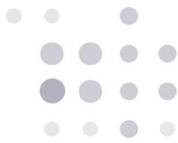


2016

Annual Review of Labour Relations and Social Dialogue Moldova

CORNELIU CIUREA
February 2017

- Although 2016 in economic terms was more favourable than 2015, it confirmed that the Moldovan economy's main problem remains its poor inclusion in Western structures.
- In view of the shortfalls regarding implementation of the EU-Moldova Association Agreement recorded in the year before, in 2016 the European Union (EU) adopted a pragmatic approach towards Moldova and decided to structure its relations with the Moldovan authorities on more concrete results in accomplishing the reform agenda.
- Moldovan authorities have dedicated increased attention to the justice sector, legislative and institutional changes in the anticorruption system, promotion of legislative initiatives for reorganization of the banking sector, promotion of central administration reform, and creation of a proper framework in order to negotiate and sign a cooperation agreement with the International Monetary Fund (IMF). Despite these advancements, it is important to mention that the relative progress witnessed in 2016, refers mainly to changing the legal framework rather than actually applying reforms. The visible results of the reforms are not yet seen by the public.
- The discrepancy between real wages and labour productivity, which has been observed over the recent past, has lately become even more pronounced (even against the background of an emigrating working-age population and the constant decline in employment rates). The competitiveness of the Moldovan economy is thus undermined by both the price and the quality of labour. The Moldovan labour market and labour relations require further improvements in order to contribute to a more inclusive market so that there are not only equal opportunities but also equal results.
- The main reforms, which involved the participation of social partners, dealt with: pension reform; the law on social benefits for children (aimed at providing a minimum state financial backing for the birth and care of children); laws of capital liberalization and fiscal stimulation; and laws concerning the financial and banking sector. Most of these laws were received with hostility by trade unions but they were eventually adopted by parliament, except the laws on capital liberalization and fiscal stimulation, which were postponed until 2017.

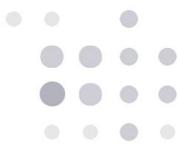


Content

- Socio-economic developments
- State policies and legislation
- Industrial relations
- Tripartite social dialogue
- Forecasts

Annex - Information about:

- Collective bargaining, social dialogue, social security, education & vocational training, employment, wages
- Trade unions and employer organizations



1. SOCIO-ECONOMIC DEVELOPMENTS

The period covering the end of 2015 and the first three quarters of 2016 was marked by a series of economic shocks. These were manifested in the decapitalisation of the banking sector by about 12 per cent of gross domestic product (GDP), bankruptcy of three banks that accounted for one third of the banking system assets, reduction by one third of foreign exchange reserves, depreciation by one fourth of the national currency, double-digit inflation and an increase in the state debt. In addition, development partners have either frozen or cancelled their financial support, which has fast-forwarded severe budget austerity. Nevertheless, in spite of the many pessimistic forecasts, the Republic of Moldova has stayed relatively stable and functional as a state: the most important social obligations have been met and salaries in the budgetary sector have been paid, as have the state debt-related payments. In addition, inflation returned quite quickly back to the level targeted by the National Bank of Moldova (NBM) and the banking sector has remained, in general, relatively stable. Thus, despite the negative shocks, Moldova managed to avoid a fully-fledged systemic catastrophe (e.g. state bankruptcy, collapse of the national currency, massive bank-run, or a long period of hyperinflation). The main reasons for this were the harsh tightening of monetary policy and budgetary austerity, but most importantly the abundance of liquidity and a high level of foreign exchange reserves before the crisis

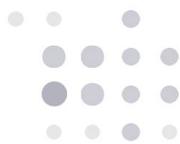
After the recession of 2015 (-0.5 per cent GDP decline), GDP registered a marginal recovery in 2016 with a growth estimated at 3 per cent. However, it was dictated by two sectors where growth is, most likely, unsustainable: (i) agriculture; and (ii) services. Agriculture registered a compensating increase after the 2015 drought but the effect of a low comparison base will dissipate in 2017 and on the background of low investments, the growth cannot be sustained. The services sector recovered thanks to a modest increase of final consumption, which in turn was boosted by an increase in wages; this advance, however,

happened on the background of declining labour productivity and investments in fixed capital.

To break out from the internal and external isolation and to restore the previous foreign assistance flows, the government led by the Democratic Party member, Pavel Filip, relaunched the reform agenda, through the “roadmap for implementation of priority reforms” for March-July 2016. The reform agenda contained measures for 13 sectors (82 actions), many of which are inspired by the Conclusions of the Council of the EU of February 2016. Although the authorities focused all institutional and political resources on achieving the objectives set out in the “road map”, many of the actions carried out were ineffective. The authorities also resumed dialogue with civil society but the latter remained doubtful about the initiatives proposed by the government, which is constantly accused of authoritarian trends and state-capturing. Meanwhile, the EU Association Agreement was implemented at an accelerated pace, including as a result of the full enactment of the Association Agreement, which took place on 1 July 2016, focusing more, however, on technical aspects and on reporting to the EU.

In July 2016, the Moldovan authorities reached a staff-level agreement on a new International Monetary Fund (IMF) programme in the amount of approximately \$180 million (€162 million), equivalent to 3.0 per cent of GDP. This was followed by a release of the first loan tranche for Romania’s budget support of \$150 million to Moldova in August 2016.

The last quarter of 2016 was economically more successful for Moldova. Moldova succeeded in signing a Memorandum with IMF, which was a precondition for Moldova to receive foreign aid. The memorandum, approved by the IMF on November 7, implies policies the government and the NBM undertook to conduct for achieving



sustainable economic growth during the coming three years. It is about fiscal and monetary policies of the Ministry of Finance and the NBM currency policy, as well as structural transformations in the economy. Immediately after the signing of the Memorandum with IMF, EU confirmed its availability to support the reforms with a macro-financial assistance program of €100 million, out of which €40 million have been granted. Until the end of 2016, Moldova also received approximately €45 million as a budget aid.

2. STATE POLICIES

This year was politically remarkable because Moldova reverted to direct election of the president. These were the first direct presidential elections since 1996 and followed a declaration by the Constitutional Court on 4 March 2016 that the 2000 constitutional revision that led to the president being indirectly elected by Parliament was unconstitutional. A pro-Russian politician won Moldova's presidential election. In the full count, Igor Dodon won 52.2 percent. His opponent in the race, Maia Sandu, who ran on an anti-corruption ticket, had 47.8 percent.

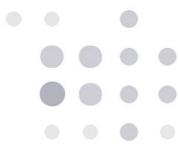
An election also took place in the Transnistrian separatist region of Moldova. Vadim Krasnoselski won the so-called presidential elections by 62.3 per cent. Former president Evgeny Shevchuk got 27.38 per cent. Krasnoselski thinks it is necessary for the Transnistrian economy to integrate in the "Eurasian and Russian economies", with which it should form strong economic ties so that the political ties become tighter. Speaking about Ukraine and Moldova, Krasnoselski said he would build "good neighbourly relations" with a focus on economic, humanitarian and cultural domains, but especially on the political recognition and status of the region.

Despite the relatively low level of trust demonstrated in the beginning of 2016 by the EU regarding the authorities from Chisinau,

the relations between Moldova and the EU has been improving slowly. This is determined mainly by the pragmatic approach on behalf of the EU institutions towards Moldova. Therefore, the European Union decided to structure the relations with the Moldovan authorities on the basis of the following principle – *fewer declarations and more concrete results in accomplishing the reform agenda*, including in the context of the shortfalls regarding implementation of the EU-Moldova Association Agreement recorded at the end of 2015. At the same time, greater intensity in the interactions on the ministerial level and less high-level interactions was observed in 2016. This situation can be explained in part by a more concentration by the Moldovan parliament and government on the internal agenda. On the other hand, the reason for some apparent hesitation on behalf of the EU institutions could be the lack of desire to "legitimize" the government from Chisinau if there is no factual progress recorded in the context of the priority reform agenda. Another reason that could be mentioned as well could be the challenges the EU has been facing in the last half year (e.g. Brexit).

On 5 December 2016, the government of Moldova approved the law on state budget for 2017 proposed by the Ministry of Finance. The Moldovan government expects 3 per cent economic growth, a 10 per cent increase in exports and a 9 per cent increase in imports. The draft law states that the revenue to the state budget will increase by 11 per cent to a total of 32.8 billion lei (about €1.5 billion), mainly caused by higher taxes and bigger grants (2.91 billion lei, about €138 million). The expenditures will rise by 9 per cent to 36.9 billion lei (about €1.76 billion), due to the raise of salaries, additional spending on reforms and payment of state debts.

Moldovan authorities have dedicated increased attention to the justice sector, implementing legislative and institutional changes in the anticorruption system, promoting legislative initiatives for



reorganization of the banking sector, promoting central administration reform, and creating a proper framework in order to negotiate and sign a cooperation agreement with the IMF. Despite these advancements, it is important to mention that the relative progress witnessed in 2016, refers mainly to changing the legal framework rather than applying reforms with substantial results. Even the Roadmap between Moldova and EU, to which the government refers so often lately, addresses and focuses mainly on actions with legal implications rather than on actions with an administrative character.

On 5 December 2016, the government of Moldova approved a series of changes to the legislation on the pension system. The current 26 per cent rate of pension income replacement will be increased from April 2017 up to 45 per cent at the end of 33 years of work experience. The pensionable age will also be gradually increased by six months each year for women and four months each year for men until 2026, when it will reach the age of 62 years for women and 65 years for men. The statistical data shows that approximately 570,000 Moldovan pensioners receive pensions lower than 1300 lei (about €60)

In September, the government, at an extraordinary meeting, ruled to take responsibility before parliament on seven laws concerning the financial and banking sector, as well as converting the emergency loans provided by the National Bank of Moldova (NBM) to the three banks, which had been liquidated, into state debt. The approval of these laws didn't need parliamentary vote. All the draft laws were coordinated with the International Monetary Fund (IMF). The package of laws comprised seven drafts on the redressing and resolution of banks: central securities depository; issuance of securities on account of the guarantees offered to NBM by the government in 2014 and 2015 for the loans provided to the banks declared bankrupt; drafts on amendment of the state budget law; law on the state social insurance budget; and the law on health insurance accounts. This decision was met with protests

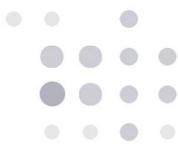
by civil society and the political opposition but remained unchanged.

In December, the government approved a law on social benefits for children, aimed at providing a minimum financial backing on behalf of the state for the birth and care of the child. The one-off childbirth allowance will be increased by 2,200 lei (about €105) for the first child, and then an additional 1,900 lei, at the birth of the next children, up to 5,300 lei. The legislative act sets also the social benefits for supporting adopted children, children who temporarily remained without parental protection and children who remain without parental protection, in order to continue education. The increase in the one-off childbirth allowance fits into the state's demographic policy, one of the principal goals of which is to increase the birth rate.

A controversial law was initiated on December 16. The Parliament of Moldova approved in the first reading the so-called laws of capital liberalization and fiscal stimulation. The approval of the laws took place despite the objection of 30 NGOs and protests by civil society. The proposed laws authored by five parliamentary deputies will install a state of liberalization of capital and fiscal stimulation for persons to declare capital that they previously hid or attributed to other persons. Moreover, the enterprises would be exempted from paying penalties, fees and unpaid taxes. These inducements are in exchange for a 2 per cent tax. 30 NGOs operating in Moldova condemned the capital liberalization and fiscal stimulation laws for "upsetting anti-corruption efforts and discouraging honest taxpayers" while Maia Sandu, former Presidential candidate, declared the laws would legalize stolen money and would leave those responsible unpunished. The final approval of the law was postponed and the law was sent for assessment by the European bodies.

3. INDUSTRIAL RELATIONS

Strengthening the trade union movement in the territory, informing members about trade union activities and developing social



partnership are a few of the objectives that territorial inter-branch trade unions councils (CITS) had for 2016. These topics were also discussed at the evaluation meeting of the activities of CITS for 2015 in February 2016, with the participation of the leaders of the National Trade Union Confederation of Moldova (CNSM) and members of the Confederal Committee of CNSM.

Also, for the first time, the social partners from Leova district signed a collective agreement (territorial level) for the period 2016-2018, concluded between local public administration, representatives of employers and the territorial inter-branch trade unions' council from the district. Specifically, the social partners committed to contributing to the reduction of unemployment, improve development and proper functioning of work places, not allowing arrears in wages, reducing the informal economy and organizing cultural, artistic and sport activities for employees and their families.

Trade unions were involved in several important activities which were linked to the general background created by the tense atmosphere of 2016.

The beginning of 2016 was marked by discussion and approval of the new amendments to the Labour Code. The amendments were aimed at adapting the national legislation to European practice in the field of labour relations and were part of the National Action Plan for implementation of the Association Agreement EU-Moldova in 2014-2016. It was coordinated with the social partners. The new amendments established a number of additional obligations for the employers, including providing future employees, before hiring them, with proper information concerning the normal daily and weekly working time, the period of notice to be respected by the employer and employee in case of cessation of activity, as well as respect for the principle of non-discrimination for employees employed on a fixed term.

Also, the amendments impose on the employer to indicate in the individual contract for a fixed-term the legal grounds and, where

applicable, the reasons that conditioned actually limiting the duration of the contract or its extension period.

In addition to the collective bargaining agreement and internal regulations, the employer must familiarize employees during their employment with the collective agreements that are applicable to them.

At the end of 2016 trade unions were involved in contesting the proposed pension reform. For example, on 9 December trade unionists picketed the parliament building, demanding the deputies to consider the amendments prepared by the National Trade Union Confederation of Moldova to the draft of the pension system reform. The position of trade union was presented by CNSM, which expressed its support for the need to reform the pension system in the country but demanded that it should be carried out in parallel with other reforms: stopping illegal employment and the payment of wages "in envelopes", attraction of investments to the country, creation of well-paid jobs, an increase of wages in the public sector, and similar demands. One of the key provisions of the draft of the reform, on which trade unions have a different view than the government, refers to increasing the retirement age and contribution periods. In the trade unions' opinion, this will have a detrimental impact on the citizens of Moldova. The Government uses examples of Western countries to justify the increase but without taking into account the life expectancy of women and men in Moldova, which is still at a very low level compared to Western countries.

An important demand raised by CNSM was focused on the Moldovan Parliament to provide in the draft Law on State Budget for 2017 financial resources necessary to ensure an increase of the minimum wage to the subsistence level and further to establish at the level of 50 percent of the average wage. This initiative was not yet approved.

According to the data provided by the CNSM, 46 per cent of the total employees are members of trade unions. This indicator has fallen by 11 per cent since 2007. Women have



higher participation rates in the union movement than men, although membership is declining for both. The CNSM found that collective bargaining coverage for all groups of workers is also declining.

Lately, the Confederation has been very much concerned with resolution of labour disputes. The draft law on amicable settlement of labour disputes was worked out by tripartite constituents. With ILO technical assistance the consultation process has steadily advanced. An increase of the minimum wage, an improved collective bargaining system and more penetration of the trade union movement into the informal economy are highly placed on the CNSM agenda. Support delivered by the ILO has targeted improved collective bargaining skills, enhanced ability for service delivery and improved protection of migrant workers.

4. TRIPARTITE SOCIAL DIALOGUE

Tripartite social dialogue in Moldova continues to have certain specific aspects that need further improvement, in view of alignment of the legislation to EU norms and standards in general and in accord with the Association Agreement with the EU in particular. The Moldova-EU Association Agreement provides for the involvement of the social partners on issues of national interest, including the development and coordination of all draft legislation related to labour and the socio-economic field. Moldova has already formed a practice in this sense and one of the ways to involve social partners is in working groups. In 2016 a group of this kind worked on the bill to amend the Labour Code, another on a draft law to reduce the administrative burden on employers, and a recently created working group will examine the appropriateness of drawing up a new Labour Code.

Another form of cooperation of social partners is negotiation and conclusion of collective agreements at the national level. So far, 15 such documents have been signed. It is expected that in the beginning of 2017 the social partners will develop proposals to

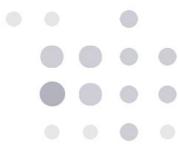
improve social dialogue at sectoral levels and also to examine the possibility of conducting bipartite negotiations.

Trade unions attempted to include bipartite social dialogue at a sectoral level in the national legislation, especially in the context of optimizations that will take place in the government's structure. The National Confederation of Trade Unions of Moldova (CNSM) has already prepared proposals to amend Law No. 245 on the organization and functioning of the commissions for consultations and collective bargaining at all levels because in some branches the deployment of social dialogue is unsatisfactory. Also, if at the branch level there are some negotiations, at unity level – plants, factories, institutions – the situation is quite worrisome. Of the 248 units, both public and private - commissions for consultations and collective bargaining are in only 120 of them.

An obstacle to the smooth conduct of social dialogue in the Republic of Moldova is poor organization or lack of employers' structures at branch and territory levels. Only when these structures are fine-tuned, will there be a functional and effective dialogue.

The topic of pension system reform in the country was also discussed in the tripartite format. Representatives of trade unions consider it necessary to reform the pension system but not at the expense of citizens. CNSM has stated its refusal to the proposal to increase the retirement age for men and women.

On the contrary, government representatives and employers consider that increasing the retirement age is an imminent action that will help ensure the sustainability of the Moldovan pension system and unification of the pension system will provide more equity. Ensuring equal opportunities between women and men requires equalizing the retirement age. In all developed countries, the retirement age is the same for men and women.



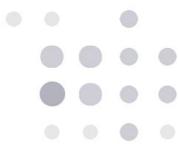
On the 20th of February, the social partners have signed the new Decent Work Country Programme for the 2016-2020 period. The document aims to promote decent work as a key component of development policies in the Republic of Moldova. Strategic priorities and the results set out in the Plan of Implementation of the Programme will be monitored during the 2016-2020 period, as joint action of authorities and social partners from the Republic of Moldova and the International Labour Organization.

5. FORECASTS

Economic growth in Moldova in 2017 could exceed the government's forecast of 3-4 per cent and will be mainly based on public investments. For the country to reach a much better economic situation, it needs annual economic growth of 8-10 per cent for ten years in a row. In 2016, the public investments represented 33 per cent of the GDP, while in 2017 the spending is projected to be at 38 per cent, up 5 percentage points. According to some experts, these additional costs will be used for investment in roads, schools, public procurement, pensions, salaries and other items, which is favourable for the economy. This will serve as the basis for economic growth in 2017.

The economy will remain hostage to geopolitical forces pulling from East and West, with Moldova's attempt to pivot away from Moscow's orbit likely to be painful and uncertain given close trade relationships, investment links, and the strengthening of pro-Russian political forces. Progress towards the EU should bring longer-term benefit – particularly through trade and investment – though only minimal progress towards accession is expected given Moldova's internal failings and rising enlargement fatigue around the European area. At the same time, in 2017 the speed of implementation of the Association Agreement could be increased.

The quantitative indicators of the labour market registered an improvement during 2016. However, while employment grew, its quality has declined with an increase only in the number of informal jobs with low and uncertain incomes, or even of subsistence incomes, and no entitlement to social benefits. Meanwhile, the major labour market challenges remain low labour productivity, which reduces the quality of economic growth and will in the medium term prevent an increase in real wages and continuous erosion of human capital and an increasing inclination toward emigration. These tendencies will remain in 2017.

**Annex of data:**

- **Collective bargaining system**

Currently the National Confederation of Trade Unions (CNSM) includes 29 sector unions with less than 500,000 members, which is not very exactly estimated due to serious annual fluctuations (2013 – 447,000; 2014 – 425,000 members). However, the trend is clearly going downward which makes the leaders of CNSM to not disclose the figures. This decreasing trend is mostly explained by the general shrinking of the number of those employed in the Republic of Moldova due to two tendencies: 1) a preference to work abroad; and 2) a proclivity to accept part time, flexible and unregulated kinds of work. The sector unions incorporate about 8,000 primary organizations. Major density and coverage is in areas such as education and science, agriculture and food processing, communication and construction, light industry, public state administration, trade, culture, energy, social assistance, media and others. Currently, based on CNSM data, about 58 per cent of union members are women and a separate entity, the Organization of Women in the CNSM, was created. Since February 2010 the Moldovan CNSM has been a member of the International Trade Union Confederation (ITUC), which currently includes 311 national unions from about 155 countries and regions, with a total membership of over 175 million active members. The major challenge for the national collective bargaining system and its participants is the political instability. A functional parliament and government is a precondition for a functional bargaining system. A second major concern is the informal economy which constitutes up to 40 per cent of GDP according to the most recent estimates, and which impedes the

progressive development of collective bargaining.

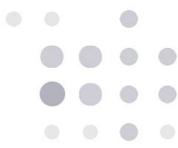
- **System of tripartite social dialogue**

Tripartite social dialogue is undertaken by the National Confederation of Employers and the National Confederation of Trade Unions.

The National Confederation of Employers (CNPM) represents a great majority of employers in Moldova and its members play a strong role in tripartite discussions. However, it is the youngest and the least experienced partner within the social dialogue structure. This gives legitimate explanation to the effort that CNPM undertakes to present itself as a strong and reliable social partner.

The National Confederation of Trade Unions (CNSM) evolved from the merger of the National Confederation of Trade Unions and the Free Trade Unions Confederation. The CNSM still struggles in developing a consolidated trade union movement in the country. Recently the confederation has been very concerned with the quality of labour rights administration and the mechanism for resolution of labour disputes throughout the country. An increase in the minimum wage level, an improved collective bargaining system and improved penetration within the informal economy by trade unions are high priorities on the CNSM agenda.

As noted earlier, a major challenge for the national collective bargaining system and its participants is the political instability. A functional parliament and government is a precondition for a functional bargaining system. Because of the political instability the meetings between social partners took place only sporadically in 2016. A second major concern is the informal economy, as discussed above.



- **National security system**

Rate of socially insured persons for health care, %

	2012	2013	2014	2015
Rate of insured persons in total population (%), CNAM data	82.1	83.2	85.0	86.2

Total persons that contribute to the social security system, thousands

	2012	2013	2014	2015
Number of persons that contribute to the social security system, NBS data	873.2	872.6	877.4	873.1

- **Education and vocational training**

Although important efforts were taken to reform the educational system, including the development of the strategy “Education 2020” as well as the strategy of developing vocational education 2020 and adoption of the Educational Code in July 2014, the expected results are yet to be observed, as the structural changes have just begun to occur. The education system is not yet able to keep pace with the changing needs of the economy. Cooperation between the business and education sectors is almost non-existent. Private employers have limited access to Vocational Education and Training (VET) enrolment plans, they are not consulted on occupational curricula and they are not participating in VET school administration. Nevertheless, an important development in this sense is the recent creation of the National Agency of Quality Assurance in Vocational Education. Policy coherence across economic, employment and social spheres as well as improved institutional capacity is needed to mitigate unemployment and

inactivity traps. This will make work pay and ease the alarming mismatches between labour demand and supply. In many instances, active labour market policies are not offered as comprehensive packages of employment and training services but rather focus on those unemployed who are better educated rather than targeting those who lack education and hence are “hard to place”. This is particularly the case with young people and people with disabilities who are at the highest risks of poverty and social exclusion.

With a relatively low employment rate but a high inactivity rate, the key challenge and the main focus for Moldovan labour market policy should be to increase both the activity rate along with the employment rate. This can only be achieved if more and better paid jobs (decent jobs in terms of wages, social protection, work-family friendliness and occupational health and safety at work) are available in the domestic labour market. Also needed are better conditions for education and training of the labour force, both inside and outside the company environment in order to achieve higher labour productivity.



• **Employment and unemployment**

	2012	2013	2014	2015	3Q 2016
Unemployment rate (% , NBS)	5.6	5.1	3.9	4.9	2.9
Employment rate (% , NBS)	38.4	39.3	39.6	43.8	44.8
Youth employment (% , NBS)	17.6	18.1	17.4	18.0	
Youth unemployment (% , aged 15-24 years, NBS)	13.1	12.2	9.8	13.9	8.9

Moldova's unemployment rate decreased to 2.9 percent in the third quarter of 2016 from 3.3 percent the same period in the previous year. It was the lowest figure on record, as the number of unemployed dropped by 12 percent to 38,700 from 44,000 a year earlier and the number of employed fell at a much slower 0.5 percent to 1.30 million from 1.31 million. The activity rate also declined to 44.8 percent from

45.2 in the third quarter of 2015. The youth unemployment rate went down to 8.9 percent from 10.7 percent a year ago. The unemployment rate in Moldova averaged 6.36 percent from 2000 until 2016, reaching an all-time high of 13 percent in the first quarter 2006 and a record low of 2.90 percent in the third quarter of 2016.

• **Average monthly remuneration (in lei), average exchange rate – 1euro – 22,0570**

	2012	2013	2014	2015
Average monthly salaries (ILO, MDL)	3478	3674	4090	4524
	€157.68	€166.56	€185.42	€205.10

• **Monthly minimum wage (in lei)**

	2012	2013	2014	2015
Monthly average minimum subsistence (NBS, MDL)	1586	1710	1727	1900
	€71.90	€77.53	€78.30	€86.14

In 2016, the cabinet approved a decision on the change of the minimum guaranteed wage at enterprises, organisations and institutions with financial autonomy, regardless of the form of legal organisation from 1,900 lei to 2,100 lei starting from 1 May 2016. The change comes following an increase in the consumer price index and the rate of increase of labour productivity nationally.

The increase applies only to the above-noted sector of the economy, while in the budgetary sector real wages continue to decline. Increases in real wages, though not significant, were recorded in most economic sectors except mining and quarrying, water

supply and sewerage, public administration and education. However, the reduction in the number of employees by 2.7 per cent in the first half of the year, year-on-year caused a decline of wages in household income in both value and share by 0.5 percentage points in the first half of the year compared to the same period in 2015. Other income sources could not fully compensate for the loss in wage income, making the population sensitive to the current economic situation. The increase in wages coupled with the increase of informal employment will deepen the gap between real wages and labour productivity and consequently will harm the competitiveness of the labour force of the Republic of Moldova.



• **Gender pay gap**

	2012		2013		2014		2015	
	Women	Men	Women	Men	Women	Men	Women	Men
Total (MDL) (in lei)	3167.6	3638.3	3459.6	3913.8	3831.7	4374.9	4123.2	4723.4
Pay gap (own calculation)	0.87	1.0	0.88	1.0	0.87	1.0	0.87	1.0

According to the study “Principle of equal pay for equal work”, presented in 2016, women annually lose an average of 9,620 lei due to occupational inequality. The highest salaries in a number of sectors of the national economy, such as the financial sector or the IT

sector, do not resolve the problem of discrimination. The annual difference between the pay of women and men in the financial sector is 35,000 lei, while in the IT companies it is 46,000 lei.

• **Weekly working hours**

	2012	2013	2014	2015
Mean weekly hours actually worked per employed person (ILO)	39	39	38.2	38.5

• **Normal work / atypical work**

Number of persons, thousands (NBS data)

	2011	2012	2013	2014	2015
Full time					
Employees	797.9	779.4	774.2	767.7	774.3
Self-employed	255.5	248.6	284.8	310.7	312.8
Part-time					
Employees	31.0	32.9	32.4	29.9	30.6
Self-employed	45.0	52.6	47.6	39.6	42.9

• **Migration**

	2011	2012	2013	2014	2015
Migration of labour force (thousands)	316.9	328.3	332.5	341.9	344.1
Urban	92.7	90.2	94.4	96.7	n/a
Rural	224.2	238.1	238	245.2	n/a

Migration of the labour force remains largely a rural phenomenon. In 2014 up to 72 per cent

of all labour migrants, according to the NBS, were from rural areas.



• **Human Development Index**

	2011	2012	2013	2014	2015
HDI	0.656	0.657	0.663	0.693	N/A

The HDI ranking of the country did not change in the reporting period. The HDI for Moldova for 2014 was released in mid-December 2015

with the launching of the 2015 Global Human Development Report.

• **Gini-coefficient**

	2011	2012	2013	2014	2015
Gini-coefficient, WDI database	30.6	29.2	28.5	26.8	N/A

The Gini-coefficient for Moldova decreased in recent years, which is a positive signal of diminishing inequalities in terms of income.

• **Collective agreement coverage on the level of economic units**

	2011	2012	2013	2014	2015
Number of collective contracts	827	931	958	993	927

• **Collective bargaining coverage rate (%)**

	2009	2010	2011	2012
CBCR (ILO, %)	18.7	17.7	N/A	N/A

• **On-going important collective bargaining agreements**

One of the major and most important agreements under collective negotiations at

the national level is the one in education and science. Due to the political instability this contract was not finalized in 2015 but in 2016 this agreement was finally signed.

• **Trade union density rate (TUDR) (%)**

	2011	2012	2013	2014	2015
TUDR (ILO, %)	N/A	N/A	19.5	N/A	N/A

Two federations have the highest density of unionization, i.e. above 80 per cent: the Federation in Education and Science (estimated to represent 131,000 employees in

2015) and the federation in the agro-industry (estimated to represent 106,634 employees in 2015).

• **Complete list of trade unions (main sector unions)**

1. [Federația Sindicală a Educației și Științei](#)
2. [Federația Națională a Sindicatelor din Agricultură și Alimentație „Agroindsind”](#)
3. [Sindicatul “Sănătatea”](#)
4. [Federația Sindicatelor Angajaților din Serviciile Publice “SINDASP”](#)
5. [Federația Sindicatelor Lucrătorilor din sfera Deservirii Sociale și Producției de Mărfuri “Sindindcomservice”](#)
6. [Federația Sindicatelor din Comunicații](#)
7. [Federația Sindicatelor Lucrătorilor din Cultură](#)
8. [Federația Sindicatelor din Moldova “SINDLEX”](#)
9. [Federația Sindicală “Sindenergo” a Lucrătorilor din Energetica Republicii Moldova](#)
10. [Federația Sindicatelor de Construcții și Industria Materialelor de Construcții “SINDICONS”](#)
11. [Sindicatul Feroviarilor din Moldova](#)
12. [Federația Sindicatelor Lucrătorilor din Industria Chimică și Resurse Energetice](#)
13. [Federația Sindicatelor Lucrătorilor Instituțiilor Bancare și de Asigurări](#)
14. [Federația Sindicatelor din domeniile Cooperăției de Consum, Comerțului și Antreprenoriatului din Republica Moldova “Moldsindcoopcomert”](#)
15. [Consiliul Sindicatului Lucrătorilor din Industria Ușoară](#)
16. [Consiliul Republican al Sindicatului Lucrătorilor din Transportul Aerian](#)
17. [Federația Sindicatelor din Industria Constructoare de Mașini și Aparate și Învățământul Profesional de Profil “SINDRĂUTMAȘ”](#)
18. [Federația Sindicatelor Transportatorilor și Drumarilor](#)
19. [Federația Sindicală “Moldova-business-sind”](#)
20. [Federației Sindicatelor din Silvicultură “SINDSILVA”](#)
21. [Federația Sindicatelor din Energetică](#)
22. [Sindicatul Lucrătorilor din domeniul Cadastrului, Geologiei și Geodeziei „SindGeoCad”](#)
23. [Sindicatul Lucrătorilor din Comerț, Alimentația Publică, Cooperăția de Consum, Servicii, Restaurante și Hoteluri “SindLUCAS”](#)
24. [Sindicatul Servicii Pază și Detectivi](#)
25. [Comitetul Republican al Sindicatului Lucrătorilor din Industria Constructoare de Automobile și Mașini Agricole](#)
26. [Sindicatul Lucrătorilor din Ramurile Silvice și Protecția Mediului Înconjurător](#)
27. [Uniunea Sindicatelor din Cultură](#)

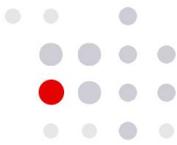


Name of the union (Romanian)	Translation	International affiliation	Membership (latest data)
Confederatia Nationala a Sindicatelor din Moldova	National Confederation of Trade Unions of Moldova	International Trade Union Confederation ITUC, General Confederation of Trade Unions from Moscow	543,518
Sindicatul Educației și Științei din Republica Moldova	Education and Science Trade Union	IE – International Education	131,000
Federația Națională a Sindicatelor din Agricultură și Alimentație “Agroindsind”	National Federation of Agricultural Trade Unions “Agroindsind”	N/A	106,634
Sindicatul “Sănătatea”	Trade Union “Sanatatea” (Health care services)	PSI - Public Service International	53,593
Federația Sindicatelor Angajaților din Serviciile Publice SINDASP	Federation of Employees from Social Services “SINDASP”	PSI - Public Service International	33,812
Federația Sindicatelor din Comunicații	Federation of Trade Unions in Communications	UNI – Union Global International	16,334
Federația Sindicatelor de Construcții și Industria Materialelor de Construcții “SINDICONS” din Republica Moldova	Federation of Trade Unions in Construction “SINDICONS”	ISEM – International of Construction Sphere	14,898
Sindicatul lucratorilor in Cultura	Culture Trade Unions	UNI – Union Global International	17,332



• **Employer’s Organisations (15 branches)**

Confederatia Nationala a Patronatelor din Moldova	National Confederation of Employers’ Organizations	15 branches, Member of the International Organization of Employers since 1997
Uniunea Industriaşilor și Antreprenorilor	The Industrialists and Entrepreneurs Union	400
Uniunea Transportatorilor și Drumarilor	The Transporters Union	65
Federația Patronatului din Construcții	The Federation of Construction Employers	193
Liga antreprenorilor cu capital privat	The League of Entrepreneurs with Private Capital	N/A
Asociația Națională a Organizațiilor de Administrație a Investițiilor	The National Association of Investment Administering Organization	N/A
Asociația Națională a Producătorilor	The National Association of Producers	60
Clubul Republican al Oamenilor de Afaceri “TIMPUL”	The Republican Club of Businessmen “Timpul”	N/A
Asociația Micului Business	The Association of Small Business	86
Uniunea Arendaşilor și Antreprenorilor	The Union of Entrepreneurs and Renters	N/A
Federația Patronatului din Comerț	The Federation of Employers from Commerce	370
Liga Exportatorilor și Importatorilor cu capital privat	The League of Exporters and Importers with Private Capital	N/A
Asociația Patronatului din Vinificație	The Association of Employers from Wine Industry	N/A
Federația Patronală din Telecomunicații și Informatică	The Federation of Employers from Telecommunication	N/A
Asociația Organizațiilor Nestatale de Detectivi, Protecție și Asigurare a Securității “SECURICOM”	Association of Organizations of Detectives, Protection and Security “SECURICOM”	N/A
Asociația Patronală din domeniul Serviciilor Publice	The Association of Employers from Public Service	36
Federația Națională a Patronatului din Agricultură și Industria Alimentară a Republicii Moldova	The National Federation of Employers from Agriculture and Food Industry	17 associations of employers, 15 regional branches, 2000 enterprises



About the Author

Ciurea Corneliu

Responsible:
Valeska Hesse

Imprint

Friedrich-Ebert-Stiftung | Regional Project on
Labour Relations and Social Dialogue

Maróthyho 6 | 81106 Bratislava | Slovakia
www.fes-socialdialogue.org

Commercial use of all media published by the
Friedrich-Ebert-Stiftung (FES) is not permitted
without the written consent of the FES.

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or of the organization for which the author works.