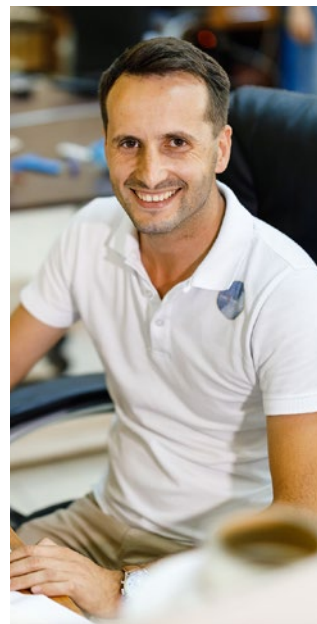


DECENT WORK COUNTRY
PROGRAMME 2021-24

REPUBLIC OF MOLDOVA



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REPUBLIC OF MOLDOVA

2021

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LIST OF ACRONYMS

ALMP	Active Labour Market Programmes
CEACR	ILO Committee of Experts on the Application of Conventions
CNPM	National Confederation of Employers of the Republic of Moldova
CNSM	National Trade Union Confederation of Moldova
DWCP	Decent Work Country Programme
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
ILS	International Labour Standards
LEP	Local Employment Partnerships
MDL	Moldovan leu
NCCCB	National Tripartite Commission for Consultation and Collective Bargaining
NEA	National Employment Agency
NES	National Employment Strategy
NEET	Young people (15–24) not in education, employment or training
NSFE	Non-standard Forms of Employment
OECD	Organisation for Economic Co-operation and Development
OSH	Occupational Safety and Health
SDGs	Sustainable Development Goals
SLI	State Labour Inspectorate
SMEs	Small and medium-sized enterprises
TCCCB	Territorial Tripartite Commission for Consultation and Collective Bargaining
TVET	Technical and Vocational Education and Training
UN	United Nations
UNPF	United Nations Partnership Framework

1 INTRODUCTION

Why is a Decent Work Country Programme needed?

Decent Work Country Programmes (DWCPs) are the main planning frameworks for the delivery of ILO support to member countries. DWCPs use the Results-based Management approach adopted by the ILO as the basis for the cooperation framework. They outline a medium-term plan that guides the work of the ILO in a country in accordance with priorities and objectives developed and agreed upon with governments, trade unions, and employers.

How was the programme developed?

Development of the new DWCP was launched in July 2020 and has applied a systemic approach to decent work. This innovative, constituent-driven process started with the ILO and the national tripartite constituents prioritizing the decent work deficits in the country in need of meaningful change. Once priorities were chosen, the ILO conducted two in-depth analyses on youth employment and safety and security at work to identify why the challenges prevail and whom they affect the most. Guided by these reports, tripartite constituents reached consensus over the main outcomes to be achieved by the new programme during a planning workshop in December 2020.

The new DWCP supports the national development priorities as spelled out by the 2030 UN Agenda for Sustainable Development (Sustainable Development Goals or SDGs), the United Nations Partnership Framework (UNPF),¹ the EU-Moldova Association Agreement, and the draft National Development Strategy “Moldova 2030”. The Programme is aligned with the ILO’s Istanbul Initiative for the Centenary: Future for Decent Work for strong and responsible social partnerships in Europe and Central Asia.

The new DWCP for the Republic of Moldova (hereinafter: Moldova) was drafted during the outbreak of the COVID-19 pandemic in 2020. Results on the medium- and longer-term impact of the pandemic on employment and social protection systems are regularly published. Thus, the present document may have to be revised as new evidence becomes available.

What are the challenges to work on?

Key labour market challenges of the country are (1) low employment rates and high levels of inactivity, particularly among youth, women, and older workers, (2) aging of the population and continuous emigration, and (3) high levels of informality. Key problems in the area of working conditions and social protection are high work accident rates, low levels of wages and minimum legal wage, and insufficient coverage of the social security system. Social dialogue needs to be intensified at all levels.

Objectives of the programme

The DWCP aims to address challenges where the ILO has key technical expertise to offer. The three priorities for the 2021–24 programme with eight outcomes are:

Priority	Outcomes
1. Inclusive and productive employment for youth	1.1 New gender-transformative National Employment Strategy (NES) with a focus on young people is adopted
	1.2 Improved performance of the National Employment Agency
	1.3 An advanced skill needs anticipation system is operational and a lifelong learning strategy is adopted
2. Effective protection at work	2.1 Improved compliance of legislation and enforcement mechanisms on Occupational Safety and Health (OSH) with International Labour Standards
	2.2 Effective protection of temporary workers at the highest risk of informal employment (seasonal, casual, daily workers)
	2.3 Introduction of mechanisms for monitoring and combatting cases of violence and harassment in the world of work
3. Improved social dialogue	3.1 Relevant and effective social dialogue platforms at national, territorial and enterprise level
	3.2 Strong Employers' and Workers' Organizations with expertise in policies and quality services for their members



2 COUNTRY PROGRESS TOWARDS DECENT WORK AND SUSTAINABLE DEVELOPMENT²

Poverty reduced, but
still low incomes

2.1 Economic and social context

Moldova has achieved important development results over the last two decades, building on an average annual GDP growth of 4.6 per cent³ before the outbreak of the COVID-19 pandemic in 2020. Economic growth, high and constant inflow of remittances, and social transfers have reduced the relative poverty.

The development gap between Moldova and the rest of Europe has narrowed down. In 2000, the country's per capita income was 14 per cent of the average EU income; in 2019 and 2020 the national income per person reached 29 per cent of the EU average.⁴ However, the country still has one of the lowest per capita incomes and gross wages per employee in entire Eastern Europe.⁵ Demographic challenges (aging of the population and continuous emigration) and limited structural transformation (with a quarter of workers still employed in agriculture) combined with incomplete economic transition and governance reforms hold back the country.

Steep economic
decline due to
COVID-19

The lockdowns and the global economic recession have led to a steep economic decline in 2020. Forecasts indicate a gradual recovery in the following years. Highly dependent on consumption (the consumption expenditures of households account for 85 per cent of GDP, in EU: 53 per cent), the Moldovan economy is particularly vulnerable to the effects of lockdowns and other restrictive measures to contain the pandemic. In 2020, the situation exacerbated as job and income protection schemes played a minor role.

The real labour
market challenge is
high inactivity

2.2 Main trends in the labour market and social policies

Even before the pandemic, economic growth was mostly jobless. A look at unemployment rates is misleading, they have been low (2000: 8 per cent, 2019: 5 per cent⁶). The real problems are low employment rates and high levels of inactivity. The employment rates of the country have been very low over the past two decades (2000: 45 per cent, 2019: 40 per cent; EU average: 53 per cent in 2019⁷). The employment rates for women are lower than for men (36 per cent vs 44 per cent in 2019). Low employment rates are mostly due to the high incidence of youth, women, or older workers (55 to 64 years old) remaining out of the labour force.⁸ Close to 30 per cent of youth in Moldova are neither employed nor in education or training (NEET).⁹ The NEET rate increases among young people with higher age, women, and rural residents.¹⁰

The high level of Moldovans working abroad also explains the low employment rates. A third of the country's citizens lives abroad. Remittances from Moldovans working abroad account for 16 per cent of GDP¹¹ making the Republic of Moldova one of the 20 most remittance-dependent countries in the world.¹² With adjustments for international migrants, the Moldovan employment rates exceed 50 per cent, though they are still lower than in most transition economies in Europe.¹³

Informal employment declining but still high

While declining, informal employment is still an important segment of the labour market. Nearly 22,3 per cent of Moldovan workers were in informal employment in 2020 according to the Labour Force Survey, with two thirds of the informal workers being men. The large majority of informal workers (55 per cent) are own-account workers, followed by contributing family workers (13 per cent), of which women represent 75 per cent. The sectors most exposed to informality are agriculture and construction with shares of informal employment above 60 per cent. High levels of informality are also detrimental to the urgently needed productivity growth (labour productivity is half the level of Moldova's peers in Europe¹⁴). Informality reduces incentives to invest in human capital, hampers business innovation, and limits fiscal space for the public administration.¹⁵

Impact of COVID-19 on labour markets

Concerning the impact of the pandemic on labour markets, the ILO estimates that 13 per cent of all working hours were lost in Moldova in 2020 as compared to the baseline (the last quarter of 2019).¹⁶ This decline is higher than the average amount of working hours lost in the EU (8 per cent) or in the Europe and Central Asia region (9 per cent).¹⁷ The comparison indicates that the pandemic hit the Moldovan labour market particularly hard. The amount of working hours lost in Moldova in 2020 corresponds to an equivalent of 130,000 full-time jobs. However, the loss in working hours does not automatically lead to the same reduction of employment as working-hour losses include various components: shorter hours, being employed but not working, unemployment, and inactivity.

Data from the Moldovan labour force survey indicate that the component of reduced employment was relatively high during the lockdown. The decline in employment between the 2nd quarter of 2019 and the 2nd quarter of 2020 was approximately 9 per cent.¹⁸ The relative decline in employment is greater for women (10 per cent) than for men (8 per cent) in line with the global trend showing that women were more adversely affected by the crisis than men. ILO estimates show that the decline in employment did not lead to an increase in unemployment, but entirely translated into increased inactivity.

The analysis of the impact of the pandemic on Moldovan labour markets shows that the loss in working hours quickly led to a reduction in employment. This is not surprising, as the country did not apply robust job protection schemes as other European countries did. The pandemic exacerbated the underlying problems of the Moldovan labour markets from before the pandemic, i.e. low employment and high inactivity.

SMEs and new enterprises could create more and better jobs

The potential of small and medium-sized enterprise (SME) development and entrepreneurship for the creation of more and better jobs has not yet been fully exploited. In past years Moldova has made moderate progress in the design and implementation of SME and entrepreneurship policies when compared to international best practices.¹⁹ Nevertheless, the share of employers in the labour force remains low at 3.6 per cent (EU average is

at 15 per cent) with a particularly low share of female employers (less than 1 per cent, EU: 10 per cent). Moldova should focus on promoting a level playing field for all enterprises through effective competition policy and a transparent and independent judiciary. Considerable work remains to be done to promote entrepreneurial learning. The limited internationalisation of Moldovan SMEs is a challenge, and more needs to be done to benefit from the country's preferential access to EU markets under the Deep and Comprehensive Free Trade Area with the EU.²⁰ The COVID-19 pandemic seriously affected enterprises: the World Bank enterprise surveys show that 15 per cent of companies ceased to operate because of the restrictions linked to the first wave of the pandemic in the spring of 2020.

Low level of wages and legal minimum wage

Real gross wages have substantially grown in Moldova (by 73 per cent from 2007 to 2018²¹) before the COVID-19 pandemic. But there is hardly any wage convergence of Moldova with Western European countries. While the monthly wage in Moldova was 18 per cent of the average monthly wage in the EU15 in 2006, the figure increased to 20 per cent in 2017.²² The percentage difference between wages earned by women and men, referred to as the gender pay gap, is 13.5 per cent (14.8 per cent in EU in 2018). The gap is much wider in better-paid sectors like ICT (32 per cent) and finance (38 per cent).²³ Women, on average, are paid less despite being better educated than men, and face greater workplace discrimination as a result of gender-based stereotypes and high motherhood wage penalty.²⁴ Other contributing factors include an overrepresentation of women in relatively low-paying sectors, and an unequal distribution of family responsibilities leading to fewer hours of paid work by women.

Like many other countries in Central and Eastern Europe, Moldova has a statutory minimum wage. The monthly minimum wage equals €50 in 2021. The minimum wage as compared to the average gross monthly income is very low (2021: 11.5 per cent²⁵) while this ratio is between 40 and 50 per cent for Ukraine and most of the Western Balkans. At this level, the minimum wage is insufficient to cover the essential needs of workers and their families. Another long-standing challenge in relation to wage policies in Moldova is wage arrears, which amount to nearly 140 million Moldovan lei (MDL) and affect over 17,000 employees, in the public sector mostly.²⁶ ILO supervisory bodies have dealt with the burning issue of wage arrears on several occasions, but the Republic of Moldova is still not complying with relevant ILO conventions.

High number of workplace accidents

As with regard to occupational safety and health (OSH), the number of accidents at work remains high. The number of fatal workplace accidents surged from 4.9 (2016) to 6.2 cases per 100,000 employees (2018) before a slight decrease to 5.2 in 2020, still at a very high level.²⁷ The average rate for the EU is 1.2 cases and 3 cases for Romania.²⁸ The significant increase between 2017–2018 might have been driven by a temporary ban on business inspections and controls as well as the 2017 reform of the State Labour Inspection.²⁹ Back then, the Moldovan government undertook a reform to restructure the inspection system, aiming to create favourable conditions for businesses in the country. As a result, the control function in the field of OSH was transferred from the State Labour Inspectorate to ten sectoral inspection agencies, while overseeing compliance with labour legislation remained with the Labour Inspectorate. The reform resulted in the fragmentation of OSH inspection functions and limited the role and efficiency of labour inspection. Moldova is reversing the reform now. The Parliament adopted a law amendment in December 2020 restoring the functions of the State Labour Inspectorate as the control body of occupational safety and health and the investigator of work accidents.

Challenges of the pension system

The 2017 pension reform introduced an increased retirement age, reductions of exemptions and privileges, and higher levels of pensions. The overall objective of the reform was to strengthen the sustainability of the pension system. Nevertheless, the level of benefits remains low. Increasing the level of minimum pension to 2000 MDL from 1 October, 2021 will benefit large cohorts of pensioners with low income, but will not address the structural drawbacks of the system. Exemptions from social contributions further erode revenues and sustainability. Currently, only 44 per cent of the labour force in Moldova is contributing to the state pension system.³⁰ Eight categories of contributors, ranging from agricultural employees to attorneys-at-law, are paying subsidized or voluntary minimal contributions for social insurance. Informal employment exacerbates the challenges even more. Further structural changes are needed to improve adequacy, coverage and sustainability of the public pension system.³¹

Limited role of social dialogue

The effectiveness of social dialogue in Moldova is limited. Despite having made significant progress since its establishment, the National Commission for Consultations and Collective Bargaining, which is the national social dialogue institution, still faces challenges in terms of influence over policy and legislation processes.³² Tripartite dialogue at the local level remains modestly developed, and though local commissions for collective bargaining and consultations have been established, further capacity building is required. At the enterprise level, employers and workers lack a dialogue culture as well as transparent and effective procedures for information and consultation, as well as for the prevention and resolution of workplace conflicts and grievances. The low representation of employers' organizations in some sectors and of trade unions in private enterprises make collective bargaining difficult.

International Labour Standards and EU Acquis

Moldova has ratified 42 ILO International Labour Standards (ILS) including the eight fundamental and four priority Conventions.³³ The government has developed policies on reducing undeclared work and transposed EU Directives on occupational safety and health into the national legal framework. Still, there is an implementation gap.

With regard to rights at work, not all labour rights are respected in the Republic of Moldova. Specific challenges include workplace violence and harassment (in particular gender-based violence), discrimination against vulnerable workers including women, people with disabilities, ethnic minorities, or people living with HIV. ILO supervisory bodies have looked into some of these challenges and have sent requests to the Government of Moldova asking to ensure that these fundamental rights are respected.

2.3 Progress on decent work related SDG targets

Moldova was one of the first countries to apply (2016) and revise (2019) a large set of SDG indicators that allows for continuous reporting on progress. The country put in place a system for SDG Monitoring and Evaluation, which is, however, affected by the lack of data for about a quarter of the SDGs and shortages of disaggregated data for over 40 per cent of the indicators.³⁴ There are limited capacities of national and territorial institutions to collect and process quality data. The ILO engaged in the work of the UN Task Force on data development, monitoring and evaluation and supported the Ministry of Health, Labour and Social Protection and the National Employment Agency on basic principles of monitoring and evaluation of labour statistics, including those related to new employment promotion programmes. Furthermore, the ILO provided trainings to constituents on results based management, monitoring and evaluation, and the importance of linking SDG goals and targets into the Theory of Change for the new DWCP development.

Further support to Moldovan constituents is necessary to increase institutional capacities to monitor and evaluate the Decent Work Agenda, which now features prominently in the draft National Development Strategy 'Moldova 2030'.

2.4 Lessons learned

The internal ILO review of the 2016–20 DWCP carried out in November 2020 has identified the following lessons learned:

- ▶ Stakeholder participation in all programming cycle phases should be increased in order to improve quality and ownership;
- ▶ Consultations for the design and implementation of the DWCP should include both central government actors and stakeholders at the local level;
- ▶ The circle of ILO constituents should be expanded to include other key stakeholders deciding on economic and social policies;
- ▶ Make additional efforts to promote gender equality and non-discrimination.

Following these recommendations, the development of the new DWCP has applied an innovative, constituent-driven process that aimed at stronger ownership of stakeholders. Policy work under this programme involves several ministries responsible for labour, education and finance.

The programme envisages local job creation programmes that bring together public and private actors at the local level, including social partners.

The DWCP document builds on available sex disaggregated data, includes specific measures reaching out to women, and promotes gender equality and non-discrimination.

What did we learn
from implementing
the previous DWCP?



3 COUNTRY PRIORITIES AND OUTCOMES

Priorities for the DWCP Moldova 2021–24 support both national and global goals (SDGs). The tripartite constituents identified the eight outcomes presented in this section. They build on achievements and lessons learned from the previous programme and utilize the comparative advantage of the ILO as specialized technical agency.

Description of expected outcomes includes a brief presentation of the rationale for intervention, a narrative and graphic presentation of the theory of change, as well as measures of performance. The full results matrix is shown in Annex 1.

Priority 1 Inclusive and productive employment for youth

Outcome 1.1 *New gender-transformative National Employment Strategy (NES) with a focus on young people is adopted*

The rationale for a new employment strategy

Following several years of jobless growth and an incomplete economic transformation, in 2017 the Republic of Moldova adopted a National Employment Strategy (NES, 2017–21). The NES tried to place employment as a central goal in national overarching policy frameworks as well as in economic and social policies, aligned to the EU Association Agreement, the UN Global Agenda of Sustainable Development 2030 (in particular SDG 8) and in line with the international commitments assumed by the Republic of Moldova through the ratification of the Employment Policy Convention, 1964 (No. 122).

However, in spite of the good premises, implementation has been faltering, as reflected in the main indicators of the labour market. Low employment, high incidence of inactivity, and underemployment are critical challenges, which have been exacerbated by the COVID-19 pandemic. In the last four years, the ILO has supported its constituents to reach several important milestones that were set out in the NES, including the adoption and implementation of the law on employment promotion in 2019; strengthening research and labour market forecasting capacities; and enhancing the link between the labour market and the training system through sectoral skills committees and occupational standards. However, some of the NES interventions were too ambitious and did not provide for a connection between national and local policies; resource constraints hampered the NEA's service and programme delivery, and the legal framework did not yet provide for implementation mechanisms.

▶ MEASURE OF PERFORMANCE

A new gender-transformative NES adopted by the government

BASELINE

Previous NES ended in 2021

TARGET

New NES covering the period 2022–26 approved by 2022

Representatives of the social partners participate in both the Steering Committee and the Working Group for the elaboration of the NES (at least 45 per cent of the representatives are women)

BASELINE

N/A

TARGET

Yes

The NES includes specific measures for the outreach and activation of women and youth, including through Local Employment Partnerships.

BASELINE

No

TARGET

Yes

The NES includes demand side policies and reference to the Future of Work.

BASELINE

No

TARGET

Yes

Number of new jobs created for rural youth and inactive women through local employment partnerships (disaggregated by sex).

BASELINE

N/A

TARGET

at least **350**

While limited resources may remain a constraint due to the reduced fiscal space, the next generation of NES policy measures must reflect the lessons learnt. Thus, the new NES should reflect a stronger focus on the demand side of the labour market, propose suitable implementation mechanisms, and emphasize opportunities for a decentralised implementation of employment policy, including through the replication and expansion of local employment partnerships (LEP)³⁵ and investments in value chains with potential for job creation. Furthermore, the NES should specifically include and advocate for policy priorities that facilitate the labour market integration of women, particularly women who are willing to work but remain inactive because of family responsibilities.

Theory of change

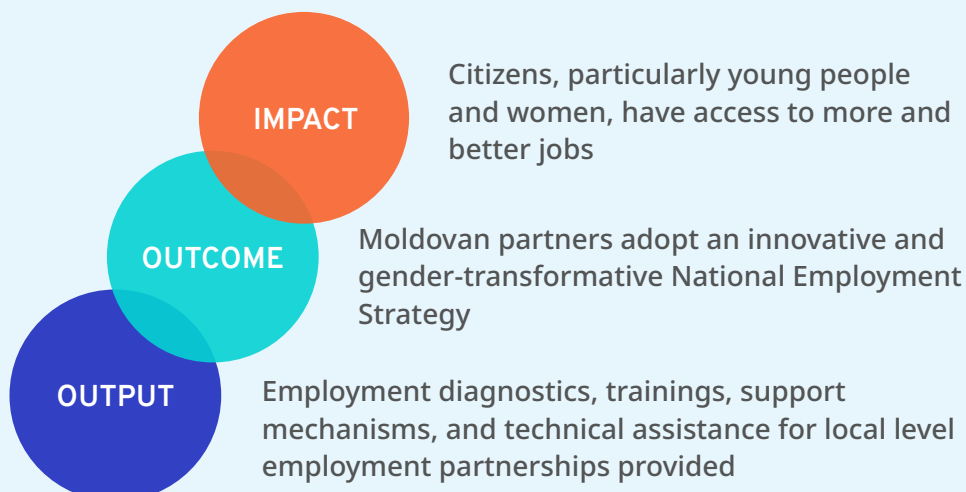
If the ILO works with the government and the social partners to diagnose labour market challenges accurately and elaborate solutions through consultations and partnerships, including at the local level,

...**then** stakeholders have the capacity to identify and implement innovative and gender-transformative policies for employment and job creation, and the activation of women and youth, including in rural areas,

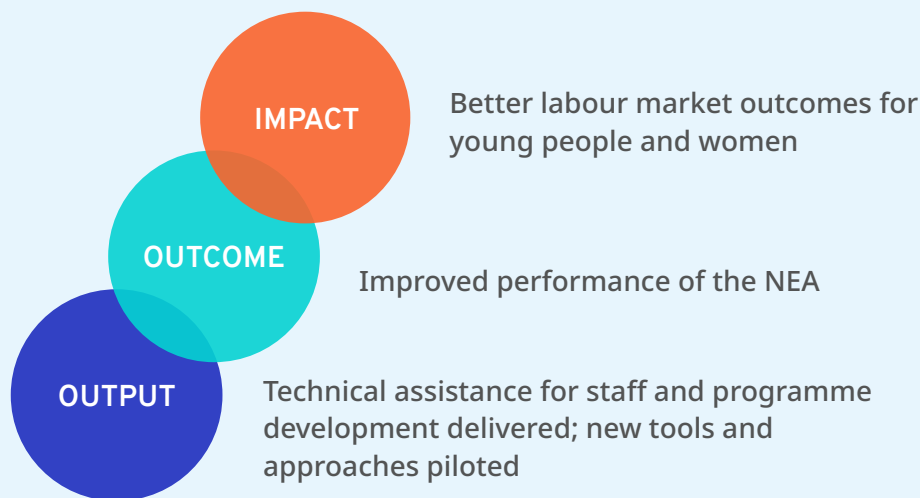
... which will **lead to** more young people and women having access to more and better jobs.

The planned changes will contribute to Moldova's achievement of the targets set in relation to SDG 8, SDG 4, and SDG 5.

► INTERVENTION MODEL



▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Coverage of the registered unemployed with ALMPs (absolute number and percentage)

BASELINE

2019: **988** unemployed (619 women) from the register were covered with ALMPs (3 per cent)

TARGET

2024: **10** per cent

Job placement rates of young NEA clients (disaggregated by sex)

BASELINE

2019: job placement rate of young registered unemployed (16–29) was 66 per cent (612 individuals of which 426 are young women)

TARGET

70 per cent (3,100 individuals, with a better balance between young women and men)

Number of inactive women covered by new outreach measures

BASELINE

2019: pilot outreach measures covered **1,167** women

TARGET

2024: **21,000** women (a minimum target of 250 clients per year, per employment office)

Outcome 1.2 *Improved performance of the National Employment Agency*

The rationale for intervention

Before the pandemic, data from the National Employment Agency (NEA) of Moldova showed a decline of individuals registered as unemployed (by 11 per cent in 2019 compared to the previous year). The profile of registered unemployed with NEA has been changing over the last few years, with older persons (50–65 years of age) registering more than young people and individuals with a low level of skills representing on average over half of the total number of registered unemployed. In 2019, the number of notified job vacancies declined by 30 per cent compared to 2018 and this, combined with an unfavourable skills level of registered unemployed, determined a decline of placement rates by 24 per cent year-on-year.

In 2019, the resources available to the NEA allowed the coverage of 988 unemployed persons (3 per cent of registered unemployed) with active labour market programmes (ALMP). Over 90 per cent of unemployed persons in active labour market programmes attended a qualification or requalification programme. Some of the new programmes envisaged by the recently enacted employment promotion framework (job subsidies, programmes targeting persons with disabilities) were launched in 2019, including with the support of previous ILO projects. However, coverage remained low due to limited financial resources. To some extent, the NEA is trapped in a vicious circle whereby lack of funding and capacities prevents the Agency from making major contributions to improved labour market governance. This drives away potential clients (both firms and unemployed), which remain underserved and vulnerable, further undermining the position of the Agency. Increasing the resource envelope for ALMPs and promoting activation should remain main risk mitigation strategies for the tripartite partners in order to buttress NEA's role and effectively promote better employment outcomes for women and youth in Moldova.

Theory of change

If the ILO provides technical assistance to the NEA for staff and programme development including the advocacy for bigger budgets; and if the ILO facilitates the application of additional tools and approaches to service and programme delivery at NEA's central and local offices,

... **then** the NEA will be able to improve its work processes, coverage, services, and programmes, particularly for young people and women,

... which will **lead to** improved labour market governance and better labour market outcomes for the final beneficiaries.

The planned changes will contribute to Moldova's achievement of the targets set in relation to SDG 8 and SDG 5.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Percentage of employers stating that TVET meets the needs of enterprises

BASELINE **27** per cent (2019 ILO survey on Enabling Environment for Sustainable Enterprises)

TARGET 2024: **50** per cent

Core employability and business skills integrated into TVET

BASELINE Not integrated

TARGET Integrated by 2024

Adoption of a lifelong learning strategy with a gender perspective endorsed by tripartite constituents

BASELINE **0**

TARGET **1**

Outcome 1.3 *An advanced skill needs anticipation system is operational and a lifelong learning strategy is adopted*

The rationale for matching educational outcomes to skills needed by enterprises

In spite of positive developments in enhancing technical and vocational education and training (TVET) institutions and setting up Sector Skills Committees, the TVET system in Moldova fails to deliver the skills needed on the labour market. This causes a paradox of elevated numbers of NEETs (27.4 per cent in 2019, with a pronounced gender gap) and prolonged school-to-work transitions for most young people (34.4 months in 2015) contrasted by significant challenges for enterprises in finding a qualified workforce pool.³⁶ There is no effective skills anticipation and matching system to focus on the need for technical and generic skills, in particular in economic growth sectors and sectors with potential for green jobs creation.

While many young men and women aspire to migrate permanently, an ageing workforce faces constraints in further professional development and skills recognition. The Republic of Moldova lacks a vision for a lifelong learning eco-system to support educational progression of learners at all ages. Inequalities are determined by factors relating to age, gender, disability and ethnicity, which are particularly acute in rural areas.

The COVID-19 pandemic has increased educational inequalities. Students from poor families and in rural areas tend to have less access to internet capable devices and quality connection and their parents are likely to have lower skills in supporting their learning needs.

Theory of change

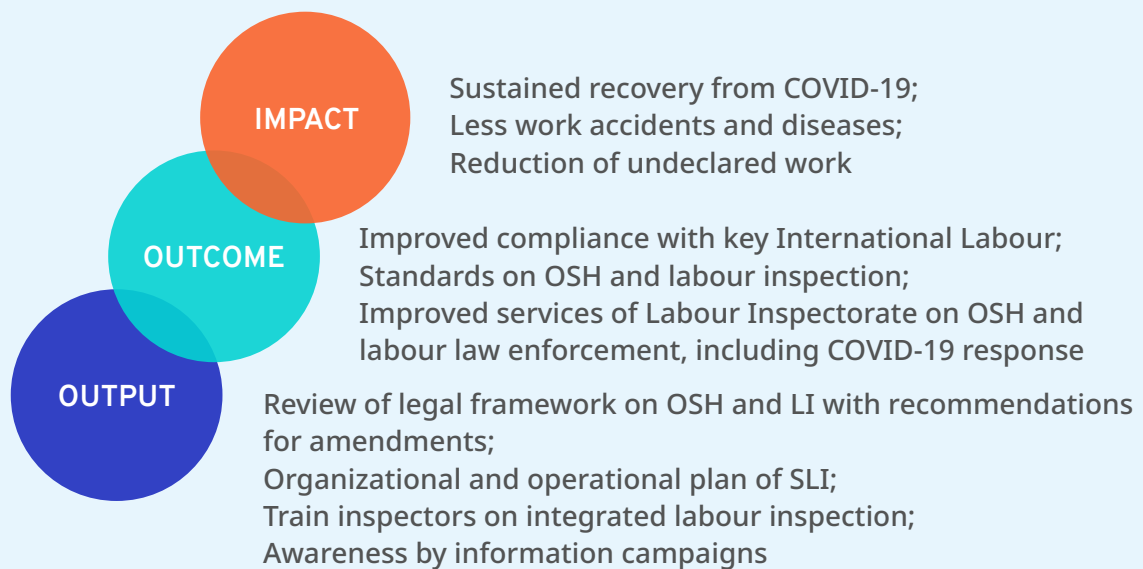
If the ILO supports the development of a more effective skills needs anticipation and matching system with the inclusion of social partners, **and if** the ILO supports the development of occupational standards, curricula and up-to-date teacher training, **and if** the ILO facilitates the integration of core employability skills into TVET, **and if** the ILO assists with the design and implementation of an inclusive lifelong learning strategy for women and men, with outreach into rural areas and designed in collaboration with the social partners,

... **then** the skills development system will become more responsive to the labour market, enabling faster labour market transitions for youth, as well as offering lifelong learning options for women and men

...which will **lead to** increased employability of youth and professional development of adult women and men.

The planned changes will contribute to Moldova's achievement of SDG targets 4.4 and 8.6.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Number of observations or requests for improvement, which the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) sends to the Moldovan government

BASELINE

2 CEACR observations in 2019

TARGET

No new CEACR observations concerning the ILO Conventions Nos 81, 129 or 155

A digital platform including modules on accident reporting and complaint management; e-learning and knowledge management in place and operational.

BASELINE

None

TARGET

E-platform operational by 2022

Coverage of employers, workers and their representatives with technical information and advice on labour law and OSH

BASELINE

2020: **1900** individuals advised by labour inspectors (60 per cent employers and their representatives)

TARGET

2024: Minimum **2,500** clients per year (10,000 individuals during 2021–2024) advised by labour inspectors (70 per cent employers and their representatives)

Priority 2 Effective protection at work

Outcome 2.1 *Improved compliance of legislation and enforcement mechanisms on occupational safety and health with International Labour Standards*

The rationale for promoting occupational safety and health

The reform of the state inspection system in 2017 diminished the efficiency of state control and was followed by an increase in the number of reported work accidents (see chapter 2). The Government of Moldova revised the reform, and included the reinforcement of the State Labour Inspectorate (SLI) as a target in its Activity Programme for 2020–23. As an important first step, Moldova adopted a new law, which brings labour inspection services in line with the Labour Inspection Convention, 1947 (No. 81) and Labour Inspection (Agriculture) Convention, 1969 (No. 129). Further, Moldova has taken steps towards the ratification of Occupational Health Services Convention, 1985 (No. 161). In the context of COVID-19, there is an imminent need to protect workers from the risk of infection in the work place through strengthened OSH measures. The Ministry of Labour and Social Protection requested ILO's technical assistance in strengthening the functional integrity and service delivery of the SLI in accordance with International Labour Standards.

To support this national effort, there is a need to review the legal framework on OSH and labour inspection, support the SLI to reorganize its institutional structure and operational procedures under the new mandate. It is necessary to enhance the capacity of SLI to perform integrated labour inspections, and contribute to building a preventative safety culture in the long run but also to assist in a safe return to work in response to the COVID-19 pandemic.

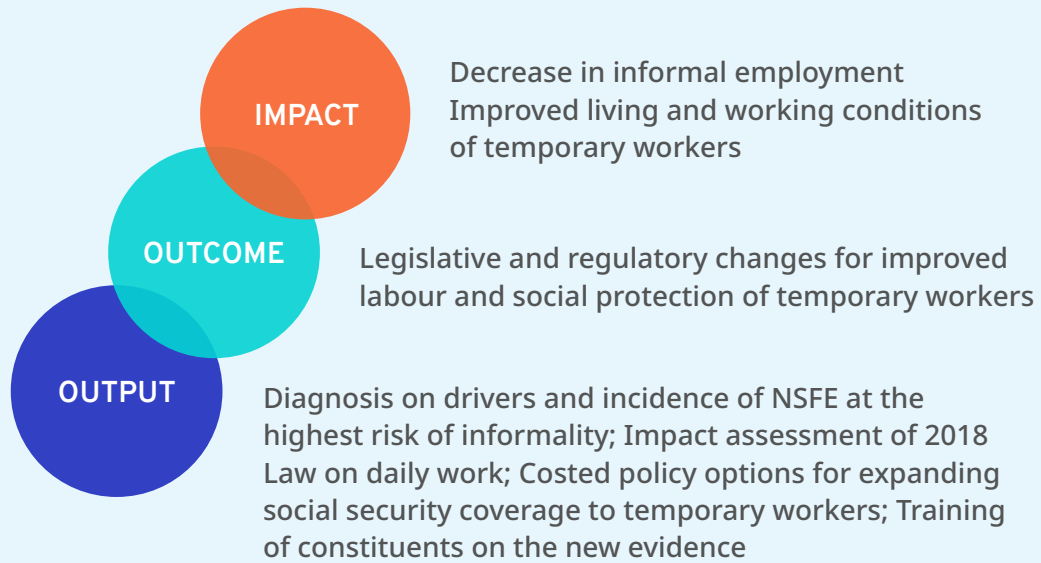
Theory of change

If the ILO supports the State Labour Inspectorate and the government to review and improve national legislation and organizational structure of SLI in compliance with Conventions Nos 81 and 129, and if the ILO provides support in the ratification and implementation of Convention No. 161, **and if** the ILO provides training to inspectors on how to roll out their services and collect data, **and if** the ILO undertakes awareness raising to promote safety culture and a safe return to work from the pandemic,

... **then** the SLI will have the know-how and power to conduct integrated workplace inspections promoting and enforcing compliance with the law, and to advise employers and workers on the implementation of workplace actions against the risk of COVID-19, as well as other risks,

... which will **lead to** safe resumption of work and business in the short-term and less work accidents and diseases, as well as reduction of undeclared work in the long-term.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Number of policy recommendations validated by the tripartite constituents and implemented by the government to ensure effective protection of the workers concerned, including concrete suggestions on how to improve gender equality

BASELINE None

TARGET At least **2** policy recommendations implemented including references on how to achieve greater gender equality and non-discrimination at work and extending social security coverage of workers concerned

Outcome 2.2 *Effective protection of temporary workers at the highest risk of informal employment (seasonal, casual, daily workers)*

The rationale for intervention

In the last 10 years, non-standard forms of employment (NSFE) have become more frequent in Moldova. While standard employment (full time, undetermined duration) remains the rule, the incidence of temporary work (fixed term, casual, seasonal work) has steadily increased. During the period 2014–18, the share of fixed term employees increased from 7.8 per cent to 9.4 per cent. (The increase was higher among women: from 6.7 per cent to 10 per cent.) Seasonal and casual work, in particular in the agricultural sector, are the most common forms of temporary work (77 per cent). Seasonal work is predominantly informal (81 per cent). The economic crisis caused by the COVID-19 pandemic might further increase informality and non-standard forms of employment. Current tripartite discussions on amending the Labour Code aim to improve regulation of temporary work with the objective of improving access to social protection. The minimum wage policy needs a systemic restructuring, too, to protect workers and ensure adequate levels of minimum income.

Theory of change

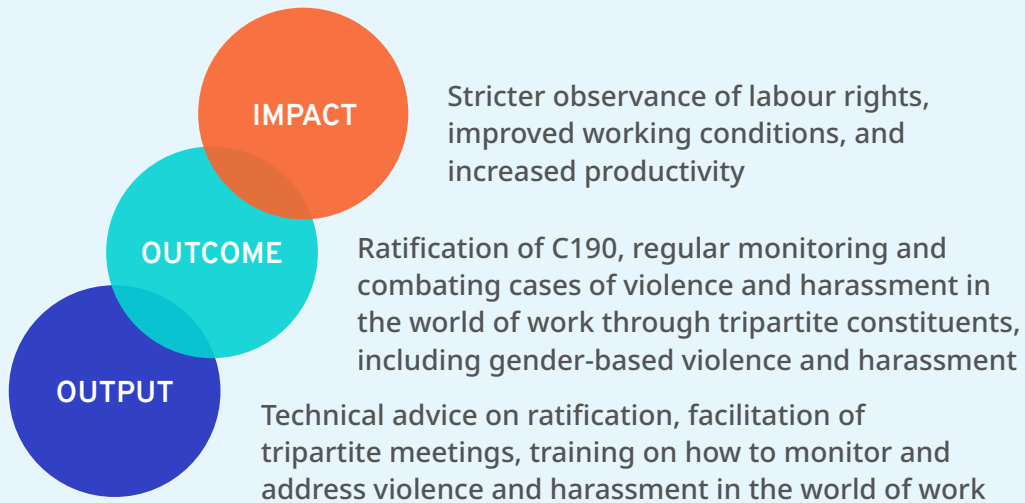
If the ILO helps to produce a diagnosis of drivers and incidence of NSFE with high risk of informality that provides policy recommendations to address decent work deficits, including observance of fundamental labour rights, social security access and coverage, and gender equality, **and if** the ILO supports an impact assessment of the NSFE related legal framework, including the Law on Daily Work, **and if** the ILO supports the development of costed policy options for extending social security to daily, casual, and seasonal workers, **and if** the ILO trains the tripartite constituents on the new evidence,

...**then** the government and the social partners will be equipped to understand the causes of existing gaps in labour and social protection of temporary workers, and will reduce the gaps through legislative and regulatory measures,

...which will **lead to** adequate social protection and better living and working conditions of temporary workers at the highest risk of informal employment, and to a decrease in informal employment.

The planned changes will contribute to Moldova's achievement of SDG target 1.3.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Convention No. 190 - which explicitly deals with gender-based violence and harassment - ratified

BASELINE

Not ratified

TARGET

Ratified (2022)

Outcome 2.3 *Introduction of mechanisms for monitoring and combatting cases of violence and harassment in the world of work*

The rationale for intervention

In June 2019, the ILO adopted the new Violence and Harassment Convention, 2019 (No. 190). This Convention is the first ILS on the prevention, remediation, and elimination of violence and harassment in the world of work, including gender-based violence and harassment. As a first in international law, Convention No. 190 recognizes the right of everyone to a world of work free from violence and harassment, and sets out the obligation to respect, promote, and realize this right. The Moldovan Ministry of Health, Labour and Social Protection asked the ILO for technical assistance on conducting pre-ratification analysis of national law and practice in order to identify measures to overcome relevant gaps and to promote ratification of Convention No. 190.

Theory of change

If the ILO provides technical assistance to government and social partners to conduct a pre-ratification study identifying what needs to be done to eliminate legal gaps hampering the transposing of the new ILS into national law, **and if** the ILO supports tripartite consultation and national efforts towards the ratification of the Convention, **and if** the ILO provides practical training to tripartite constituents on how to report, monitor, and prevent violence and harassment in the world of work, including gender based violence,

...**then** the Parliament will ratify Convention No. 190, legislative actors will adopt the necessary legal changes at national level, and tripartite constituents will monitor and combat cases of violence and harassment in the world of work,

...which will **lead to** stricter observance of labour rights, improved working conditions, and increased productivity.

Planned changes will contribute to Moldova achieving SDG target 8.8.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

Number of recommendations made by NCCCB and TCCCBs incorporated in economic, social, and labour policies as well as legal and regulatory frameworks, including gender and non-discrimination issues

BASELINE

TBD based on the social dialogue analysis being conducted (2021)

TARGET

Government receives and responds to recommendations by NCCCB and CTCNC

Workers' information and consultation practices advised to medium and large enterprises

BASELINE

N/A

TARGET

2023: at least three models of good practice advised

Priority 3 Improved social dialogue

Outcome 3.1 *Relevant and effective social dialogue platforms at national, territorial and enterprise level*

The rationale for reactivating social dialogue institutions

Despite a comprehensive institutional infrastructure of social dialogue, covering national, sectorial and territorial levels, social partnership is not used at its full potential yet. Legally established tripartite commissions for consultation and collective bargaining do not meet regularly or have not been set up yet, particularly at sectorial and territorial level. The legal and practical difference between tripartite policy dialogue and bipartite collective bargaining processes and outcomes is not always well understood by all participants. The technical support of tripartite commissions at all levels (specialized committees and secretariats) is understaffed, and lacks up-to-date technical expertise to handle complex economic, social and labour matters during the preparatory phase of recommendation making.

The ILO intervention aims to reactivate and assist the specialised committees of the National Tripartite Commission for Consultation and Collective Bargaining (NCCCB) and the territorial tripartite commission (TCCCB) and their secretariats to update their technical expertise on selected technical topics such as costing of policy measures, international labour standards and European trends and drivers of labour law reforms, collective bargaining processes and outcomes.

Social dialogue at the company level needs improvement, too. Effective practices of information and consultation of workers with respect to economic activities, strategies and human resource planning have to be put in place.

Theory of change

If the ILO provides technical advice and trains the members of specialized committees and secretaries of the national tripartite (NCCCB) and territorial (TCCCB) social dialogue platforms; **and if** the ILO advises on setting up a monitoring mechanism for tracking the follow-up of government to the NCCCB and TCCCB recommendations, and if the ILO supports the NCCCB and TCCCBs on adapting current work arrangements as a response to the COVID-19 pandemic, **and if** the ILO assists development of effective workers' information and consultation practices at the enterprise level,

...**then** the NCCCB and TCCCBs will increase their relevance and effectiveness in national and local policymaking,

...**then** social dialogue at company level will be more efficient,

...which will **lead to** more inclusive and better-shaped economic, social and labour policies, as well as effective engagement of workers in strategic actions at the company level.

The planned changes will contribute to Moldova's achievement of SDG targets 8.3, 8.5, and 8.8.

▶ INTERVENTION MODEL



▶ MEASURE OF PERFORMANCE

New strategies developed and providing directions for organisational innovation and transformation

BASELINE

Current CNPM strategic plan has expired; CNSM strategic plan (2017–22) phases out in June 2022

TARGET

New strategic documents adopted by CNPM (by end of 2021) and CNSM by June 2022

Membership of social partners

BASELINE

2020: CNPM membership – **15** employer and business associations and 9 individual members. In 2010, CNPM had 15 employer and business associations and 13 individual members. CNSM - 330,000 members in 24 affiliated centres at national and industry levels, estimated decrease in membership between 2014 and 2019: 17 per cent

TARGET

at least **3** per cent increase in membership of EOs and TUs by the end of 2024 (disaggregated by sex and age, and encompassing under-represented enterprises and workers)

Number of new or revised services introduced by employers' and workers' organizations

BASELINE

CNPM available services in 2021: legal advice, training service, OSH service
CNSM available services in 2021: information service, support in collective bargaining, health recovery services

TARGET

At least **2** new services/ products developed or strengthened by the employers' and workers' organizations by the end of 2024

Outcome 3.2 *Strong Employers' and Workers' Organizations with expertise in policies and quality services for their members*

The rationale for strengthening the social partners

Since independence, the Moldovan social partners have been striving to enhance their policy leadership. Despite some good progress achieved thus far, both employers' and workers' organizations are still faced with significant challenges that prevent them from delivering on their mandates more effectively. The National Confederation of Employers of the Republic of Moldova (CNPM) membership remains relatively low in a number of economic sectors and at the territorial level, while members of the National Trade Union Confederation of Moldova (CNSM) come largely from the public sector. Furthermore, CNSM has been recording a steady membership decrease over the last decade. Part of the decline can be attributed to emigration and negative demographic trends. Lack of strong political will on behalf of government to involve social partners in policymaking undermines the value of collective action and weakens further the capacity of employers' and workers' organizations to retain current members and reach out to new ones.

Low membership and scarce financial resources make it difficult to provide quality services and to advocate for improved working conditions and a more enabling business environment. Current services, although highly relevant, do not always target the high-risk sectors and vulnerable categories of workers, while policy advocacy is seldom proactive and even more rarely evidence based. The COVID-19 crisis has amplified existing challenges and has brought into stark relief the fact that both social partners need to upgrade their organisations and rethink their value proposition.

Theory of change

If the ILO provides technical support on organisational reform and strategic management; and if the ILO advises on innovative membership retention and recruiting strategies; **and if** the ILO assists in the development of services for members and potential members, including enterprises in high-risk sectors, informal workers, youth, returned migrants, and vulnerable women; **and if** the ILO builds social partners' capacity for evidence-based advocacy and negotiation skills,

... **then** employers' and workers' organizations will be better equipped to respond to the needs of their members and potential members, which will enhance the chances of improving their representativeness. This will then result in increased policy leadership of social partners, better quality of policy advice, and a more effective social dialogue,

... **leading to** economic, social and employment policies that work for everyone.

The planned changes will contribute to Moldova's achievement of SDG targets 8.1, 8.5 and 8.8.



4 MANAGEMENT, IMPLEMENTATION PLANNING, MONITORING, REPORTING AND EVALUATION ARRANGEMENTS

4.1 Implementation, performance monitoring, evaluation arrangements, the role of ILO constituents

Joint implementation

The ILO Office for Central and Eastern Europe (DWT/CO-Budapest) and the ILO National Coordinator for Moldova will manage the Programme, and the Regional Office for Europe and technical units at ILO headquarters in Geneva will support its activities. The ILO will continue cooperating with major stakeholders in the country such as the UN, under the framework of the Government of Moldova – United Nations Partnership Framework for Sustainable Development 2018–22, and strategic development partners. The programme will be made operational through the development of the results framework and project work plans, which describe the specific results to be delivered.

The constituents and the ILO will jointly implement the programme (including support, funding, and monitoring). From the ILO side, this will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. ILO's extra-budgetary and regular budget resources will be used to finance the implementation of this Country Programme.

A tripartite Overview Board will be set up with a clear role to promote the DWCP and to exercise overall strategic direction. The terms of reference for this Board will include a minimum critical mass of 35 per cent women members, with the goal of gender parity. The Board will review implementation on annual basis suggesting necessary adjustments taking into account changes in the country context, addressing bottlenecks, and helping in resource mobilisation. A review is going to take place after the finalization of the new UN Cooperation Framework (ends in 2022) to ensure alignment of outcomes and performance measurement. The results framework serves as the main tool against which progress will be measured.

The ILO will prepare annual reports to track progress. The ILO will commission a country programme review in the last year of implementation

of the DWCP to evaluate its relevance, effectiveness, and efficiency. In order to improve the evaluability of the new DWCP, much effort has been put into defining clear theories of change for all eight outcomes as well as quantified measures of performance.

4.2 Risks

The main risks for this Programme are exogenous, linked to COVID-19 pandemic effects, global economic developments and regional geopolitical shifts, which may affect the macroeconomic stability of the Republic of Moldova. Eventual change in development policy priorities, resulting from unforeseen circumstances can influence mutual accountability for results. Strong alignment with the UN Partnership Framework, the EU-Moldova association agenda and national development strategy is part of the mitigation strategy for this risk. The long-term impact of the COVID-19 pandemic on employment and social protection is still unclear, but a major economic and social crisis is to be expected. The programme should be flexible to adapt to changing priorities.

Beneficiaries of various capacity development activities will be selected from both top and middle management levels (decision makers) and from technical experts (operational level) to ensure knowledge transfer at all levels and to guarantee continuity. It is expected that middle management and technical staff will not be affected by the political changes.

Sharing the understanding of lessons learned from past cooperation, participatory planning, and strengthening the role of the Overview Board are further measures minimizing the risk stemming from lack of ownership.

Achieving the DWCP outcomes will depend on the availability of financial and human resources with both the Moldovan constituents and the ILO. While the ILO developed a resource mobilisation strategy, success will only be possible if constituents strongly campaign for goals and outcomes of the DWCP, make the DWCP a priority of national budgets and programmes of other international organizations supporting the country.

5 FUNDING PLAN

Stronger resource mobilisation

The DWCP will have to be resourced by a combination of contributions from the Moldovan tripartite constituents and the ILO regular and extra-budgetary sources.

Confirmed resources (regular and extra-budgetary) as well as remaining funding gaps are listed in the results framework. The estimations are indicative and will be updated based on the availability of funds.

It is estimated that US\$3.7 million will be required to achieve the DWCP outcomes with an estimated funding gap of US\$1.9 million.

Development cooperation played a crucial role in delivering decent work results under the previous DWCP. Development partners included Austria, Czechia, the EU, Sweden, and the UN. The ILO and constituents will proactively explore opportunities and seek to broaden and diversify this partnership base both at local and regional level.

Resource mobilisation for covering existing funding gaps will be done based on joint prioritisation. In this context, the ILO and the Moldovan tripartite constituents will make joint efforts in mobilizing donor resources in order to realize objectives of the DWCP, and thereby financing the relevant SDGs. Advocacy for decent work priorities and enhanced communication to demonstrate results bringing impact are key in securing additional resources. The ILO and constituents will coordinate resource mobilization efforts with development partners and other implementing agencies in order to achieve synergies and complementarities.

The ILO will further explore joint funding options with other UN agencies for the implementation of goals identified under the UNPF as well as the outcomes of the DWCP.

6 ADVOCACY AND COMMUNICATION PLAN

The objective of advocacy and communication activities is to support implementation and increase visibility and impact of work under the DWCP. They aim at raising awareness among relevant stakeholders and the general public on:

- ▶ The role of International Labour Conventions and SDG 8 in promoting inclusive and sustainable development in Moldova;
- ▶ The importance of effective partnerships to address decent work challenges, to work on national development priorities, to implement the SDGs;
- ▶ The unique and value-adding nature of the ILO's tripartite membership base with respect to shaping and implementing inclusive, sustainable, and equitable national policies, strategies and plans;
- ▶ Success stories emerging from initiatives under the Programme.

Visibility and communication activities target primarily the tripartite constituents as well as multi- and bilateral donor organizations, civil society organizations, and other international and governmental agencies working in the Republic of Moldova on the same or similar themes. Secondary audience is the public of Moldova. The ILO will develop a yearly "Advocacy and communication activity plan" jointly with the constituents. This plan will be in line with the United Nations Moldova Communication Plan. It will use both gender mainstreaming and targeted communication strategies and include at least two events per year specifically focusing on heightening the visibility of the DWCP so that the Programme's key messages and achievements are appropriately communicated and presented. Similarly to the communication activity plan, key topics will be jointly developed with the tripartite constituents; activities will be carried out in consultation, coordination, and/or collaboration with them.



ENDNOTES

- ¹ <https://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/UNDAF%20Moldova%20EN.pdf>
- ² Presented data excludes the districts from the left side of river Nistru
- ³ World Bank Group, Moldova Policy Notes 2019, Sustaining Stability and Reviving Growth.
- ⁴ See <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=EU-MD>
- ⁵ See Vienna Institute for International Economic Studies, Forecast Report/Autumn 2020
- ⁶ Vienna Institute for International Economic Studies, Handbook of Statistics/2020
- ⁷ Data from ILOSTAT, all data for age group of 15 years and above
- ⁸ See national labour force survey data under <https://statistica.gov.md/category.php?l=en&idc=107&>
- ⁹ ILO, Labour market transitions of young women and men in the Republic of Moldova, 2016
- ¹⁰ European Training Foundation, Moldova, Education, Training, and Employment Developments, 2018
- ¹¹ World Bank <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=MD>
- ¹² United Nations Moldova, COVID-19 Socio-Economic Response and Recovery Plan, September 2020
- ¹³ The National Bureau of Statistics (NBS) classifies all international migrants as inactive individuals
- ¹⁴ Moldova UN CCA, 2020
- ¹⁵ OECD, 2018
- ¹⁶ ILO data, not published
- ¹⁷ ILO Monitor: COVID-19 and the world of work. Seventh edition, 2021
- ¹⁸ ILO Monitor: COVID-19 and the world of work. Sixth edition, 2020
- ¹⁹ The enabling environment for sustainable enterprises in Moldova (ILO, 2019) https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_736665.pdf
- ²⁰ OECD, The SME Policy Index: Eastern Partner Countries 2020
- ²¹ Vienna Institute for International Economic Studies, Wage Developments in the Western Balkans, Moldova and Ukraine, 2020
- ²² Idem
- ²³ ILO, Wage regulations and practices in the Republic of Moldova 2018.
- ²⁴ WB, Gender Inequalities in Moldova's Labour Market , 2018
- ²⁵ Vienna Institute for International Economic Studies, Wage Developments in the Western Balkans, Moldova and Ukraine, 2020. The data for Moldova refer to the minimum wage in the public sector. There is a different minimum wage for the private sector, which is higher and is 40 per cent of the average gross monthly income.
- ²⁶ Concluding observations on the third periodic report of the Republic of Moldova (UN CESCR, 2017)
- ²⁷ https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_SAL040/SAL040100.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774
- ²⁸ <https://www.hse.gov.uk/statistics/european/>
- ²⁹ ILO supervisory bodies have dealt with the issue of OSH and Labour Inspection reform on several occasions to urge compliance with relevant ILO conventions.
- ³⁰ National Office for Social Insurance Activity report 2019
- ³¹ ILO, Market system analysis of Safe and security at work, 2020
- ³² ILO, Wage regulations and practices in the Republic of Moldova, 2018.
- ³³ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102695
- ³⁴ Under SDG 8, 7 out of the 17 nationalized indicators are missing due to lacking methodology (5 indicators) or lack of primary source data (2 indicators). See Nationalization of indicators for sustainable development goals, March 2017.
- ³⁵ The ILO's Local Employment Partnership approach mobilizes multiple stakeholders at the local level, from public institutions to businesses and the social partners, to design and implement interventions that promote entrepreneurship and transition to formality in the community. LEPs generally include initiatives that combine six integrated service lines: (i) entrepreneurship and business advisory service; (ii) access to finance; (iii) access to training; (iv) employment subsidies; (v) association building; (vi) outreach to vulnerable individuals (NEETs, informal workers, female returnees, persons with disabilities). A pilot experience in Cahul (2018–2020), financed with ILO's own resources, generated significant positive results by activating almost 900 youth and women, providing employment opportunities for 208 young people, and supporting the launch or expansion of 72 small businesses.
- ³⁶ 56.8 per cent employers reported "significant skills deficits" in the 2020 EESE report

