.

Instead of an Afterword

European countries operate different social protection systems that have been shaped by history, demographics, the standard of living, different socio-economic and institutional frameworks in those different societies.

Our analysis of the state of play in Member States' social security systems in the sector of agriculture demonstrated that social security systems are faced with lots of challenges. The main concern is the trend of long lasting financial instability which results in commitments for the national budgets that cannot be honoured. The demographic profile and the trend of ageing population place an additional burden on the stability of the system and the resilience of public finances. In Europe, the ratio of ageing population as a result of longer life expectancy to the low birth rates in most countries has worsened dramatically. In 2060, this ratio will be 52.6% on average for EU27, which is an increase by 26.7 percentage points compared to 2010.

We are aware that there are challenges in the sector of agriculture that social partners are faced with but the situation of persons working in this sector is worse. They have become the victim of long lasting financial instability of the social security system. The agricultural sector is notorious for its unattractive job offers due to low

income, adverse working conditions, low skilled and insufficiently motivated workforce, seasonality of employment with scarce coverage by the social security system, the majority of workers have no employment contracts (which feeds into the grey economy). The seasonal nature of agricultural campaigns limits greatly workforce mobility from one sector into another.

The Partnership's experience with social dialogue and industrial relations in agriculture and the clearly defined priorities for sectoral social partners, i.e. seasonal workers' rights, the repercussions from the restructuring of the sector in the last 20 years, the free movement of workers, access to and guarantee for better working conditions and social security, encourage us to continue our work on the proposed project to mobilize the energy of citizens and society in order to resolve the challenges in the social security system in this sector, to discuss and develop special social security schemes.

In the follow-up deliverable, i.e. a **Cross-national brochure regarding possible successful solutions for the development of effective sectoral social schemes in Agriculture through social partners' concerted action**, we will introduce the vision of the Partnership for specific action in this area.

The project supports the update and improvement of social protection in the European Union with a focus on the social dimension of the single EU market, particularly with respect to the access and redistribution of rights, free movement of workers, the variable nature of the work as a result of economic crises, restructuring, job and green job creation.



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This publication has been elaborated thanks to the dedicated work of the partners organizations:



ФНСЗ - Федерация на независимите синдикати от земеделието
FNSZ, Bulgaria



АЗПБ - Асоциация на земеделските производители в България
BAAP, Bulgarian Association of Agricultural Producers



Агросиндикат - Р Македония
Agrosindikat, Macedonia



KŽI, Словения
KŽI, Slovenia



Agrostar, Румъния
Agrostar, Romania



OSZPV - ASO, Чехия
OSZPV - ASO, Czech Republic



3F, Дания
3F, Denmark



IG BAU, Германия
IG BAU, Germany



FGA - CFDT, Франция
FGA - CFDT, France



ALPAA, Италия
ALPAA, Italy



EFFAT - Европейска федерация на синдикатите от земеделието храните и туризма
EFFAT - European Federation of Food, Agriculture and Tourism

This publication is an information and analytical reference material about the situation of the social security systems in the sector of Agriculture in the member states - partners under this project.

Along to the challenges identified the Analysis covers in comparison the specific social security schemes in some of the old member states that have been developed during the years as a result of social dialogue and involvement of the working people.

This publication is a contribution to the effective social dialogue process development in the sector and starting point to generating new possible solutions for improving the social security of the working in Agriculture.

The sole responsibility for this publication lies with the authors and the European Commission is not responsible for any use that may be made of the information contained here.



This project is supported by the European Union,
European Commission, GD "Employment, Social Affairs and Inclusion"



FOR SECTORAL SOCIAL SCHEMES IN AGRICULTURE

EEUROPEAN PROJECT VS/2013/0407

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