

LABOUR MARKET PROFILE

Moldova

2023/2024

This profile provides a comprehensive overview of the labour market situation in the country.



PREFACE

The Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement.

The work of DTDA is in line with the International Labour Organization's global Decent Work Agenda (DWA) based on its four pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective is to eradicate poverty and support the development of just and democratic societies by promoting the DWA.

DTDA collaborates with trade union organisations in Africa, Asia, Europe, Latin America, and the Middle East. The programmes' immediate objective is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and the labour-related Sustainable Development Goals (SDGs).

The Labour Market Profile (LMP) provides a comprehensive overview of the labour market's structure, development, and challenges. It applies several central indicators addressing labour market aspects, including unionism, social dialogue, bi-/tri-partite mechanisms, policy development, and legal reforms status' compliance with international standards, just transition, 4IR, among others.

As part of programme implementation and monitoring, national partner organisations provide annual narrative progress reports, including information on labour market developments. Furthermore, specific data and information relating to central indicators are collected using a unique data collection tool.

National statistical institutions and international databanks are used as a source of general (statistical) data and information, such as ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of Violations of Trade Union Rights, the U.S. Department of State, and other internationally recognised labour-related global indexes.

Academia and media sources (e.g., national news) are used in research on labour market issues.

The profile is regularly updated; the current version covers 2023 to 2024. Labour Market Profiles for more than 20 countries are available on DTDA's website: <https://www.dtda.dk/>.

DTDA prepared the Labour Market Profile in close collaboration with the Trade Union Confederation of Moldova (CNSM). If any comments arise to the profile, please contact Mr Kasper Andersen (kan@dtda.dk) from DTDA.

The frontpage's picture is taken by Johan Bøgh, displaying chess playing in Chişinău, resonating the country's labour market complexity of high economically inactive population and youth leaving the country to find better job opportunities.

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EXECUTIVE SUMMARY

Unexpected factors pushed Moldova into an extremely volatile economic performance at the beginning of the 2020s, bringing the poverty reduction in limbo. During the last two decades, remittances and foreign direct investments lost their pace, while recently, labour productivity experienced some tailwinds, including in free trade zones. Economic inequality has fallen in recent years, mainly supported by social transfers that comprise a significant share of household incomes. The inflation in consumer prices exploded in 2022, hollowing out workers' income purchasing power.

The labour-related legal and policy framework is in progress, including beefing up the labour inspection system, driven by the Association Agreement with the European Union (EU) and Moldova's status as an EU candidate country. Moldova's scope of compliance with labour rights was better compared with the regional average. However, the widespread informal economy overshadows applying labour and business regulations. The Just Transition agenda linked with the emerging climate crisis faces political hurdles and potentially high prices of weak initiatives for employment adaptation changes in central sectors.

Social dialogue functions with a dominant role for the government at the national and sectoral levels, echoed in relatively high collective bargaining coverage. At the local level, social dialogue is underdeveloped, haunted by informal micro- and small enterprises in the private sector. Although trade unions are losing members, the trade union density stays relatively high at 42%. One of the reasons is that the public sector sticks with a high share of the employment concentrated in large state-owned enterprises. Some weaknesses of the tripartite institutions are mirrored in social partners have been sidelined from reforming the social security framework, scant devotion to Just Transition, and EU-related dialogue mechanisms with limited ability.

The workforce's evolution demonstrates worrisome trends: for instance, one of the lowest employment rates in the region; an ageing population; very high emigration, leading 'brain drain' of qualified employees. The unemployment rate is low but underestimated by the large economically inactive population. The migration flow is changing because the EU tightens migration policy, reducing the remittance inflow. The ongoing Russian war against Ukraine prompted a massive influx of refugees, and it was not until January 2023 that they were ensured access to basic rights. Employment gender gaps are relatively low, but still, there are legal flaws in women's decisions to work and a poor ranking concerning the size of women's pensions. The youth employment group is diminishing fast, and underutilisation continues to contest their working opportunities.

Moldova's education system is improving but faces concerns about learning quality and eradicating child labour. Enrolment in Technical and Vocational Education and Training (TVET) is steady, with a weight at the postsecondary level. Likewise, there is a high rate of private firms offering formal training. The Fourth Industrial Revolution (4IR) is gaining attention but is tested by skill constraints and the upgrade of its information and communication technology (ICT) sector education. To manage the business process, outsourcing upsurge and application of Artificial Intelligence services are emerging as potential changes.

Modernisation of the social protection system shows some improvements in public services, especially in the health sector, while coverage of the social security system continues to be low. The pension system is financially unsustainable, with no coverage expansion and a deep gender gap. Around 42% of the population is covered by at least one social protection benefit. Safety net programmes have a moderate penetration rate and do not fully control leakage factors.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Moldova

Creating decent jobs	
Policy reforms addressing creation of decent employment.	The National Development Plan (2023-2026) prioritises energy transition, the human right to food, health, bioeconomy development, recognition of natural, cultural, and territorial diversity, and the peace process. The National Employment Programme (NEP) (2022-2026) and its Action Plan was launched targeting women's employment, reducing informal jobs, and strengthening the National Employment Agency.
ILO standard setting on improvement of status of workers from the informal economy.	In 2011, the Moldovan government adopted the National Plan of Action to combat undeclared work. The legal and regulatory framework to formalise the economy and labour market has only recently been initiated to curb informality. There is no formalised structure of national tripartite Informal Economy Forum.
Guaranteeing rights at work	
Growth in the main confederation trade union (%)	The growth dropped by 8.8% from 2019 to 2023.
Violations of trade union rights.	Ranks 2 of 5+ (5+ is the worst ranking) on the 2023 Global Rights Index. *
Labour legislation has improved according to ILO standards.	In recent years, Moldovan policymakers accelerated a series of laws, orders, and government decisions, which are part of the Association Agreement with the European Union (EU). It is still at an early stage of preparation in the field of employment and social policy. A new legal status from January 2023 ensured Ukrainian refugees' access to fundamental rights.
Partner organisations with minimum 30% women representation in decision-making bodies	The Trade Union Confederation of Moldova registered 37%.
Extending social protection	
Covered by Social Health Security (% of total population).	90% of the population.
Workers from the informal economy have access to national social security schemes.	Yes, irrespective of their health insurance coverage, everyone is entitled to receive free emergency health care services. The non-covered population typically consists of temporarily returning migrants and vulnerable groups, such as Roma, representing approximately 10% of the workforce.
Promoting social dialogue	
Trade union density of employees (%)	42% of employees.
Cooperation in labour-employer relations.	Ranks 71 out of 141 countries (1 is best). **
Number of Collective Bargaining Agreements (CBAs).	At the national level, 21 collective agreements have been concluded. At the branch level, 19 of the 23 national trade union centers. At the territorial level, collective agreements are concluded in 9 of 32 districts. At the economic unit level, there were 4,143 collective agreements in force.
Workers' coverage of Collective Bargaining Agreements (%).	43% in 2020.
Latest tripartite collective agreements concluded at the national level.	Collective agreement No 17 of 2020 for the model of the Working Time Record Sheet; Collective Agreement No. 18 of 2020 for the approval of amendments to Collective Agreement No. 4 of 2005 for the model of the Individual Employment Contract; Collective Agreement No. 19 of 2020 for the model of the annual leave scheduling; Collective Agreement No. 20 of 2022 on the development and promotion of social partnership.

* This is interpreted as "repeated violations of right", i.e., certain rights have come under repeated attacks by governments and/or companies and have undermined the struggle for better working conditions.

** This indicator is based on data from the Global Competitiveness Index that represents employers' opinions from surveys.

Sources: Trade Union Confederation of Moldova; International Labour Organization; International Trade Union Confederation; World Economic Forum; DTDA research and own calculations.

COUNTRY MAP



Source: National Online Project.

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ECONOMIC PERFORMANCE

Moldova is a small, lower-middle-income economy, and it remains among the poorest countries in Europe. The National Development Plan (NDP) 2018-2022 aimed to boost equality, entrepreneurship, and legality. Although policy reforms have deepened the path toward European integration, many have failed to be effectively implemented. It was among others due to unexpected factors triggered by the Covid-19 pandemic and the economic repercussions of the ongoing Russian war against Ukraine initiated in February 2022. The new National Development Plan (2023-2026) is prioritising energy transition, the human right to food, health, bioeconomy development, recognition of natural, cultural, and territorial diversity, and the peace process. Intensified geo-political bearing and Moldova's efforts to tackle its socioeconomic unbalances have supported the European Council's decision in 2022 to grant European Union Candidate country status to Moldova.

Over the last two decades, the economic performance relied on remittance-induced consumption. A large lower-income population has become dependent on pensions and social assistance. The decline in remittances and foreign direct investments, combined with a shrinking and ageing population, faces relatively low productivity growth. It suggests that the growth model has struggled to transform the economy well before the crises triggered in the start-2020s (see more in the Workforce and Social Protection sections).

The beginning of the 2020s has been marked by turmoil. The scope of the global Covid-19 pandemic impact in 2020 echoed in a deep economic downturn in Moldova: the economic growth plummeted by 12 percentage points from 2019 to 2020, equivalent to US\$2.5 billion or 7.1% of GDP. The growth subsequently skyrocketed in 2021, reaching its record high of 14%. However, the Russian invasion of Ukraine reignited a new economic collapse since February 2022, as witnessed by a -5.6% GDP drop in 2022. The growth is projected to rebound in 2023 and 2024.

Inflation in consumer prices exploded, peaking at 29% in 2022. These price pressures eroded the competitiveness of firms and household incomes, especially for the poor. Projections suggest that inflation will gradually reach about 5% in 2024 (see Figure 1).

Figure 1: GDP per capita, inflation and unemployment projections in Moldova, % change, 2010-2024



Source: International Monetary Fund, World Economic Outlook Database, October 2023.

Moldova's geographic location between East and West places it a comparative advantage in trade. Services exports show dynamism, especially information and communication technology (ICT) as well as transport. The tourism sector is also showing promising signs, albeit from a very low starting point.

Moldova is one of the countries most affected by Russia's invasion of Ukraine, facing both physical proximity and as a small, landlocked economy with close linkages to Ukraine and Russia. This situation has brought a double crisis: energy and refugees. Firstly, Moldova heavily relies on imports of food, energy, and commodities from Ukraine and Russia. The import disruptions in these supply chains reflect their vulnerability. For instance, Moldova continues to be substantially reliant on natural gas imported from Russia powering its energy needs. Secondly, the influx of refugees brought additional fiscal costs, squeezing resources for long-term development plans. The wave of refugees or as migrants is changing the socioeconomic landscape, especially if many of them remain but fail to find

employment opportunities (see more in the Migration sub-section).¹

Inequality in the distribution of family income fell slowly over the last two decades but somewhat stalled since the mid-2010s; it did not burst in the aftermath of the Covid-19 pandemic. The Human Development Index (HDI) ranked Moldova as ‘high human development’, at 80 out of 191 (1 is best) in 2021, with nine steps up in the HDI ranking from 2015 to 2021.

Curbing poverty in Moldova has been helped by a massive inflow of remittances from emigrants. The economic ruptures in 2020 caused many Moldovans to balance close to the poverty line, and many fell below it: The poverty headcount ratio at national poverty lines increased from 25% in 2019 to 27% of the population in 2020. Although poverty fell to its 2019 level in 2021, the economic downturn in 2022 was most likely exacerbated again by the high inflation in consumer prices, which hollowed out workers’ income purchasing power. Besides, limited access, inefficiency, and the poor quality of public services have contributed to continuous social exclusion, persistent poverty, and vulnerability to shocks, especially in rural areas.

Moldova’s business environment improved by reducing red tape and decreasing regulatory burdens, reflected by relatively good scoring on the Doing Business Index, ranked 48 out of 190 (1 is best) countries in 2020 (see more details in Appendix Table 9). In practice, business confidence is still low due to issues around transparency, accountability, and corruption.²

Just Transition

The emerging global climate crisis has triggered worrisome trends in Moldova in recent years, such as deepening severe droughts and worsening agricultural conditions. Reports found that the country is highly vulnerable to climate change and related disasters, with a projected average annual economic loss of 2.1% of GDP.³ This situation could furthermore fuel a mounting climate-related

migration flow (see more in the Migration sub-section).

Enforcement of climate-related legislation lagging the European standards leads to environmental degradation, pollution, and unsustainable use of natural resources. As previously mentioned, Moldova is highly dependent on external energy sources. While there is a decrease in the country’s energy intensity, it is still higher than the average energy intensity in the EU countries by 29%.⁴

Moldova signed the Paris Agreement in 2016 and committed to its nationally determined contribution. The country promotes ambitious targets for 2030, aiming to reduce greenhouse gas (GHG) emissions across all sectors by about 70% compared to 1990.

Political hurdles complicate the country’s attempt to handle climate plans, particularly the carbon tax, to keep pace with the European Union’s (EU) climate legislation. This effort is creating tensions with its Russian-backed breakaway Transnistria region, concentrating the heavy industry and as a central exporter of iron and steel to the EU. Studies project that the EU’s Carbon Border Adjustment Measure (CBAM) could lead to unemployment and reduced wages, putting up to 2% of Moldova’s employment at risk.⁵

Media argue that Moldova has demonstrated a weak initiative to effectively respond to the climate change conditions.⁶ Other estimations suggest that the current total cost of inaction regarding adaptation to climate change in the country’s central sectors is estimated at 6.5% of GDP. This value is expected to double in real terms by 2050.⁷ Also, the potential impacts of implementing GHG mitigation and adaptation policies on job markets have not yet received significant attention from the government and only scant devotion from social partners. On the positive side, drafting a climate framework law is in progress, aiming to establish a system for planning, monitoring, improving, and reporting on policies and measures of relevance for the targeted GHG emissions reduction and adaptation to climate change.

Free Trade Zones

In 1995, Moldova initiated to stimulate investments, exports, and employment via Free Trade Zones (FEZs). Zones have been attracting FDI and generating jobs in Moldova, but it was not until 2015 that they started to accelerate; at the end of 2010, they accounted for about half of all FDI inflows, contributing to the rise in exports and progressing to link into regional and global value chains. For example, many manufactured products from the machinery and miscellany sectors are found among manufactured exports in the booming FEZs.

Currently, the country has seven FTZs and two industrial parks, with a legal status like the zones. Job creation has risen steadily, even when national employment levels were shrinking. They represented a meagre share of 0.6% of employment in 2016.⁸

A legal reform of the Law on Free Economic Zones and the Customs Code is in progress to bring its benefits into compliance with its state-aid rules and EU standards by 2024.

LABOUR LEGISLATION

In the aftermath of the collapse of the Soviet Union, the entire legal system has undergone major changes since 2003. Today, Moldova's labour market is regulated by a legal framework, setting standards and restrictions supported by a policy structure (see more details in Appendix Table 12).

In recent years, Moldovan policymakers accelerated a series of laws, orders, and government decisions, which are part of the Association Agreement with the European Union (EU). It is still at an early stage of preparation in the field of employment and social policy.⁹ For instance, the government has drafted legislation to modernise the labour market, with a focus on skills development and vocational education reforms as well as cutting red tape associated with employee leave. Also, the National Employment Programme (NEP) (2022-2026) and its Action Plan was launched. The NEP focuses on several aspects:

- To increase the women's employment rate by 4%, supported by alternative childcare services.
- To reduce informal employment by reorganising the State Labour Inspectorate, applying incentives to facilitate the transition of economic agents from the informal to the formal sector, regulating non-standard forms of work, including seasonal activities of day labourers, raising awareness of the negative effects of informal work on the population. Trade unions collaboratively advocated for amendments to the law on labour inspection.
- Improve the employment of people with special needs, including increasing the accessibility of people with disabilities to active employment services.
- Strengthening the institutional capacities of the National Employment Agency, making funding more efficient, digitising, and automating employment services.

The status of central labour-related legislation is summarised below.

Constitution

Moldova's constitution of 1994 has been amended eight times so far; it guarantees the right to establish or join a trade union. Overall, studies found that income, gender, and spatial inequities between rural and urban areas are prevalent, and though the constitution improved towards legislating against some of these factors, still greater social justice and social inclusion is a challenge.¹⁰

Labour Code

The Labour Code of 2003 has been amended several times, including in 2022, approved to align the existing legislation to international standards. Some of the new improvements are summarised in Appendix Table 12.

The code regulates the right to freedom of association and recognises the right to collective bargaining and strike. Recent changes to labour legislation somewhat reduced unions' input on hiring and firing personnel issues. Labour legislation is stringent in matters dealing with severance

payments or leave, regulations that some foreign investors view as an impediment to labour flexibility and as putting a heavy burden on employers.¹¹

State Social Insurance Pensions Law

The State Social Insurance Pensions Law of 1998 sets the right to old-age pension granted if the pension age and the fulfilment of the contribution period (see more in the Social Protection section).

Observations on Labour Legislation

Moldova's extensive labour-related legislation framework faces flaws concerning international standards in the right to organise, collective bargaining, and strike (see more details in Appendix Table 12).

Recent reports argued that the government generally respects workers' rights but with limitations; for example, the law prohibits antiunion discrimination but does not reinstate workers fired for union activity. Although there is a mechanism to monitor and enforce labour laws through the State Labour Inspectorate (SLI) and the Prosecutor General's Office, it failed to monitor effectively and implement the rights to collective bargaining and to organise (see more on the Working Conditions section). The code also does not provide effective sanctions for abuses of freedom of association, antiunion discrimination, or stipulate penalties for violating trade union rights. Penalties for violations less than commensurate with those of other laws related to civil rights. Penalties were rarely applied against violators.¹²

The widespread informal economy booms loopholes in labour and business regulations, often due to a lack of awareness or incentives.

Ratified ILO Conventions

The International Labour Organization's (ILO) conventions enumerate international principles and rights at work: Moldova has ratified 43 conventions, of which 42 are in force. Appendix Table 8 shows that all Fundamental Conventions and Governance Conventions have been approved, and 16 out of

176 Technical Conventions are Up-To-Date and actively promoted. The latest ratified convention was the Occupational Health Services Convention (C161) in 2021 and the Labour Statistics Convention (C160) in 2012.

ILO's independent supervisory system body, known as the Committee of Experts on the Application of Conventions and Recommendations (CEACR), has many observations and direct requests for conventions. Recently, direct requests of the Freedom of Association and Protection of the Right to Organise Convention (C087) concerned the right of workers' organisations to organise their activities. In addition, observations for the Right to Organise and Collective Bargaining Convention (C098) related to sanctions against acts of anti-union discrimination and interference in compulsory arbitration linked with collective bargaining disputes to the courts.

Sustainable Development Goals indicator 8.8.2 seeks to measure compliance with fundamental labour rights. Based on ILO textual sources and national legislation, Moldova ranked 0.9 in 2021 (0 out of 10; 0 is best), better than the Eastern Europa average (see details in Table 1).

Table 1: Level of national compliance with labour rights for Moldova and neighbouring countries, 2021

Country	Value
Moldova	0.9
Romania	2.3
Ukraine	0.9
Eastern Europe	2.0

Note: The value ranges from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with freedom of association and collective bargaining (FACB) rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).

Sources: International Labour Organization, Key Indicators of the Labour Market (KILM).

Trade Agreements

Apart from being a World Trade Organisation (WTO) member, Moldova is currently linked with nine trade agreements. Only two of them have labour provisions, which are the Association Agreement (AA) between Moldova – European Union (EU), signed in 2014, and the Moldova – United Kingdom from 2021.¹³ It is worth mentioning

that the European Union is Moldova's biggest trade partner, accounting for 49% of its total trade in 2022; ranks 65th among the EU's trade partners.¹⁴

The Association Agreement (AA) between the EU-Moldova is part of a new generation of EU free trade agreements, treating labour provisions through a distinct trade and sustainable development chapter. It is geared to bring Moldova's legal frameworks more in line with EU law about employment and occupational health and safety directives. This AA is linked with the Deep and Comprehensive Free Trade Area, and both establishments operate via dialogue mechanisms, including the Civil Society Platform and the Joint Civil Society Dialogue Forum. The National Trade Union Confederation of Moldova is represented in the Civil Society Platform, as well as in the 33 groups set up by the Government of the Republic of Moldova to conduct EU accession negotiations. So far, these factors have focused on the overall governmental commitment to labour reform, transparency, and accountability and on the involvement of social partners. However, there are limits to the ability of the agreement's approach concerning civil society integration to effect real change to the central labour issues. In addition, studies argued that provisions on migrant workers tend to be part of EU political agreements rather than of EU free trade agreements or trade pillars and free trade areas under the EU-Moldova Association Agreement.¹⁵

SOCIAL PARTNERS

Social partners are central to promoting the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining in bi- and tripartite functions. These partners usually represent government institutions, trade unions, and employers' organisations.

Government

The Ministry of Labour and Social Protection is the central specialised public administration body that ensures governmental policies are implemented in

the fields of labour, social protection, and demography. The primary functions of the ministry are concentrated on policy documents and drafting normative acts; implementation of normative acts and of the relevant international treaties; implementing sectoral strategies; coordination and monitoring of the activity of the subordinated administrative authorities; managing the financial assistance programmes to support social protection system reforms.¹⁶ The ministry is also in charge of refugee response and coordinating the main tripartite social dialogue institutions.

The Ministry of Education, Culture and Research (MECR) is the key actor in the education sector, including Technical Vocational and Education Training (TVET) governance and policy development, as well as the National TVET Centre and Methodical Training (MT) Centre under the Ministry of Agriculture, Regional Development and Environment (MARDE) (see more in the Vocational Training sub-section).

Trade Unions

The Trade Union Confederation of Moldova (CNSM) operates as a national interbranch trade union centre independent of other institutions.

According to CNSM's official data, the confederation consists of 23 national-branch trade union centres and 5,501 grassroots trade unions.¹⁷ The trade union membership rate dramatically fell over the past three decades, from 1.5 million in 1993 to 291,000 in 2023. This fall is partly due to the drop in employees, high emigration flow, and concentration in the public sector facing a structural change via waves of privatisation (see more in the Workforce section). The trade union density reached 42% of employees in 2022, which was remarkably higher than the Organisation for Economic Co-operation and Development (OECD) average of 16%, including other Eastern European countries. Women accounted for 64% of the membership in 2023, as well as the share of women's representation in the CNSM's decision-making bodies of 37%.¹⁸

Table 2: Status of trade unions in Moldova, 2023

Indicator	Values
Trade union confederation	1
Branch trade union centres	23
Trade unions	5,501
Members of trade unions	290,606
Trade union density – employment	19% *
Trade union density - employees	42% *

* Year 2022.

Source: Trade Union Confederation of Moldova; own calculations of trade union densities based on employment data from ILOSTAT.

The trade union members represent a broad group of employees from different sectors: education and science, food and agriculture, social services and goods production, communication, construction, light industry, consumer cooperation, entrepreneurship and trade, chemical industry and energy resources, and state institutions.

The Soviet-union heritage concerning trade unions' role has complicated the unions' transformation into a modern labour movement. The Moldovan state still retains the leading role in regulating the conditions of capital-labour relations. At the same time, the trade unions have limited capacity and power to influence policies and the price of labour despite the existing social dialogue platforms.

According to the CNSM, the current main challenges of unionism in Moldova are the diversification of services to union members to motivate union membership; the increase union members' wages; the act of increasing union leaders' negotiating and collective bargaining skills.

Trade unions have a strong presence in state-owned enterprises. They are less active and effective at negotiating for collective bargaining processes like minimum wages and basic worker rights among private enterprises, which have complicated the development of unionism and social dialogue at the sectoral level. On the positive side, an analysis of survey results of Moldova's enabling environment for sustainable enterprises noted that respondents felt they had relatively high freedom to create and join labour organisations.¹⁹

CNSM is affiliated with the International Trade Union Confederation (ITUC) since 2010. In October 2022, the CNSM was further affiliated with the European Trade Union Confederation (ETUC), a step ahead to eventually join the EU single market and follow EU law, including social and workers' rights.

Trade unions are progressing to organise new groups of workers, including workers from the informal economy, by the same token formulated and proposed amendments to labour-related laws, aligning them with international labour standards.

Employers' Organisations

Employers represented approximately 0.5% of total employment in Moldova, significantly lower than the Europe & Central Asia (excluding high-income) average of 3.1%.²⁰

The Global Competitiveness Index provides a wide range of indicators, including the competitiveness of the labour market based on values linked with surveys among employers in the country and other statistical data. Concerning the competitiveness of the labour market, Moldova ranked 56 out of 141 countries (1 is best). The country has been challenged by labour tax and reliance on professional management. The best ranking is the ratio of wage and salaried female workers to male workers and the flexibility of wage determination. Cooperation in labour-employer relations is at the medium level (see more details in Appendix Table 11).

At the national level, the National Confederation of Moldovan Employers (CNPM) brings together 25 members, of which 15 employers federations and associations and 10 enterprises operating in the key sectors. Overall, CNPM represents about 3,000 enterprises.²¹ The CNPM represents the business community and defends the interests of its members in relationships with public authorities, trade unions and other legal entities. The organisation has been a member of the International Organisation of Employers since 1997.

Reports noted that the weakness and absence of employers' organisations in some sectors do not allow for the development of collective bargaining processes or the conclusion of collective agreements at the sectoral level.²²

SOCIAL DIALOGUE

The social dialogue is regulated by the Labour Code and the Law on the organization and functioning of the National Commission for Collective Consultations and Negotiations (NCCCN), the Commissions for Collective Consultations and Negotiations at branch and territorial level. This system is supported by an institutional infrastructure covering four levels: national, branch/sectoral, territorial, and economic unit. Other institutions of partnership are also functioning, such as tripartite working groups. Generally, the government and sectoral ministries play a dominating role at the tripartite national and branch levels.

At the national level, the NCCCN was formed on a tripartite basis (government, trade unions, and employers), and collective agreements are negotiated and concluded on various subjects concerning labour relations (e.g., wages, working time and rest time, and child labour). So far 21 collective agreements have been concluded.

At the branch level, commissions for consultations and collective bargaining are created more frequently depending on the existence of central public authorities (ministries), national branch trade union centers, and employers' associations. These committees are tripartite, but if there is no structure of any of the partners, they function as bipartite. Collective agreements are currently concluded in 19 of the 23 national trade union centers.

At the territorial level, commissions for consultations and collective bargaining are formed based on the administrative structure of the country's 32 districts. These commissions are tripartite: territorial structures of trade unions, territorial structures of employers (or the largest private economic units) and local public administration. Collective agreements are concluded at territorial level and

currently there are collective agreements in 9 districts. It suggests that tripartite social dialogue at this level remains modestly developed.

At the economic units (institutions, organisations, and enterprises) level, so-called "employer-employee" social dialogue committees are set up on a bi-partite basis with employer-union/employee representatives on parity and equality principles. Collective labour agreements are concluded at the unit level. Around 1,000-1,100 agreements (new or amending existing ones) are concluded annually. According to the information provided by the national trade union centres, in 2022 there were 4,143 collective agreements in force.²³ Broadly, employers-employees often not lack a dialogue culture but also transparent and effective procedures for information and consultation, not to mention for the prevention and resolution of workplace conflicts and grievances.²⁴ As previously mentioned, the low representation of employers' organisations in some sectors and of trade unions in private enterprises make collective bargaining difficult at this level.

At the bilateral level, there have been some interactions; for example, the Covid-19 pandemic crisis boosted the interface between the trade unions and the authorities, as well as CNSM and CNPM joined forces via a letter to seek state funding for technical unemployment in a letter addressed to the Prime Minister. This latter initiative faced a passive attitude in their approach, leading to no action by the government to satisfy their request.

The social partners negotiated collective bargaining, which emerged from the Labour Code of 2003, covering specific obligations. The application is mixed, conducted at the enterprise level in the private sector and at the sectoral level in the public sector, with relatively high coverage of 43% in 2020, which was remarkably higher compared to the OECD average of 32%, including other Eastern Europe countries.²⁵ During 2020, new collective agreements were signed in the education, research, transport and road sectors, and modifications have been made to the collective

agreements in the areas of social services and manufacturing of goods. However, state involvement in negotiations has been detected as an obstacle in recent years. Reports argued that collective bargaining was challenged by very low unionisation in the private sector; an accelerated fall in unionisation in some sectors; a decrease in the number of collective labour agreements; blockages in the functioning of social dialogue.²⁶

Most of the provisions in collective agreements were taken directly from the national legislation; for instance, they were established at the sectoral level, often reproducing the wage scales of public sector workers, and this minimum wage is the lowest level in wage scales set out in collective agreements (see more in the Working Conditions section). This stance indicates that the application of collective bargaining agreements is underdeveloped, resonated in the application of national legislation rather than direct negotiating at the sectoral level.²⁷

Central tripartite institutions

Tripartism implies meaningful consultation and cooperation between representatives from the three central actors in the labour market: government, employers, and organised workers. Ideally, the social partners are treated equally and independently to seek solutions to issues of common concern. The leading institutions are presented below:

National Tripartite Commission for Consultation and Collective Bargaining and Commissions for Collective Consultations and Collective Bargaining at the Sectorial and Territorial Level

The National Tripartite Commission for Consultation and Collective Bargaining (NCCCB) and the committees established at the branch/territorial level are autonomous tripartite structures of public interest of the social partnership. The national commission is composed of 18 regular members and 12 alternate members, representatives of government, trade unions, and employers.

These institutions aim to provide technical expertise on selected technical topics such as the cost of policy measures, international labour standards, European

trends, labour law reforms, collective bargaining processes and outcomes. The committees face challenges regarding influence over policy and legislation processes; for instance, by law, it should meet at least once a month at the national level, which has not happened. Not all commissions are set up so far, particularly at sectorial and territorial levels. The legal and practical difference between tripartite policy dialogue and bipartite collective bargaining processes is not always well understood by all participants, not to mention the institution is tested by frail influence over policy and legislation processes. Political instability negatively affected these institutions' ambience.²⁸

Survey data revealed that enterprise respondents (employers' associations and trade unions) were asked for their opinion of how efficient social dialogue was via the tripartite committees at different levels; they considered it more efficient at the sector and territorial levels. Around 40% believed that it was either little efficient or totally inefficient for all three levels.²⁹

In 2023, some of the topics raised by the social partners at the commission concerned a proposal to increase salaries in local budgetary units that sidelined trade union members working in local public authorities, and low-paid employees would not benefit from the increase of their monthly salary. The social partners also exchanged views on the subject and presented their vision of liberalising access to the national labour market for citizens of other countries.

Economic Council

The Economic Council, a bipartisan dialogue institution between the government and business associations, contributed to several changes in the labour legislation. It led to the Labour Code amendments, making labour relations more flexible. It further signals an increasing role of employers' associations in the dialogue with the government, and their promotion of the interests of business sidelines the unions from consultations with the government.³⁰ This situation signals the increased role of employers' associations in the dialogue with government and their promotion of the interests of

business to the detriment of the interests of employees.

Labour dispute resolution system

Among Central and East European (CEE) countries, only in a few, including Moldova, the term “individual labour disputes” is set in law, i.e., individual labour disputes are described as disagreements between the worker and the employer concerning specific situations referred to in the Labour Code.

Ordinary courts hear individual labour disputes in Moldova. Social partners have proposed reforms to this system, introducing specialised judges operating in labour courts or sections as an option to enable more efficient resolution of disputes.³¹ The government formed a tripartite working group to support a draft law for the amicable settlement of collective labour disputes. However, this group has not achieved results, including the draft has not been finalised.³²

Several institutions can become involved in resolving labour disputes, including extra-judicial bodies known as conciliation commissions. There are also regular extra-judicial bodies: the National Commission for Consultancy and Collective Bargaining, commissions for consultancy and collective bargaining at branch and territorial levels, as well as commissions for ‘employer–employee’ social dialogue at the enterprise level. Labour inspectorates interact and cooperate with dispute resolution institutions; inspectors’ reports may be used as evidence in the civil courts. The Council for Prevention and Elimination of Discrimination and Ensuring Equality also handles individual labour disputes as part of its broader mandate.

The court system generally faces a low level of public trust and is perceived to be vulnerable to acts of corruption, while court processes lack transparency. Reports informed that the overall expectation in court hearings involving representatives of public authorities is that final court rulings will favour state representatives. While

arbitration is often seen as a preferable option to the courts, the courts must still enforce the arbitral decision. Investors have at times been discouraged by the slow pace of court enforcement of arbitral awards and the judge’s perceived discretion over the arbitral decision.³³

TRADE UNION RIGHTS VIOLATIONS

Moldova ranks 2 of 5+ (5+ is the worst ranking) on the 2023 Global Rights Index, linking with workers who are challenged by “repeated violations of right”, i.e., certain rights have come under repeated attacks by governments and/or companies and have undermined the struggle for better working conditions.³⁴

In recent years, ITUC registered one specific case of violations of rights in Moldova in 2021 concerning attacks on trade union property and interference in trade union affairs. A parliamentary commission was established in 2020 to enquire into the alienation of trade union properties. It comes over two decades after Moldova’s constitution guaranteed the private property rights of legal persons in Moldova, including trade unions. The CNSM requested to be engaged in the matter, but it was refused. This situation violates the right of trade unions to be consulted on any issues that directly affect the exercise of their rights, including their property rights.³⁵

On the positive side, the CNSM launched a mobile application in 2022, enabling trade union members to report workers’ rights violations to the unions and the State Labour Inspectorate.

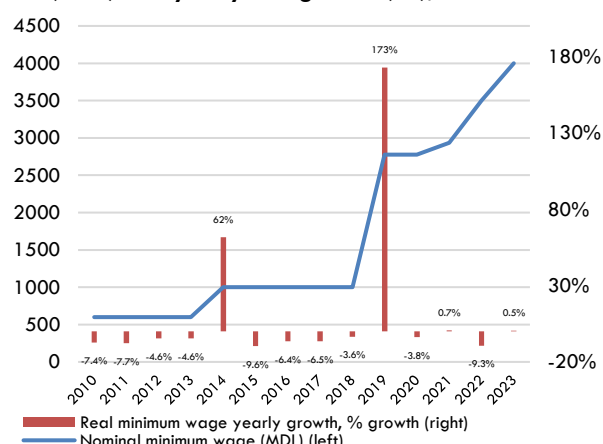
Forced labour – organised begging, mining, agriculture, and domestic service – remains an issue. Moldova ranked 12 out of 47 European and Central Asia countries on the Global Slavery Index (1 is worst). The index measures modern slavery as slavery-like practices (such as debt bondage, forced marriage, and sale or exploitation of children), human trafficking, and forced labour. An estimated 38,000 (0.9% of the population) are victims of modern slavery in Moldova.

WORKING CONDITIONS

Moldova's wage legislation is complex, with specifics of wage regulation set out as minimum wage setting, tariff scales, and collective bargaining in the public and private sectors. Wage scales started being negotiated at the sectoral level; many of those agreements are applying the tariff scale instead of the negotiated sectoral wage scale.³⁶ It is worth mentioning that the widespread informal economy generally challenges the application of labour and business regulations in practice, including collective bargaining of wages, especially in the private sector (see more in the Informal Economy sub-section).

Figure 2 below shows that since 2010, Moldova's minimum wage received just two remarkable hikes in the 2010s while adjusted yearly since 2019. Even though the significant nominal minimum wage climbs at the upstart of the 2020s, it fell in real terms (i.e., nominal minimum wage growth deducted for inflation). This situation has deteriorated workers' income purchasing power, bringing many balancing on the poverty line, not to mention turned superseded by the labour productivity growth stumping the labour share of national income (see more in the Workforce section). In addition, the country's minimum wage remains among the lowest in Europe and Central Asia, reaching monthly MDL 4,000 (US\$220) in 2023.

Figure 2: Minimum wage trend in Moldova, Moldovan leu (MDL) and yearly real growth (%), 2010-2023



Note: Real minimum wage growth is based on the nominal minimum wage with deducted inflation.

Source: Countryeconomy.com; Minimum-Wage.org; own estimations in real minimum wage growth with data from IMF.

The gender pay gap is a significant issue in Moldova, as it is in many other countries worldwide. In 2022, Moldovan women earned 14% less than men, which was similar in the mid-2010s.³⁷

Generally, the government did not effectively enforce labour regulations like minimum wage, overtime, and occupational health and safety (OSH) standards laws. For instance, reports found that poor economic conditions led enterprises to spend less on safety equipment and to pay insufficient attention to worker safety. Besides, the number of inspectors was inadequate, and the inspectors were not empowered to make unannounced worksite inspections, which worsened the OSH standards in workplaces. On the positive side, parliament approved legislation authorising unannounced labour inspections in December 2022.³⁸ Social partners applauded this initiative to prevent labour law violators from having a competitive advantage over law-abiding companies. Also, the Association Agreement between Moldova–EU led the Ministry of Labour and Social Protection to significantly expand the number of labour inspectors, increasing by 33% from 2020 to 2021, reaching 104 labour inspectors.³⁹ These labour inspectors represented one per 14,700 workers (6,300 per employee). This coverage appears to align with ILO's recommendation of one per 20,000 workers in transition economies.⁴⁰ The labour inspection regime's control activities are limited in practice.

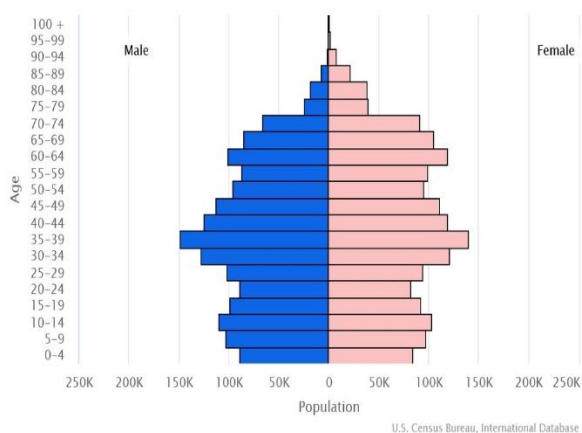
WORKFORCE

According to Moldova's official national estimations, the population was 2.5 million in January 2023, one of the smallest in Eastern Europe. The population growth slowed during the last four decades even started to diminish, mirrored in falling fertility rate and high emigration; population projections suggest that if current emigration trends continue, Moldova will lose another 20% of its population by 2050.⁴¹ Life expectancy only increased slightly during the last four decades, peaking in 2019 at 71 years, but down to 69 in 2021, two percentage points lower

than the Europe & Central Asia (excluding high income) average.

The population pyramid in Figure 3 visualises how demographic shifts are evolving in Moldova. Around 18% of the population are below 14 years old; 66% are of working age (15-64); 16% are 65 years and over. The growth of the youth segment up to 30 years old has lost its pace, reiterated in a contraction in birth rates in the 1990s like most other post-communist states have experienced. Projected increases in life expectancy, linked with low fertility rates, the share of Moldovans aged above 65 is projected to reach 24% of the population in 2050.⁴²

Figure 3: Population Pyramid for Moldova, 2023



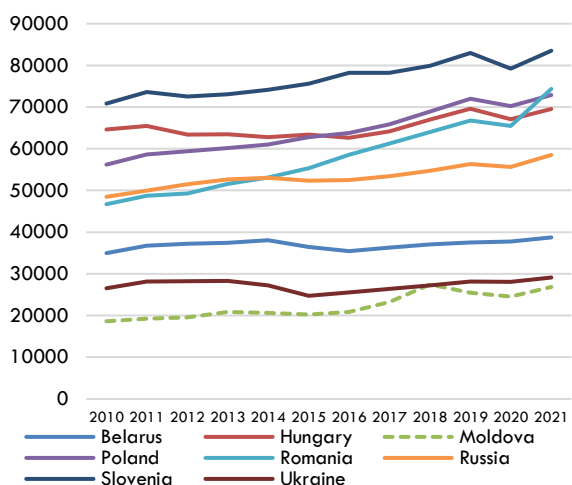
Source: Central Intelligence Agency, *The World Factbook*, Moldova.

Moldova's workforce represents 0.2% of Europe & Central Asia's total. It is shrinking, caused by the diminishing population and falling participation rate, which also stood far below the regional average. The employment segment chopped by 20% during the last decade, reaching 1.5 million workers in 2022. The self-employed share of total employment reduced by three percentage points during the same period, continuing to be the largest group at 55%, while employees grasped 45% in 2022. This situation signals that the country struggles to extend the formal employment conditions. During the last decade, non-standard forms of employment have become more frequent. Although standard employment remains the rule applying full-time and undetermined duration, the incidence of temporary work (fixed term, casual, seasonal work) has steadily increased.

The employment share in the public sector represents 16%, while the private sector is 84%. State influence remains important in key sectors of the economy, including telecom, energy, and transport. State-Owned Enterprises (SOEs) sector's own assets worth about 26% of GDP and employ around 6% of the active workforce. This sector has suffered from a lack of adequate corporate governance practices, inefficiency, and poor oversight.⁴³

Significant shifts have been detected in the aggregated sectoral employment in Moldova during the last two decades. Employment share in the agricultural sector fell by 25 percentage points, reaching its lowest level in 2012, but it rebounded, reaching 38% in 2021. In contrast, employment in the service sector rose and peaked at 54% in 2012 but dropped to 46% in 2021. Employment share in the industry peaked at 20% in 2008 and stabilised at 16% in recent years. The country's manufacturing jobs as a proportion of total employment entered a declining phase but rebounded at the end-2010s, landing slightly lower than the neighbouring countries.

Figure 4 below shows that the labour productivity in Moldova is one of the lowest in Europe & Central Asia. An upsurge peaked in 2018, reaching Ukraine's rate. It fell afterwards and has not yet rebounded at its highest level. This situation reflects its weakness in the transition from informal to formal employment. For example, while labour is migrating toward higher productivity activities from agriculture, productivity growth within sectors is slow and firm-level productivity typically linked with innovation is not improving. As previously indicated, the size of the government for its level of income is unusually large, absorbing a large amount of resources from the private sector that could benefit from a high-productivity private investment. It is worth mentioning that state enterprises still dominate the productive sector, and these have much lower productivity levels and growth than their nonstate counterparts.⁴⁴

Figure 4: Output per worker trend for Moldova and neighbouring countries, 2010-2021

Note: Output per worker is based on GDP constant 2017 international \$ at PPP.

Source: International Labour Organization, Key Indicators of the Labour Market (KILM).

Moldova's labour share of national income peaked in 2008 and gradually fell; it stayed significantly higher than the neighbouring countries, supported by the relatively high presence of State-Owned Enterprises. A transformation involving the rising power of new technology, globalisation, and deteriorated employment standards practices questions the country's capacity to reach the SDG with better equality (see Appendix Table 6, Indicators 10.4.1).

Like other Eastern European countries, Moldova faces difficulties concerning skills mismatches in the workforce. Employers state that the lack of qualified employees is a major obstacle to enterprise development. According to employers, young workers have inadequate occupation-specific skills and lack key competencies.⁴⁵ Employment services and labour market programmes are hampered by limited funding. At the same time, the creation of good quality jobs is held back by insufficient private and foreign investment in higher value-added sectors.

In Moldova, 85% of firms are micro-enterprises, representing a 19% share of employment; 11% are small enterprises with 22% of employment; 2.3% are medium enterprises with 19% of employment; large firms have just 1.3% of firms but a big employment bulge of 40% of total

employment.⁴⁶ Small and medium (SMEs) tend to be concentrated in low-value-added sectors – although less concentrated such as trade (including repair of vehicles), professional, scientific and technical activities, and manufacturing.

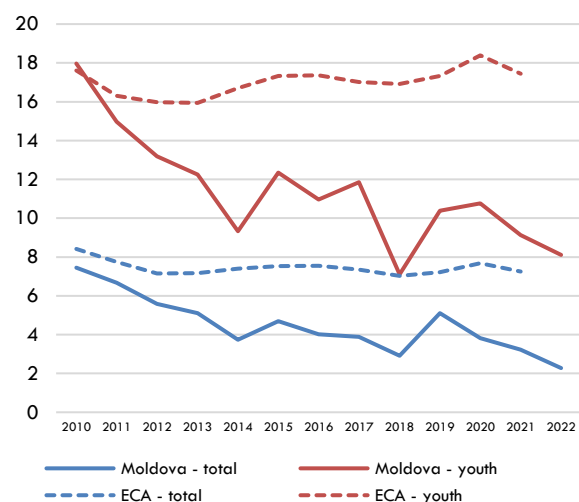
Moldova faces intense labour supply pressures due to the growing number of higher-educated graduates. This group often meets a mismatch between the skills produced by the education system and those needed by the labour market. These frustrations could fuel Moldovan youth's social discontent.

Unemployment

In Moldova, unemployment has shown a falling trend, even during the Covid-19 pandemic, widening the gap to the regional average. It also happened among youth unemployment, even further flared the gap. The total unemployment rate reached 2.3% in 2022, one of the lowest rates in the region (see Figure 5).

Moldova's low unemployment rates suggest that the labour market is generating jobs. However, the official unemployment rate is misleading. Apart from the falling participation rate, many Moldovans have left the labour market or are not searching for a job; currently, about 58% of the population is economically inactive and excluded from the employed (including unemployment) segment. This statistical factor overshadows potentially much higher unemployment. Another feature is the lack of decent job opportunities, driving a major push-factor for migration. It is mainly for youth from rural areas, where youth unemployment is higher than in urban areas. The high migration abroad has slipped off unemployment in statistics register, but instead generating a massive brain drain. Last but not least, a gender gap is visible: men are more likely to be unemployed than women, but the former is supported by a slightly higher employment share (see the Gender sub-section).

Figure 5: Unemployment rate trend in Moldova and Europe & Central Asia (excluding high income) (ECA), %, 2010-2022



Source: The World Bank, World Development Indicators.

The National Employment Agency (NEA) is a central institution to propose vacant jobs. Although it presents thousands of posts, it is not only a matter of unemployment but also about lack of skills or a mismatch between businesses and youth. Coverage of unemployment benefits in Moldova was only 1.8% of the population (see more in the Social Protection section).

Migration

Moldova has ratified central international migration conventions, including two of ILO's four migrant-specific instruments (C097 and C151; see also Appendix Table 8). The country has made progress regarding migrants' access to basic social services and protection, adjusting and improving the regulations on access to medical services for foreigners. The labour market for foreigners started liberalising in 2018, supported by law reforms: The procedure for granting and extending the right to temporary residence for work purposes was simplified.⁴⁷

The country operates with a well-coordinated policy implementation structure. The Bureau for Migration and Asylum is the primary agency responsible for implementing the country's immigration procedures, supported by the Border Police and the National Employment Office. A series of policies covering

migration issues, but the most central, the National Strategy on Migration and Asylum for 2011-2020 and its Action Plan 2016–2020, are not updated.

Moldova's trade union movement advocates for their more active involvement as social partners in central areas that determine migration policy. For instance, unions have begun to establish agreements with unions in destination countries so that migrants have protection when working abroad in 2023.⁴⁸

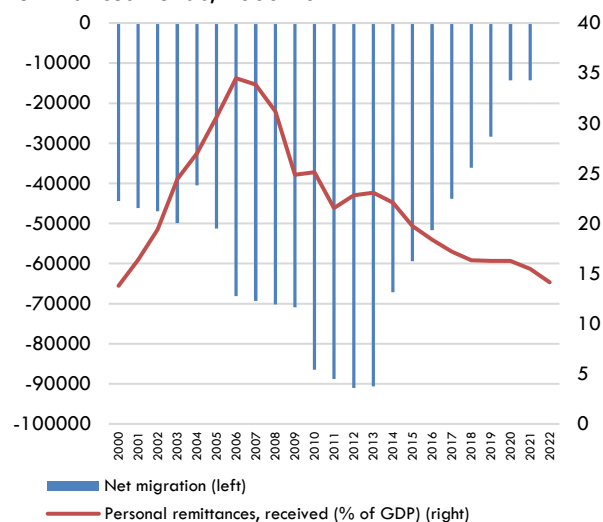
In contrast to many other countries, the proportion of the population living in urban areas is decreasing. Moldova entered a deindustrialisation process in the 1990s, hurting employment in cities. It led to a move of urban-rural migration, reducing the urbanisation. Today, the urbanisation rate is still lower than in 1990 and substantially lower than in neighbouring countries.

Figure 6 below visualises the massive emigration flow of Moldovans, especially youth looking for better-paid jobs and opportunities, during the last two decades. About 29% of the population migrated abroad, many illegally. It has been considered one of the highest total emigration rates in the world.⁴⁹ Emigrants often work in low-skilled jobs, many with weak job security, working without formal contracts. This situation brought negative socio-economic consequences like population ageing, employee shortages, and hollowing out of unionism. For instance, the high brain drain has negatively affected the health and education sectors.

The net migration started gradually towards a more balanced flow since 2014, linked with tightened EU migration policies. In addition, the Covid-19 pandemic caused around 30% of labour migrants to return to Moldova, increasing pressure on its labour market. Although the pandemic impact is now controlled, former migration patterns have not yet restored the former higher net migration flow, mainly due to the high influx of Ukraine refugees (see ahead). In addition, the high outward migration has contributed to a sharp decrease in the number of insured persons in Moldova and a shrinking

contributors' base (see more in the Social Protection section).

Figure 6: Moldova's net migration and personal remittances trends, 2000-2022



Note: Net migration is the total number of immigrants minus the annual number of emigrants, including both citizens and non-citizens.
Source: The World Bank, World Development Indicators.

In the mid-2000s, the personal remittances received peaked at 35% of GDP, one of the world's highest rates. Since then, the remittances have gradually dropped, reaching their lowest level so far in 2022. It remains very high compared with Europe and Central Asia (excluding high income) average of 1.8% of GDP. The remittance trend is supported by the shift in net migration, suggesting an influx of returnees (revisit Figure 6). It does not appear to trigger an upsurge in unemployment (revisit Figure 5).

Labour migration of Moldovans is mainly employed in the services sector, construction, restaurant business and households. In the EU, the average length of stay of migrants from Moldova averages more than a year (14–16 months).

Moldova has not been challenged by Internally Displaced Persons (IDP). The low inflow of refugees started slowly to rise on the margin during the last decade but exploded in 2022 when the Russian war against Ukraine entered the scene. It initially brought an extraordinarily high influx of Ukrainians. Many returned or transferred, but around 110,000 refugees (roughly 4.5% of Moldova's population) stayed in June 2023. This

situation places Moldova hosting more Ukrainian refugees per capita than any other country. A new legal status from January 2023 ensured Ukrainian refugees' access to fundamental rights. It is set up as temporary protection to last for one year. These refugees can apply for temporary shelter to obtain free identification documents and improved access to accommodation, medical, and educational services. Around 1,000 Ukrainian nationals got access to employment in Moldova per March 2023.⁵⁰ Moldova's trade union movement has stepped in to help, including the CNSM, which has made its properties available to the refugees and their families. Although many Ukrainian refugees are active in Moldova's labour market, they face very low-waged and low-skilled jobs; economic barriers to entrepreneurship due to high health insurance costs; signing only short-term employment contracts; complicated procedures to open bank accounts for foreign citizens.⁵¹

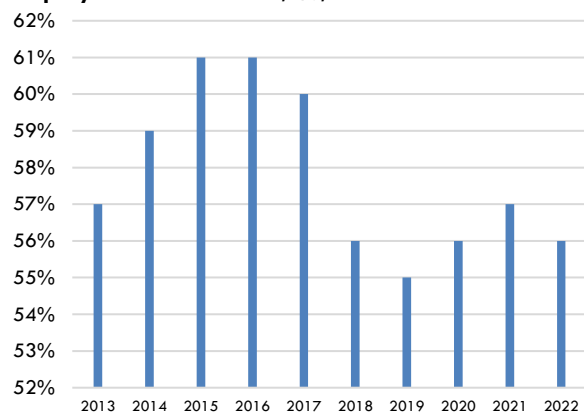
Informal Economy

The labour market in Moldova is haunted by the widespread informal economy linked with a complex phenomenon influenced by economic, social, institutional, and cultural factors. In 2011, the Moldovan government adopted the National Plan of Action to combat undeclared work. The legal and regulatory framework to formalise the economy and labour market has only recently been initiated to curb informality. The Labour Code prohibits undeclared work or work without an individual employment contract, as well as the Law No 22 of 2018 on the pursuit of unskilled activities of an occasional nature by day labourers is adopted for agricultural workers who are employed on an occasional basis.

Figure 7 below shows that the proportion of informal employment started to fall during the end-2010s. It was due to an improved regulatory framework and a falling number of workers. Informal employment rebounded by the Covid-19 pandemic because of lockdown that affected businesses. It fell again in 2022, reaching 56% of total employment. This high informal employment

rate sticks with the relatively low labour productivity (revisit Figure 4).

Figure 7: Proportion of informal employment in total employment in Moldova, %, 2013-2022



Source: International Labour Organization, *Key Indicators of the Labour Market (KILM)*.

Informal workers operate in vulnerability without the same legal protections of labour regulations such as wage, hour, and occupational safety and health provisions as employees in the formal sector. Although the labour code requires work contracts for employment, the government lacks an effective mechanism to monitor compliance due to weaknesses in the labour inspectorate system and a general lack of awareness or incentives.

The sectors most represented in the informal economy are the agricultural, construction, and wholesale and retail trade.

Central factors that stick to high informality relate to workers' lack of awareness and/or incentives. As previously mentioned, the labour inspection system lacks the resources to extend its services broadly. It further generates significant losses of income taxes that could benefit the national education and social protection budget. Generally, informal employment is more insecure and of shorter duration. Instead, many prefer staying in informality to avoid paying taxes, connected with mistrust of the state. It further leads to workers' lower bargaining power and voided representation of informal workers in trade unions.⁵² While Moldova has attained nearly universal health insurance coverage, social security benefits aiming at income security are essentially limited to employees in the formal sector; under-

declaration of income negatively affects the financing of social security systems (see more in Social Protection section).⁵³

Moldova's trade union movement has participated in activities aiming to improve the formalisation of the labour market; for instance, applying the unified minimum wage system and forming CBAs. Poor results have been achieved so far concerning curbing the informality.⁵⁴ Nevertheless, efforts intensified on creating new trade unions, building relations with workers in the informal economy, specifically in gender equality, combating violence in the workplace, and urban policy. In addition, the NTCM launched a new mobile application that protects workers' rights in 2022, which could create awareness and incentives for informal workers about labour-related questions.

There is no specific Tripartite National Informal Economy Forum established in Moldova. Instead, other forums addressing the status of informal economy workers; for example, activities carried out by the national trade union centres – especially workers in trade, agricultural, and construction – in cooperation with international organisations like Street-net.⁵⁵

Child Labour

Around 18% of Moldova's population is below 14 years old. The country has ratified all major international conventions on children and child labour, including ILO's Conventions on Minimum Age of Employment (C138) and the Worst Forms of Child Labour (C182) (see Appendix Table 8).

The legal framework to protect Moldovan children against child labour has some weaknesses. The Labour Code's minimum age provisions do not apply to all children working in the informal economy in practice nor meet international standards concerning the conditions in which light work may be undertaken, and the minimum age for work is lower than the compulsory education age.

Reports argue that the country made minimal advancement in efforts to eliminate the worst forms

of child labour. It is exemplified by weaknesses of the State Labour Inspectorate's ability to conduct unannounced inspections, including hazardous child labour, and lack of adequate funding, personnel, and equipment. In addition, there is a lack of social programmes to address child trafficking and child labour in agriculture.⁵⁶

Moldova's Ministry of Labour and Social Protection presented the National Programme for Child Protection 2022-2026 and an action plan. The programme plans to strengthen the social protection of children in the country. Its results are too early to estimate.

Updated official data on the child labour's scope are scarce. Survey data from 2009 found child labours at 18% of the total children and 62% of the children engaged in an economic activity.⁵⁷ Many children from poor or low-income families often come from rural areas where the main economic activity is agriculture. Many Moldovan children are even subjected to the worst forms of child labour (e.g., slavery and similar issues such as the trafficking of children, debt bondage, serfdom).

Mass external migration has created serious social challenges in Moldova, including the problem of raising children in separated families and increasing demographic pressure. For about 14% of children, one or both parents work abroad.

Gender

Moldova has ratified central international treaties on human rights and women's rights, including ILO's two core conventions against discrimination and equal remuneration (Appendix Table 8). In 2021, the country also ratified the Council of Europe Convention on preventing and combating violence against women and domestic violence, while laws and policies are being progressively amended to remove the main barriers to women's labour force participation.

Overall, Moldova's laws and regulations around the life cycle of a working woman score 88 out of 100 (100 is best) in 2023, slightly higher than Europe

and Central Asia average at 84. Several rankings score top (100) on mobility, pay, marriage, parenthood, entrepreneurship, and assets. There are legal flaws in women's decisions to work and a poor ranking concerning the size of a woman's pension, which is challenging the country's legal equality for women (see more in the Social Protection section).⁵⁸ The pervasive informality still creates loopholes in the gender rights on equality and boosts gender-based discrimination in practice.

The gender gaps in employment rates in Moldova are among the lowest in Europe and Central Asia but underestimated due to the shallow labour market engagement of both men and women. Despite some signs of declining segregation, the occupational structure of employment remains separated by gender, supported by the weak urbanisation progress. A gender gap in the workforce participation rate emerged during the last two decades, reaching eight percentage points in 2022. Women's participation rate fell more than men's (see more in Table 3).

Table 3: Key indicators for labour gender gaps in Moldova, 2022

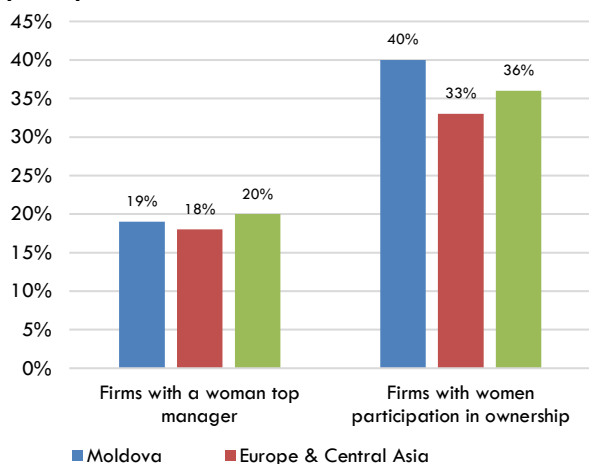
	Men	Women
Participation rate	46%	38%
Employment share	52%	48%
Unemployment rate	2.9%	1.6%
Employees rate	46%	45%
Self-employed workers rate	54%	55%

Source: International Labour Organization, *Key Indicators of the Labour Market (KILM)*.

Another issue that meets gender-biased criteria is associated with stereotyped gender roles rooted in cultural and historical heritage. This situation is reflected by patriarchal attitudes, considering that women are responsible for child and home care, with men expected to be breadwinners. This stance is transformed into exclusion for women in the labour sphere. On the positive side, women have gradually increased their representation in leadership and decision-making. For example, in 2020, Moldova elected its first female President and, in 2021, registered the highest number of elected women Members of Parliament in the country's history (41%).

The share of Moldovan firms with women's top managers is in line with the Europe and Central Asia average. Instead, the country scores remarkably high regarding firms with women participation in ownership of 40%, while the ECA's average is 33% (Figure 8). This suggests that the country is moving toward the SDG's goal regarding women's share of employment in managerial positions (see also Appendix Table 6, Indicator 5.5.2).

Figure 8: Enterprise Survey in Moldova, Women participation, %, 2019



Source: The World Bank, Moldova Enterprise Survey, 2019.

Other data of Moldovan female-owned businesses represent about 25% of all enterprises, but they show higher labour productivity than male-owned companies in several industries. Reports found that women entrepreneurs are facing a disproportionately high negative attitude from government officials (including inspections) that affects comparison to male-owned firms. Banks could treat females unequally to men in defining their loan conditions. Besides, when firms expand in size, women tend to lose ownership to males, which may be related to access to and control of capital and power.⁵⁹

Youth

Moldova's youth (15-24 years) represent 13% of the working-age population. The demographic landscape has been dominated by young people, but soon it will no longer be the largest demographic group (revisit Figure 3). Data also demonstrate that the number of youths in

employment has dwindled by 61% from 2010 to 2022, supported by demographic shifts, a rise in school enrolment, and high emigration flow.

The government has promoted activities to strengthen efforts to ensure that young people are considered a distinct population group. For example, the first Law on Youth was adopted in 1999 and relaunched in 2016; the government promotes the National Strategy for Youth Sector Development 2020; opened the organisation and functioning of the National Agency for the Development of Youth Programmes and Activities in 2020; launched the Programme Start for Young People: A Sustainable Business at Your Home in 2022. The country could still benefit from direct policies oriented toward young migrants, a primary factor driving the country's massive emigration flow.

The National Youth Council of Moldova (NYCM) is the associative structure of 38 youth organisations, which promotes youth interests, contributing to the development of associative youth structures through training programmes and educational activities, information campaigns, lobbying, and consulting work. Also, the Youth Council within the Trade Union Confederation of Moldova (CNSM) is a structure that unites youth organisations of the national branch trade union centres, which carry out awareness-raising campaigns.

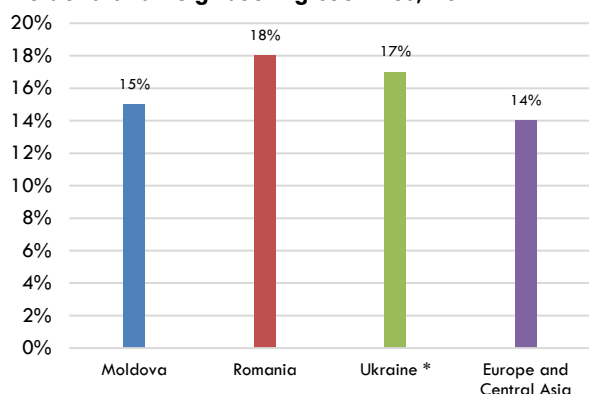
The country's latest ranking on the Global Youth Development Index was 83 of 181 countries (1 is best) in 2020, a better position than Ukraine (107) but below Romania (43). This index monitors six domains of youth development: health and well-being, education, employment and opportunity, political and civic participation, equality and inclusion, and peace and security.

Many young Moldovans have limited access to decent employment matching their aspirations.⁶⁰ Survey data suggest that young people believe they have few opportunities to work at home, which makes many migrate to find better living conditions.⁶¹ Other research found that when most young people start looking for a job, it often lasts for 8-9 months, while they must wait for about three

years more before ending up with a stable job. Only half of the young people from rural areas succeed in finding a job.⁶²

The youth workers' segment appears not challenged by statistical unemployment (revisit Figure 5). They face instead low productivity and constrained formal job creation, leading to limited labour market opportunities. The proportion of youth not in employment, education, or training (the NEET rate) slowly fell, even during the Covid-19 pandemic, to 15% in 2022, which was in line with the neighbouring countries (Figure 9). This development suggests that the country is moving in direction to support the SDG Indicator 8.6.1 targeting to substantially reduce the NEET rate proportion (see also Appendix Table 6).

Figure 9: Proportion of youth (aged 15-24 years) not in education, employment, or training (NEET) in Moldova and neighbouring countries, 2022



* Year: 2017.

Source: International Labour Organization, Key Indicators of the Labour Market (KILM).

Taking into consideration the relatively high youth labour underutilisation rate of 37% in Moldova and the diminution in the youth workforce challenge the economic growth.⁶³ For instance, estimations point towards that the country foregoes earnings and tax revenues of about 5.6% of GDP each year due to its NEET rate. The relatively high unmet need for employment via underutilised labour brings a loss of their human capital accumulated during education (see more in the Education section).⁶⁴ These factors fuel the emigration 'push' dynamic seeking better job opportunities abroad.

EDUCATION

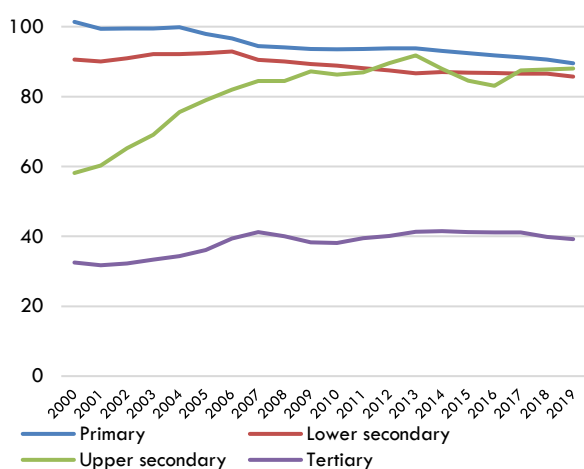
Moldova's education system plays a central role in ensuring a qualified and well-educated workforce, which is decisive in the economy and social development. Human capital has been identified as one of the major constraints to economic growth in Moldova, and the education system has struggled to fully reach its goals.

At the policy level, the government launched the new Education 2030 development strategy in March 2023, aiming to increase education quality, implement digital technologies, and ensure the educational system with qualified and competent teaching staff. The design entered the scene in the aftermath of unprecedented challenges due to spillovers from the Covid-19 pandemic and ongoing Russia's invasion of Ukraine.

The changing demographic landscape is reflected by number of pupils in education; for example, primary and general secondary education fell by 47% from 2000/2001 to 2021/2022. The number of education institutions fell by 22% in the same period.⁶⁵ These drops led to the need to rethink the education network and financing.

Moldova has invested heavily in improving the education system: The scope of Moldova's expenditure on education reached 20% of total government expenditure on average in the 2010s, significantly higher than the Europe & Central Asia (excluding high-income) average. It also stood within the international Education 2030 Framework for Action's benchmark for government financing of education, allocating at least 4% to 6% of GDP.⁶⁶ Figure 10 visualises the school enrolment rate trends at education levels during the last two decades. Some remarkable growth in enrolment was mainly in the 2000s, especially at the upper secondary education level. The gross enrolment rate at the primary and lower secondary education levels has experienced slowly dwindling trends. At the tertiary level, the enrolment rate experienced a flat growth during the last decade.

Figure 10: Gross enrolment ratio in Primary, Secondary and Tertiary Education in Moldova, %, 2000-2019



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: The World Bank, Education Statistics.

On the positive side, high investments in education increased Moldova's school attainment just as mean reading, mathematics and science performance improved during the last decade. Three of four Moldovan workers have reached at least an intermediate education level.

On the negative side, the education system faces systemic and structural inefficiencies and imbalances mainly linked to quality concerns. This situation is echoed in students in Moldova who scored lower than the OECD average in reading, mathematics, and science; they lag their OECD peers by more than two years of schooling.⁶⁷ Only two-thirds of teachers hold a pedagogical qualification. In addition, the impact of the Covid-19 pandemic and the ongoing Russian war against Ukraine brought unexpected challenges, including a drop in youth employment at the intermediate educational level to those with basic education. This situation signalled a lack of resilience to withstand external shocks for Moldova's education system.

Moldova opened their borders for displaced Ukrainians. National authorities took steps ahead to ensure access to education for Ukrainian refugee children. Their enrolment in the national education system remains low; most Ukrainian children attend Ukrainian classes online, not to mention due to

bureaucratic hurdles. It was not until early 2023 that the temporary protection scheme was launched to handle the high inflow of Ukrainian refugees in the longer term.

Vocational Training

Technical and Vocational Education and Training (TVET) has been a priority for Moldova's government, mirrored in relatively high government expenditure on TVET compared with other Europe and Central Asia countries. It has made progress on reforming this system, interlinked with a series of laws and policies to improve the legal, governance, and institutional framework shaping the TVET system. These initiatives are supported by the updated National Development Plan (2023-2026), the Education 2030 development strategy, and the National Employment Strategy. Some priorities led to measures to increase employment, particularly by developing the small and medium enterprises sector and extending the industrial park network and free economic zones to provide more jobs, especially in rural areas.

Responsibility for TVET governance is centralised and operates through different institutions and bodies, including the Ministry of Education, Culture, and the Research's TVET Department and the Lifelong Learning (LLL) Department; the National TVET Centre and Methodical Training (MT) Centre under the Ministry of Agriculture, Regional Development and Environment (MARDE); the National Agency for Quality Assurance in Education and Research (NAQAER), a self-regulating administrative authority.

The social dialogue platform allows cooperation between social partners and the government to manage and improve the TVET system. Key stakeholders with a consultative role in TVET governance include sectoral committees, employers' organisations, and trade unions.⁶⁸ Although social partners are consulted in the process of development, implementation and monitoring of the new strategies and policies, it is often consultative in nature, with limited involvement in shaping skills development policies and the system. On the

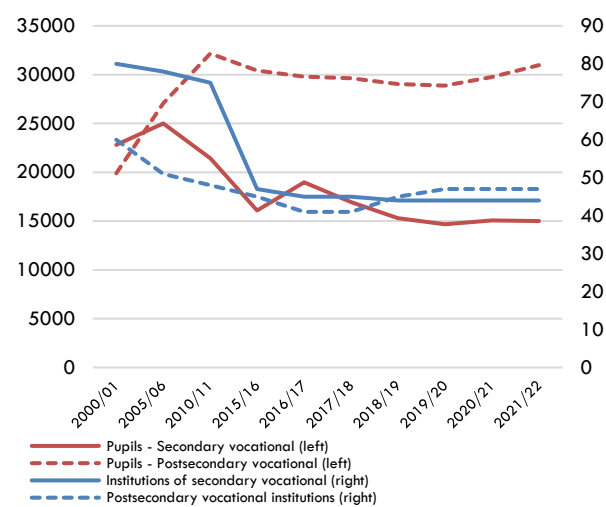
positive side, sectoral organisations and associations are envisaging that social partners will become an integral part of the newly emerging Sector Skills Committee (SSC).⁶⁹

Three types of TVET providers exist: centres of excellence, colleges, and professional schools. The first two offer all kinds of TVET programmes, while the latter provides programmes in secondary TVET. Firms offering formal training in Moldova are very high at 39% of firms compared with closest neighbouring countries.

Moldova is in the process of developing a National Qualifications Framework (NQF). Coordination mechanisms have been established to ensure that qualifications align with the labour market. Non-formal TVET is also in progress; for instance, the Ministry of Education, Culture and Research approved in 2019 the regulations on the validation of non-formal and informal education to be provided by TVET institutions. It has been considered an important step, given that many young people and adults, mainly migrants, acquire skills in non-formal and informal settings without any formal recognition.⁷⁰

As a result of the diminishing population, the number of secondary vocational education institutions fell during the last two decades but turned unchanged since the end-2010s. A remarkable shift is a significant upsurge in the number of pupils in postsecondary vocational training (see more in Figure 11). It is worth mentioning that mainly private postsecondary vocational institutions closed while public ones stood more stable. Although TVET has received some attention as an option for Moldovan students, the enrolment rate remains relatively low compared with the Europe and Central Asia average.

Figure 11: Secondary and postsecondary vocational education in Moldova, number of institutions and pupils, 2000-2022



Source: Moldova National Bureau of Statistics, *Anuarul statistic al Republicii Moldova, Education, Science and Intellectual Property*, ediția 2022.

Fourth Industrial Revolution

The Fourth Industrial Revolution (4IR) is disrupting the labour market: job losses due to digitisation are becoming more urgent, and upskilling and retooling are putting pressure on the TVET system. Workers in service and sales, craft and related trade, plant and machine operators, and elementary occupations are at a relatively high risk.

There is awareness of 4IR in Moldova, and some innovative policies are in place, including the new Digital Transformation Strategy for 2023-2030, targeting that all public services will be available in a digitalised format.

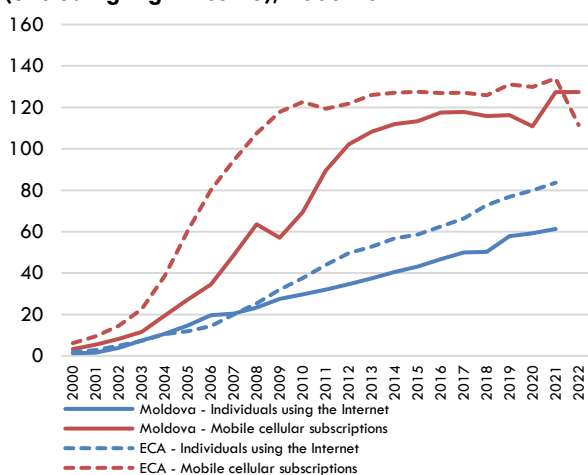
Moldovan employers are ready at the medium level to “digitise” or “automate” compared with other Eastern European countries. The Information and Communication Technology (ICT) sector is growing fast, developing a talent pool of skilled IT professionals, including software engineers, analysts, developers, and project managers. ICT services exports have outpaced other services, but it has limited links to the rest of the economy. Reports argued that central issues that challenge this sector’s development are related to skill constraints and up-grade of its ICT-related

education curriculum and simplification of labour law.⁷¹ Other central factors to handle the transformation deal with encourage businesses to have more influence in shaping the education system and providing training and development to support lifelong learning and career transition.⁷²

The number of ICT companies has exceeded two thousand, while the number of employees reached 24,000, equalling about 2% of the workforce, which is about two times lower than the EU average of 4.2%.⁷³

Figure 12 below shows that individuals using the internet have increased steadily over the last two decades but lost the pace compared with the regional average. The country's demand for mobile cellular subscriptions has soared and superseded the regional average since 2022.

Figure 12: Individuals using the Internet (% of population) and mobile cellular subscriptions (per 100 people) in Moldova and Europe and Central Asia (excluding high income), 2000-2022



Source: The World Bank, World Development Indicators.

Technological advances and new business models have given rise to the “platform economy”, leading to new forms of work such as “gig work” and other on-demand labour. Moldova appears a sizeable number of “online workers” who are digital freelancers, but reliable estimates do not exist; anecdotally, stakeholders have suggested that there are many digital freelancers. However, this ‘gig economy’ has not extended much to different services.⁷⁴

The Business Process Outsourcing (BPO) sector is developing in Moldova, benefiting its multilingual population and good telecommunication infrastructure. The local BPO market is still small but existing companies have already covered a broad segment of industries. The current workforce capacity of the BPO industry is estimated to be over 3,000 workers (excluding IT outsourcing), serving mainly European and American markets. The services are focused on several industries, especially in the logistics, travel, and telecommunications sectors.⁷⁵ Companies using the Artificial Intelligence (AI) technology to improve efficiency and reducing costs is also emerging in the country, and at least seven AI companies are functioning. Data of the AI evolution's scope is scarce.

SOCIAL PROTECTION

Moldova's constitution recognises the right to social protection as one of the fundamental rights legislated in various laws that evolved over time.

Modernisation of the social protection system has been a long-standing process involved in national development strategies, and some improvements have been detected in public services, especially in the health sector. Current tripartite discussions on amending the Labour Code aim to improve regulation of temporary work with the objective of improving access to social protection. Regarding the new legal status for Ukrainian refugees' access to fundamental rights from January 2023 ensured a new temporary protection scheme until March 2024 via a more secure legal status, including access to primary health care and social assistance.

Generally, social protection schemes comprise social insurance, social assistance, social care services, and active labour market policy. These initiatives aim to decrease poverty and promote the social inclusion of vulnerable groups.

Central institutions involved in the social protection sector are the Ministry of Labour and Social Protection, the National Social Insurance House (CNAS), the National Agency for Social Assistance (ANAS), and the Territorial Social Assistance House

(CTAS). Services are delivered by the Community and Municipal Social Workers (CMSW).

Table 4 below provides an overview of the coverage of Moldova's main social protection themes.

Table 4: Proportion of population covered by social protection system in Moldova, %, 2020

Group	Coverage
Persons covered by at least one social protection benefit	42%
Persons above retirement age receiving a pension	75%
Persons with severe disabilities collecting disability social protection benefits	100%
Employed covered in the event of work injury	72%

Source: International Labour Organization, ILOSTAT, SDG indicator 1.3.1 - Proportion of population covered by social protection floors/systems.

Key challenges in social protection in Moldova are particularly insufficient coverage of the social security system, which mainly benefits employees in the formal sector. Informal workers, notably agricultural workers, are frequently not enrolled in these schemes; by the same token, under-declaration of income negatively affects the social security system's financial stance.

Adverse demographic trends, high emigration flow, low employment rate, low income, and political instability are also factors that complicate the system. Trade unions and employers' organisations have been somewhat sidelined from reforming the social security framework. These factors led to a sharp decrease in insured persons and a shrinking contributors' base.

The social insurance system linked with pension schemes (old age, survivor, and disability) is based on a compulsory earnings-related public pension and a minimum pension. Social contributions – which include social security contributions by employees, employers, and self-employed individuals – are significantly higher compared with the regional average, 30% and 21%, respectively.⁷⁶ Although the pension system's main objective is to guarantee the pensioners a decent standard of living, it is financially unsustainable and unfair: Everybody's

income drops when they retire. Still, it falls for Moldovans as one of the biggest drops in Europe.

The contribution levels to the pension fund, in combination with a high number of pensioners, drove up the ratio of pensioners per contributor alarmingly high. It has pushed a financial burden upon Moldova's employees to support the social services for pensioners. This situation even threatens the possibility of decreasing social security coverage over time. On the positive side, the government took steps to ease the strain of pension fund contributions placed on individuals, introducing the compulsory minimum contribution rate of 25% requirement for employers toward social security in October 2022. It is considered a first step to ensuring the security of future pensioners.⁷⁷ An assessment of its impact of reducing informal employment was not available. Additionally, gradual equalisation of retirement ages for women and men and increasing the retirement age to 65 years is in progress, but it has triggered social discontent.

The coverage of persons above retirement age receiving a pension stayed stable in recent years at 75%, suggesting that curbing the widespread informal employment was stalled. Another noteworthy issue is that men have 100% coverage of the retirement pension while women are down to 46%.⁷⁸

Although a social assistance system via safety net programmes for the poor is in place in the country, it has a relatively low penetration rate because of fiscal constraints due to austerity measures. Leakage features (programmes benefit the non-poor group) are not fully controlled.

The informal workers can obtain social services and benefits by concluding individual social insurance contracts with the CNAS. The amount of the insurance contract is 14,700 lei (or about US\$807), and the persons are insured for old-age pension and death benefit.⁷⁹

Moldova's health insurance system has improved but has not yet reached universal coverage; at least

10% of the population is still voided. The Universal Health Coverage (UHC) service coverage index rose from 51 in 2000 to 71 in 2021, supported by a relatively high health expenditure (see also Table 5).

Table 5: Status of central health indicators in Moldova and Europe and Central Asia (excluding high income) (ECA)

Service	Moldova	ECA
Total health expenditure, % of GDP, average 2010-2020	8.0%	5.2%
Current health expenditure per capita, 2020	US\$ 307	US\$ 491
Universal Health Service coverage index * (2019)	71	-
Social health insurance coverage (2021)	88%	-

* Coverage index for essential health services (based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, noncommunicable diseases and service capacity and access). It is presented on a scale of 0 to 100.

Source: The World Bank, World Development Indicators.

Out-of-pocket expenditure on healthcare fell, reaching the regional average since 2019. It benefitted health system reforms to improve the number of people helping from publicly financed

health care and the range of services covered. Other positive improvements were pointedly drops in mortality rate under-5 years and maternal mortality ratio.

The Employment Promotion and Unemployment Insurance Law of 2018 regulates the creation of new job opportunities, including unemployment benefits paid from the social insurance budget. Coverage of unemployment benefits in Moldova was at 1.8% of population.⁸⁰

Moldovan women employees are generally entitled to maternity leave of 70 days before birth and 56 days after. Employees are also eligible for a partially paid holiday until the child reaches the age of three. This is financed by the social insurance fund. Paternity Leave is entitled to 14 days of paternity leave when his child is born. He may request the leave within 56 days of the birth and must provide a copy of the birth certificate. Data are scarce on the maternity and paternity schemes coverage.

APPENDIX: ADDITIONAL DATA

Table 6: Status of key Sustainable Development Goals in labour market related issues in Moldova

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.9 PPP)	0.1%	2022	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.9 a day
1.3.1: The population effectively covered by a social protection system, including social protection floors.	42% *	2020	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
5.5.2: Proportion of women in senior and middle management positions	-	-	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
5.5.2: Women share of employment in managerial positions	45%	2022	
8.2.1: Annual growth rate of real GDP per employed person	10%	2021	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation through a focus on high value-added and labour-intensive sectors.
8.3.1: Proportion of informal employment in non-agriculture employment	11%	2022	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, through access to financial services
8.3.1: Women	18%	2022	
8.3.1: Men	4.1%	2022	
8.5.1: Average hourly earnings of women and men employees (local currency)	32	2022	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value
8.5.2: Unemployment rate (Total, 15+)	0.9%	2022	
8.5.2: Unemployment rate (Youth)	2.9%	2022	
8.6.1: Proportion of youth (15-24 years) not in education, employment or training)	15%	2022	By 2030, substantially reduce the proportion of youth not in employment, education or training
8.7.1: Proportion of children engaged in economic activity (%)	-	-	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms
8.7.1: Girls	-	-	
8.7.1: Boys	-	-	
8.8.1: Frequency rates of fatal occupational injuries (per 100,000 workers)	5.7	2018	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
8.8.1: Frequency rates of non-fatal occupational injuries (per 100,000 workers)	76	2018	
8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining)	0.9 **	2021	
9.2.2: Manufacturing employment as a proportion of total employment	7.0%	2022	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
10.4.1: Labour income share as a percent of GDP	60%	2020	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

* Population covered by at least one social protection benefit (see more in Table 4). ** It has a range from 0 to 10, with 0 being the best possible score. Source: International Labour Organization, Key Indicators of the Labour Market (KILM).

Table 7: List of approved labour related legislation in Moldova, 2018-2023 (August)

Type of legislation	Law/decree
2018	
Elimination of forced labour	National Strategy to prevent and combat trafficking in human beings human rights for the years 2018-2023 and plans of actions regarding its implementation.
Equality of opportunity and treatment	National Strategy for preventing and combating violence against women and domestic violence for the years 2018-2023 and the Action Plans for its implementation.
	Government Decision No. 378 of 25 April 2018 on the establishment and payment of the daily allowance for children.
Employment policy, promotion of employment and employment services	Government Decision No. 1276/2018 of 26 December 2018 for the approval of the procedures regarding the access to the employment measures.
	Law No. 105 of 14 June 2018 on the Promotion of Employment and Unemployment Insurance.
Conditions of employment	Government Decision No. 1231 of 12 December 2018 for the implementation of the provisions of Law no. 270/2018 regarding the unitary salary system in the budgetary sector.
	Law No. 270 of 23 November 2018 on the unitary pay system in the budgetary sector.
Occupational safety and health	Loi no. LP277 / 2018 du 2018-11-29 sur les produits chimiques.
	DECISION No. HG513 / 1993 of 1993-08-11 on the approval of the Regulation regarding the payment to companies, organizations and institutions of the single allowance for the loss of the capacity of work or the death of the employee following an accident at work or a professional condition.
	Governmental Decision No. HG 608 / 2018 of 2018-07-03 for the approval of the Regulation regarding the assurance of the radiological security in activities with sources of ionizing radiation outside the specially arranged enclosure
Social security (general standards)	Government Decision No. 1246 of 19 December 2018 for the approval of the Regulation on granting/suspending the status of insured person in the system of compulsory health insurance.
	DECISION No. HG513 / 1993 of 1993-08-11 on the approval of the Regulation regarding the payment to companies, organizations and institutions of the single allowance for the loss of the capacity of work or the death of the employee following an accident at work or a professional condition.
Migrant workers	Government Decision No. 947 of 3 October 2018 on the establishment of a Commission for the Coordination of Migration and Asylum Activities.
2019	
General provisions	Government Decision No. 65 of 11 February 2019 on the National Human Rights Council.
Education, vocational guidance and training	Order No. 1702 of 26 December 2019 on the approval of the Regulation on the recognition and equivalence of study certificates and qualifications obtained abroad.
Occupational safety and health	Government Decision No. GD151 / 2019 of 2019-03-07 on the approval of the Minimum requirements for safety and health at work in the mining industry through surface or underground mining works.
Social security (general standards)	Law No. 158 of 5 December 2019 on the provision of single financial support to beneficiaries of state pensions and social allowances.
2020	
General provisions	Law No. 108 of 18 June 2020 on the control of major-accident hazards involving dangerous substances.
	Law No. 86 of 11 June 2020 on Non-profit Organisations.
	Order No. 314 of 25 March 2020 on the approval of the list of occupations requiring compulsory hygiene training and hygiene training programs.
Elimination of child labour, protection of children and young persons	Government Decision No. 598 of 12 August 2020 on the organization and functioning of the National Agency for the Development of Youth Programs and Activities.
Equality of opportunity and treatment	Arrêté n° 1152 du 8 décembre 2020 sur le dépistage de l'infection par le VIH avec les tests de diagnostic rapide.

Labour administration	Government Decision No. 966 of 22 December 2020 regarding the services provided by the Public Services Agency.
Employment policy, promotion of employment and employment services	Government Decision No. 678 of 10 September 2020 on the approval of the Methodology for developing occupational standards.
	National Action Plan for 2020 for the implementation of the National Employment Strategy for 2017-2021.
Education, vocational guidance and training	Order No. 1154 of 22 October 2020 on the approval of the Certificate of Qualification issued for the validation of non-formal and informal education.
Conditions of work	Collective Agreement No. 19 of 28 February 2020 (national level) on the model of Scheduling of annual leave.
	Collective Agreement No. 17 of 28 February 2020 (national level) on the model of the Working Time Record Table.
Occupational safety and health	Decision No. 906 of 16 December 2020 on approval of a minimum security requirements and health for use by workers of personal protective equipment at work.
	Order No. 314 of 25 March 2020 on the approval of the list of occupations requiring compulsory hygiene training and hygiene training programs.
Social security (general standards)	Government Decision No. 927 of 22 December 2020 for the amendment of the Regulation on the manner of establishing and paying monthly state allowances to certain categories of population, approved by Government Decision No. 470/2006.
	Protocol of 2 December 2020 amending to the Agreement in the field of social security between the Republic of Moldova and the Republic of Estonia.
	Law No. 198 of 20 November 2020 on Voluntary Pension Funds.
	Government Decision No. 504 of 15 July 2020 on the provision of single financial support to beneficiaries of state pensions and social allowances.
	Government Decision No. 230 of 10 April 2020 regarding the organization and functioning of the National Social Insurance House.
	Government Decision No. 132 of 4 March 2020 for the approval of the Regulation on the establishment and payment of allowances for certain categories of children and young people.
Seafarers	Government Decision No. 414 of 24 June 2020 for the approval of the Framework Regulation on compliance with the obligations of the flag State.
2021	
General provisions	Government Decision No. 316 of 3 November 2021 on the approval of measures to support employers and employees under the conditions of the restrictive measures during the COVID-19 pandemic.
Equality of opportunity and treatment	Law No. 144 of 14 October 2021 on the ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence.
Labour administration	Order No. 11 of 12 November 2021 on the approval of the Classifier of Occupations in the Republic of Moldova.
	Government Decision No. 169 of 8 September 2021 on the State Register of Public Services.
	Government Decision No. 148 of 25 August 2021 on the organization and functioning of the Ministry of Health.
	Government Decision No. 149 of 25 August 2021 on the organization and functioning of the Ministry of Labor and Social Protection.
	Government Decision No. 146 of 25 August 2021 on the organization and functioning of the Ministry of Education and Research.
	Government Decision No. 145 of 25 August 2021 on the organization and functioning of the Ministry of Environment.
	Order No. 159 of 1st March 2021 on the approval of the model of the service card of the labor inspector.
Employment policy, promotion of employment and employment services	Law No. 162 of 4 November 2021 on the ratification of the Optional Protocol to the United Nations Convention on the Rights of Persons with Disabilities.
	Government Decision No. 316 of 3 November 2021 on the approval of measures to support employers and employees under the conditions of the restrictive measures during the COVID-19 pandemic.
	Government Decision No. 286 of 3 November 2021 on the approval of the Concept of the Automated Information System "Unemployment Registration" and the Regulation on

	the organization and operation of the Automated Information System "Registration of the unemployed".
Conditions of employment	Government Decision No. 458 of 29 December 2021 on approving the amount of the average monthly salary per economy, forecast for 2022.
Social security (general standards)	Government Decision No. 399 of 8 December 2021 for the approval of the Regulation for the administration of the State Register of individual records in the public social insurance system.
Specific categories of workers	Law No. 234 of 23 December 2021 regarding public services.
	Act No. 213 of 9 December 2021 on the investigation of transport accidents and incidents.
2022	
General provisions	Government Decision No. 885 of 14 December 2022 regarding the establishment of the Information System for the surveillance of communicable diseases and public health events.
	National Development Strategy "European Moldova 2030".
	Act No. 289 of 20 October 2022 on the basic requirements in radiological security.
	Law No. 98 of 14 April 2022 on atmospheric air quality.
	Decision N° 172 of 16 March 2022 for the approval of the Regulation on the organization and functioning of the National Council for the Coordination of Regional and Local Development.
	National Strategy for Regional Development of the Republic of Moldova (2022-2028).
Elimination of child labour, protection of children and young persons	National Child Protection Program (2022-2026).
	Action plan for the implementation of the National Child Protection Program (2022-2026).
Equality of opportunity and treatment	Order No. 486 of 20 May 2022 on the decentralization of supervision medical on antiretroviral treatment of HIV/AIDS infection at the territorial level.
	National Program for the Prevention and Control of HIV/AIDS and Sexually Transmitted Infections (2022-2025).
Employment policy, promotion of employment and employment services	Law No. 367 of 29 Decembre 2022 regarding alternative child care services.
	National Employment Program (2022-2026).
	Action Plan regarding the implementation of the National Employment Program (2022-2026).
	Program "START for YOUNG PEOPLE: a sustainable business at your home"
	Government Decision No. 50 of 2 February 2022 for the approval of the Information System Concept "Determination of disability and work capacity" and the Regulation on the organization and operation of the Information System "Determination of disability and work capacity".
Education, vocational guidance and training	Order No. 885 of 1st September 2022 regarding the approval of the Regulation on the certification of professional skills corresponding to level 3, 4 and 5 qualifications of the National Qualifications Framework, acquired in non-formal and informal education contexts.
	Implementation Plan of the activities within the "START for YOUTH: a sustainable business at your home" Program
	Law No. 110 of 21 April 2022 on Dual Education.
Conditions of employment	Government Decision No 670 of 29 September 2022 on determining the amount of the salary minimum wage.
Occupational safety and health	Act No. 151 of 9 June 2022 regarding the safe operation of industrial objectives and potentially dangerous technical installations.
	Decision No. 108 of 23 February 2022 approving the Technical Regulation on personal protective equipment.
	Government Decision No. 12 of 12 January 2022 on the approval of the Minimum requirements for the improvement of the protection of the health and safety of workers exposed to potentially explosive atmospheres.
Social security (general standards)	Rgulation regarding the organization of medical assistance for prisoners in penitentiary institutions

	Government Decision No. 788 of 16 November 2022 regarding the approval of the Information System Concept "Social Protection"
	Government Decision No. 552 of 27 July 2022 for the amendment of point 2 of the Regulation regarding the method of establishing and paying monthly state allowances for certain categories of the population, approved by Government Decision No. 470/2006.
Indigenous and tribal peoples	Program for the support of the Roma population in the Republic of Moldova (2022-2025).
2023	
General provisions	Government Decision No. 94 of 28 February 2023 regarding the approval of the Regulation regarding the activity of the Fund for entrepreneurship and economic growth of Moldova. National Development Plan (2023-2025).
Education, vocational guidance and training	National Program regarding the learning of the Romanian language by national minorities, including the adult population (2023-2025).
Social security (general standards)	Government Decision No. 148 of 22 March 2023 regarding the indexation of social benefits.

Source: ILO, NATLEX, Country Profile Moldova, Basic Laws.

Table 8: Ratified ILO Conventions in Moldova

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1996
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1996
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	2000
	C105 - Abolition of Forced Labour Convention, 1957	1993
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1999
	C182 - Worst Forms of Child Labour Convention, 1999	2002
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	2000
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1996
Occupational safety and health	C155 - Occupational Safety and Health Convention, 1981	2000
	C187 - Promotional Framework for Occupational Safety and Health Convention, 2006	2010
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	1996
	C129 - Labour Inspection (Agriculture) Convention, 1969	1997
Employment policy	C122 - Employment Policy Convention, 1964	1996
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1996
Technical Conventions (Up-to-date)		
Wages	C095 - Protection of Wages Convention, 1949	1996
	C131 - Minimum Wage Fixing Convention, 1970	2000
Migrant workers	C097 - Migration for Employment Convention (Revised), 1949	2005
Freedom of association, collective bargaining, and industrial relations	C135 - Workers' Representatives Convention, 1971	1996
	C141 - Rural Workers' Organisations Convention, 1975	2003
	C151 - Labour Relations (Public Service) Convention, 1978	2003
	C154 - Collective Bargaining Convention, 1981	1997
Vocational guidance and training	C142 - Human Resources Development Convention, 1975	2001
Labour administration and inspection	C150 - Labour Administration Convention, 1978	2006
Dockworkers	C152 - Occupational Safety and Health (Dock Work) Convention, 1979	2007
Labour Administration and inspection	C160 - Labour Statistics Convention, 1985	2012
Occupational safety and health	C161 - Occupational Health Services Convention, 1985	2021
	C184 - Safety and Health in Agriculture Convention, 2001	2002
Employment policy and promotion	C181 - Private Employment Agencies Convention, 1997	2001
Maternity protection	C183 - Maternity Protection Convention, 2000	2006
Seafarers	C185 - Seafarers' Identity Documents Convention (Revised), 2003	2006 *

* Amendments of 2016 to the Annexes of the Convention C185 were ratified in 2017.

Note: Fundamental Conventions are the ten most important ILO conventions that cover five fundamental principles and rights at work. Equivalent to basic human rights at work. Governance Conventions represent four instruments that are designated as important to building national institutions and capacities that serve to promote employment. In addition, there are 73 conventions, which ILO considers "up-to-date" and actively promoted.

Source: ILO, NORMLEX, Ratification for Moldova.

Table 9: Ease of doing business in Moldova, 2020

Topics	2020
Overall	48
Starting a Business	13
Dealing with Construction Permits	156
Getting Electricity	84
Registering Property	22
Getting Credit	48
Protecting Minority Investors	45
Paying Taxes	33
Trading Across Borders	38
Enforcing Contracts	62
Resolving Insolvency	67

Note: Doing Business 2019-2020 indicators are ranking from 1 (top) to 190 (bottom) among countries.

Source: World Bank, Ease of Doing Business 2020 in Colombia.

Table 10: Moldova's key economic data, projections, 2019-2024

Values	2019	2020	2021	2022	2023	2024
GDP (current, US\$)	11.7bn	11.5bn	13.7bn	14.6bn	16.0bn	17.2bn
GDP per capita (PPP, US\$)	12,702	11,859	13,753	13,305	13,818	14,672
Total investment (% of GDP)	25%	23%	26%	24%	23%	24%
Gross national savings (% of GDP)	16%	15%	13%	10%	11%	13%
General government expenditure (% of GDP)	32%	37%	35%	36%	39%	36%
Government gross debt (% of GDP)	29%	37%	33%	33%	35%	38%

Source: International Monetary Fund, World Economic Outlook Database, October 2023.

Table 11: Labour Market Efficiency in Moldova, 2019

Labour market indicators	Rank
Labour market efficiency	56
Redundancy costs (weeks of salary) *	107
Hiring and firing practice *	72
Cooperation in labour-employer relations	71
Flexibility of wage determination	24
Active labour policies	81
Workers' rights	31
Ease of hiring foreign labour	77
Internal labour mobility	107
Reliance on professional management	113
Pay and productivity	59
Ratio of wage and salaried female workers to male workers	3
Labour tax rate	126

Note: Rank from 1 to 141 (1 is best ranking).

Source: The Global Competitiveness Report, 2019, 8th pillar: Labour market efficiency.

Table 12: Status of Moldova’s central labour-related laws

Central labour-related laws
<ul style="list-style-type: none"> • Labor Code (LC) No. 154 of 28 March 2003 as amended to Law No. 19 of 2019. • Trade Union Law No. 1129 of 7 July 2000 as amended to Law. No. 305 of 2016. • Collective Consultations and Bargaining National, Branch and Territorial Commissions Organization and Functioning Law No. 245 of 2006. • Law No. 245 of 2006 on the organization and functioning of the National Commission for Consultations and Collective Bargaining, and the Commission for Consultation and Collective Bargaining at branch and territorial level as amended to Law No. 106 of 2018. • Sex Discrimination Act 1984 (No. 4, 1984). • Law No. 170 of 19 July 2007 on the Status of Security and Intelligence Officers as amended to Law No. 61 of 2019. • National Commission for Consultations and Bargaining (NCCB) Decision No. 9 of 18 May 2007 for the approval of the Model Regulations of the “employer-employees” commission for social dialogue organisation and functioning. • Employers’ Organization Law No. 976 of 11 May 2000 as amended to Law No. 31 of 2018. • Wages Law No. 847 of 14 February 2002 as amended to Law No. 271 of 2018.
Improvements from 2022
<ul style="list-style-type: none"> • Introduction of a non-compete clause for ordinary employees (i.e., the parties can negotiate and regulate after the termination of the individual employment agreement). • A new chapter regulates employees' individual performance and evaluation. • Maximum three consecutive fixed-term individual employment agreements between the same parties. • The employer's duty to inform the employee (e.g., about terms of employment) is deemed accomplished upon signing the individual employment agreement or addendum to it. • The maximum trial period can now be set to six months. • An employment agreement can be suspended if the employee is in quarantine based on a medical certificate. • The parties can now agree to state the salary in a foreign currency in the individual employment agreement. • Simplify for employers to inform employees about terms of employment and employee transfers.
Observation on labour legislation
<ul style="list-style-type: none"> • The Labour Law prohibits anti-union discrimination but does not provide adequate means of protection against it. • Compulsory conciliation and/or binding arbitration procedure in the event of disputes during collective bargaining, other than in essential services. • Compulsory recourse to arbitration, or to long and complex conciliation and mediation procedures prior to strike actions. • Restrictions with respect to the objective of a strike (e.g., industrial disputes, economic and social issues, political, sympathy and solidarity reasons). • Discretionary determination or excessively long list of “essential services” in which the right to strike is prohibited or severely restricted. • Employees of airlines, hospital personnel, public employees and workers on probation do not have the right to strike.

Source: International Labour Organization, IRLX: Moldova; DTDA research; International Trade Union Confederation, Survey of violations of trade union rights – Moldova, September 2023.

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