

## Azerbaijan

Exchange rate: US\$1.00 = 0.82 new manat.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1956.

**Current laws:** 1997 (social insurance), 2001 (individual account), and 2006 (labor pensions).

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

Note: The individual account system has not been implemented.

#### Coverage

**Social insurance:** All workers residing in Azerbaijan, including self-employed persons, members of collective farms, landowners, and foreign citizens.

**Social allowance:** Persons not eligible for social insurance pensions.

#### Source of Funds

##### Insured person

**Social insurance:** 3% of gross earnings.

There are no minimum or maximum earnings used to calculate contributions.

The insured person's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

**Social allowance:** None.

##### Self-employed person

**Social insurance:** 50% of the national monthly minimum wage if engaged in trade or construction; different rates apply for all other self-employed professions. Rates may vary by region.

The national monthly minimum wage is 85 new manat.

There are no minimum or maximum earnings used to calculate contributions.

The self-employed person's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

**Social allowance:** None.

##### Employer

**Social insurance:** 22% of payroll.

There are no minimum or maximum earnings used to calculate contributions.

The employer's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

**Social allowance:** None.

##### Government

**Social insurance:** Provides subsidies; contributes as an employer.

There are no minimum or maximum earnings used to calculate contributions.

**Social allowance:** The total cost.

#### Qualifying Conditions

**Old-age labor pension:** Age 62.5 (men) or age 57.5 (women) with at least 12 years of covered employment. Since January 1, 2010, the retirement age is rising by 6 months every year to age 63 by 2012 (men) and age 60 by 2016 (women).

Covered employment includes noncontributory periods of active military or alternative national service; periods providing care for a person with a Group I disability (see disability labor pensions), a child younger than age 18 with a disability, and persons aged 70 or older; periods receiving unemployment allowance or professional retraining; periods receiving a Group I or II disability pension as a result of an occupational disease or a work injury; and periods receiving disability pensions from younger than age 18 until retirement age.

An early pension is paid at age 57 with at least 25 years of covered employment (men), including at least 12.6 years of work in unhealthy or arduous conditions; age 52 with at least 20 years of covered employment (women), including at least 10 years of work in unhealthy or arduous conditions. Retirement age is reduced by 1 year per child for mothers who gave birth to at least 5 children (raising them until age 8), with at least 10 years of covered employment.

**Gradual retirement pension:** Paid to pensioners who continue working after the normal retirement age.

**Social allowance (old-age):** Paid to nonworking citizens from age 67 (men) or age 62 (women) who are not eligible for the old-age labor pension; from age 57 for mothers who gave birth to and raised at least 3 children or one disabled child up to age 8.

Old-age pensions are payable abroad under bilateral agreement.

**Disability labor pension:** The insured must have at least 5 years plus 4 months of covered employment for each full year of work. The pension is paid according to three assessed degrees of disability: a person with a total disability and incapacity for any work and requires constant attendance (Group I); a person with a disability and incapacity for any work but does not require constant attendance (Group II); and a person with an incapacity for usual work (Group III).

Covered employment includes noncontributory periods of active military or alternative national service; periods providing care for a person with a Group I disability, a child younger than age 18 with a disability, and persons aged 70 or older; periods receiving unemployment allowance or professional retraining; periods receiving a Group I or II disability pension as a result of an occupational disease or a work injury; and periods receiving disability pensions from younger than age 18 until retirement age.

Until certification of a permanent disability, a medical commission assesses and periodically reviews the degree of disability.

**Social allowance (disability):** Paid to persons who are not eligible for a disability labor pension with a Group I, Group II, or Group III disability, and children younger than age 18 with disabilities.

Disability pensions are payable abroad under bilateral agreement.

**Survivor labor pension:** Paid if the deceased had at least 5 years plus 4 months of covered employment for each full year of work, depending on age at the time of death.

Eligible survivors are a retired spouse or a spouse with a Group I or II disability, a nonworking spouse caring for a child of the deceased younger than age 8, and children younger than age 18 (age 23 if a full-time student, no limit if disabled before age 18).

Other eligible survivors are dependent parents who are retired or have Group I or II disabilities and a parent, grandparent, or sibling who does not work but cares for one or more of the deceased's children, siblings, or grandchildren younger than age 8.

**Funeral grant:** Paid for the death of a labor pensioner.

**Social allowance (survivors):** Paid to a dependent survivor if the deceased was not eligible for a labor pension.

Survivor pensions are payable abroad under bilateral agreement.

### **Old-Age Benefits**

**Old-age labor pension:** The benefit is calculated as the sum of three components: a basic flat-rate benefit, a benefit based on contributions paid prior to January 1, 2006, and a benefit based on the value of contributions from January 1, 1996, onward.

The basic monthly flat-rate benefit is 85 new manat (September 2010).

Benefit adjustment: Benefits are adjusted on an ad hoc basis, taking into account changes in the consumer price index (basic benefit) or inflation (earnings-related benefit).

**Gradual retirement pension:** Working pensioners receive 100% of the old-age labor pension if they continue to work beyond the retirement age; the pension is recalculated after full retirement.

Special supplements: Unemployed persons with Group I or II disabilities with dependents, persons younger than age 18 with disabilities, and qualified unemployed military personnel receive 5% of the basic flat-rate benefit for every dependent; persons with a Group I disability, persons younger than age 18 with disabilities, rehabilitated victims of political repression, and most war veterans receive 10%; most veterans with disabilities (if eligible for the old-age labor pension) receive 100% (Group I), 70% (Group II), or 50% (Group III). Veterans of the Great Patriotic War receive an additional 40% of basic flat-rate benefit.

**Social allowance (old-age):** 50 new manat a month is paid.

Benefit adjustment: The social allowance is adjusted annually according to changes in the consumer price index.

### **Permanent Disability Benefits**

**Disability labor pension:** 120% of the basic flat-rate benefit is paid for a Group I disability and for persons younger than age 18 with disabilities; 200% for a Group I visual impairment; 100% for a Group II disability; and 55% for a Group III disability.

The basic monthly flat-rate benefit is 85 new manat (September 2010).

Dependent's supplement: 5% of basic flat-rate benefit is paid to persons younger than age 18 with disabilities and for each dependent of persons with a Group I or II disability.

Care supplement: 10% of the basic flat-rate benefit is paid for a Group I disability and for persons younger than 18.

**Social allowance (disability):** 55 new manat is paid for a Group I disability and for persons younger than age 18 with disabilities; 40 new manat for a Group II disability; and 35 new manat for a Group III disability (September 2010).

Persons whose illnesses are the result of radiation accidents receive an annual lump-sum benefit of 160 new manat for medical treatment (September 2010).

Benefit adjustment: The social allowance is adjusted annually according to changes in the consumer price index.

## Survivor Benefits

### Survivor labor pension

*Spouse's pension:* 100% of the basic flat-rate benefit is paid if the spouse is the only eligible family member.

The basic monthly flat-rate benefit is 85 new manat (September 2010).

*Survivor's supplement:* 100% of basic flat-rate benefit is paid to the spouse and children of deceased National Heroes of Azerbaijan; 85% to the spouse and children of citizens who died for the country's independence.

*Orphan's pension:* 100% of the basic flat-rate benefit is paid for each full orphan, each child of an unwed mother, or the deceased's only child.

*Other eligible survivors:* 100% of the basic flat-rate benefit is paid when there is only 1 eligible survivor; 50% each is paid for 2 or more eligible survivors.

*Funeral grant:* 255 new manat (equal to 3 times the basic flat-rate benefit) is paid for the death of a labor pensioner (September 2010).

*Benefit adjustment:* Benefits are adjusted on an ad hoc basis, taking into account changes in the consumer price index.

**Social allowance (survivors):** 45 new manat are paid a month (September 2010).

*Benefit adjustment:* The social allowance is adjusted annually according to changes in the consumer price index.

### Administrative Organization

State Social Protection Fund (<http://www.sspf.gov.az>) is responsible for the social insurance program.

The Ministry of Labor and Social protection of the Population is responsible for the social assistance program.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1912.

**Current laws:** 1997 (social insurance), 1997 (social insurance regulation), and 1999 (health insurance).

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

### Coverage

**Cash benefits:** All workers residing in Azerbaijan, including self-employed persons, members of collective farms, landowners, and foreign citizens.

**Medical benefits:** All permanent residents of Azerbaijan.

## Source of Funds

### Insured person

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

*Medical benefits:* None.

### Self-employed person

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

*Medical benefits:* None.

### Employer

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

*Medical benefits:* None.

### Government

*Cash sickness and maternity benefits:* None; contributes as an employer.

*Medical benefits:* The total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits:** Must be in covered employment with at least 6 months of contributions.

**Medical benefits:** Must be a resident of Azerbaijan.

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of the last month of earnings is paid for an employee with at least 8 years of employment; 80% with 5 to 7 years; 60% with less than 5 years.

150% of the last month of earnings is paid for an employed person with a disability, up to 2 months of salary.

100% of the last month of earnings is paid for certain groups, including persons wounded in certain conflicts; for the parents, wives, and children of soldiers killed in combat; for those who participated in the containment of the Chernobyl catastrophe.

The benefit is paid from the first day of incapacity until recovery or certification of permanent incapacity for work.

The employer pays benefits for the first 14 calendar days. The State Social Protection Fund covers the remaining period.

**Maternity benefit:** 100% of gross average monthly earnings is paid for 126 days (70 days before and 56 days after the expected date of childbirth).

A birth grant and child care benefits are provided under Family Allowances.

**Maternity leave:** For insured women in the agricultural sector, leave is provided for 70 days before and 70 days after (for a childbirth with complications, 86 days after;

for multiple births, 110 days after) the expected date of childbirth. For other women, leave is provided for 70 days before and 56 days after (for multiple births or for a childbirth with complications, 70 days after) the expected date of childbirth.

### **Workers' Medical Benefits**

Employers provide compulsory medical insurance covering medical services provided directly to patients by public and private facilities contracted by the health insurance agencies.

Free medical services include providing wheelchairs, vaccination, and home nursing care for persons with a Group I disability (a person with a total disability, incapable of any work, and requiring constant attendance). There is compensation for transportation expenses for persons with disabilities and for authorized medical treatment abroad.

Persons with a Group I disability (a total disability and incapacity for any work and requires constant attendance), a Group II disability (a disability and incapacity for any work but does not require constant attendance), and persons with long employment records are entitled to free dental prostheses and medicine prescribed by a doctor. Prostheses, eyeglasses, and hearing aids are free for all persons with disabilities and for those with long employment records. General dental care is free for children up to age 16 and vulnerable groups of the population, including persons with disabilities.

### **Dependents' Medical Benefits**

Medical benefits are provided on an individual basis to all persons residing permanently in Azerbaijan.

### **Administrative Organization**

**Cash benefits:** State Social Protection Fund (<http://www.sspf.gov.az>) is responsible for the social insurance program.

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

### **Work Injury**

---

#### **Regulatory Framework**

**First law:** 1956.

**Current law:** 1999 (labor code) and 2003 (decision by cabinet of ministers).

**Type of program:** Cash benefits and universal (medical benefits) system.

#### **Coverage**

**Cash benefits:** All employees.

Exclusions: Self-employed persons.

**Medical benefits:** All permanent residents of Azerbaijan.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** The total cost.

**Government:** None.

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

A percentage of the insured's average monthly wage is paid according to the assessed degree of disability. The benefit is paid from the day after the disability began until full recovery or certification of a permanent disability.

Benefits are paid monthly.

A medical commission assesses and periodically reviews the degree of disability.

### **Permanent Disability Benefits**

**Permanent disability pension:** If the insured is assessed with a total disability, 100% of the insured's average monthly earnings in the 12 months before the disability began is paid.

A medical commission assesses and periodically reviews the degree of disability.

The benefit amount is not affected by other pensions or benefits the insured is entitled to receive as a result of the disability.

**Partial disability pension:** A percentage of the full disability benefit is paid according to the assessed degree of disability.

If the insured is younger than age 18, the minimum benefit amount is 5 times the monthly minimum wage.

The monthly minimum is 85 new manat (September 2010).

A medical commission assesses and periodically reviews the degree of disability.

**Benefit adjustment:** Benefits are adjusted according to earnings changes at the insured's place of work after the disability began.

### **Workers' Medical Benefits**

State health providers provide medical services directly to patients. Benefits include general and specialist care, hospitalization, laboratory services, transportation, and the full cost of appliances and medicine. Rehabilitation and vocational training are available to persons with disabilities.

## Survivor Benefits

### Survivor benefits

100% of the average monthly earnings of the deceased is paid; if there is more than one survivor, the pension is split equally.

All survivor benefits combined must not exceed 100% of the benefit the deceased would have been entitled to receive with a total disability.

**Death grant:** The State Social Protection Fund pays 100 new manat for the death of an insured person.

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

## Administrative Organization

**Disability benefits:** Employers pay benefits directly to employees.

Ministry of Labor and Social Protection of the Population provides general supervision.

**Medical benefits:** Ministry of Health (<http://www.mednet.az>) and health departments of local governments provide general supervision and coordination.

Clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments deliver medical services.

Employers pay for medical services.

## Unemployment

### Regulatory Framework

**First law:** 1991.

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

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

### Coverage

All residents of Azerbaijan.

### Source of Funds

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

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

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

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

### Qualifying Conditions

**Unemployment benefit:** Must have at least 26 weeks of covered employment in the 12 months before

unemployment. The insured must be between age 15 and the normal retirement age, registered with the state employment services, and actively seeking and willing to work.

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

## Unemployment Benefits

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

The national average monthly wage is 315.2 new manat (June 2010).

## Administrative Organization

Ministry of Labor and Social Protection of the Population provides general oversight.

State Employment Service, under the Ministry of Labor and Social Protection of the Population, administers the program through local offices, pays benefits, and provides services for unemployed persons (including training).

## Family Allowances

### Regulatory Framework

**First law:** 1944.

**Current laws:** 1997 (social insurance), 2005 (social assistance), and 2006 (social allowance).

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

### Coverage

**Social insurance benefits:** Insured persons with at least one child.

**Social assistance benefits:** Low-income families.

### Source of Funds

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

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

**Employer:** See source of funds for social insurance under Old Age, Disability, and Survivors.

**Government:** The total cost of social assistance and the child allowance.

### **Qualifying Conditions**

**Social assistance (income-tested):** Paid to low-income families.

Income test: Average per capita monthly family income must be less than 65 new manat.

**Child allowance (income-tested):** Paid to some categories of persons residing in Azerbaijan younger than age 16 (age 18 if a student paying full-time tuition).

Income test: Average per capita monthly family income must be less than 65 new manat.

**Child care benefit:** Paid for employees who leave work to raise a child. There is no minimum qualifying period.

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

**Full orphan's special benefit:** Paid to a guardian for a full orphan.

### **Family Allowance Benefits**

**Social assistance (income-tested):** The benefit raises average per capita family income to 65 new manat a month.

**Child allowance (income-tested):** Low-income families with a child younger than age 1 receive 30 new manat a month.

A child with a parent in active military service receives 50 new manat a month (September 2010).

**Child care benefit:** 20 new manat a month are paid until the child is age 1.5; 10 new manat a month until the child is age 3.

**Birth and adoption grants:** A lump sum of 75 new manat is paid.

**Full orphan's special allowance:** 35 new manat (September 2010) a month is paid.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

### **Administrative Organization**

Ministry of Labor and Social Protection of the Population provides general oversight.

Local branches of the Ministry of Labor and Social Protection of the Population administer benefits and pay benefits to unemployed parents.

State Social Protection Fund (<http://www.sspf.gov.az>), through its departments and regional branches, collects and manages contributions and finances benefits.