



30/06/2024

EUROPEAN SOCIAL CHARTER

Comments submitted by
the Equality Council
concerning the Ad hoc report on the cost-of-living crisis
submitted by
THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

Report registered by the Secretariat

On 30 June 2024

CYCLE 2024



consiliul pentru egalitate
совет по равенству
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**Comments submitted by Equality Council from the
Republic of Moldova
concerning the Ad hoc report on the cost-of-living
crisis submitted by
THE GOVERNMENT OF REPUBLIC OF MOLDOVA**

Chisinau, 2024

The Equality Council is an independent public institution (NHRI) established on 31 July 2013, based on the Law no. 121 on Ensuring Equality of 25.05.2012. The mandate of the Council relates primarily to the examination of complaints alleging discrimination, assessment of legislation from the equality perspective and promotion of equal opportunities.

Pct. 5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits

The situation of persons with disabilities and persons providing long-term care to persons with disabilities.

Despite the fact that the state has recognized the right of persons with severe disabilities from childhood and blind persons to receive to receive “the allowance for care, accompanying and supervising” Law no. 499/1999 On state social allowances for some categories of citizens does not provide for the right to this allowance to persons with severe disabilities, other than sight, whose disability occurred after the age of 18. Also, the right to the allowance for care, accompaniment and supervision is not recognized even for persons caring for, accompanying and supervising a person whose severe disability occurred after the age of 18. Considering the fact that most often the caring responsibilities of the disabled person and assume them a family member of it, The Council notes that this situation aggravates the situation of families that have adults with severe disabilities or members who provide care are unable to earn income.

Although the state has set up the "Personal Assistance" service for people with severe disabilities, the analysis of the data collected in a study carried out by the Council in 2022 reveals shortcomings regarding the accessibility of the service, insufficient funds allocated to finance these services, as well as precarious working conditions for personal assistants.

For the services rendered the full-time personal assistant is paid with a salary of 3843 lei in 2023, which is lower than the minimum wage in the country, which in 2023 amounted to 4000 lei. In 2022, out of the total number of personal assistants 4941 were employed full time; 665 on 0.75 unit; 266 on 0.5 unit and 5 persons on 0.25 unit. Apart from the fact that this practice negatively affects the beneficiaries, because it does not cover their care needs, it also has a number of disadvantages for the persons who are involved in long-term care activities. In particular, employing personal assistants on 0.5 unit or 0.25 unit significantly reduces the amount of their remuneration, which particularly affects those who are caring for a family member and cannot earn additional income. In this regard, we note that the realization by a person employed as a personal assistant of a monthly income of 1921.5 lei or 960.75 lei, respectively, will determine a lower amount of old-age pension compared to persons caring for a person with severe disability without being employed as a personal assistant. In the case of the latter, the average monthly insured income for determining the pension will be determined by taking into account the average monthly salary in the country, which is significantly higher (11 700 lei in 2023).

At the same time, the "Personal Assistance" service currently covers the real needs of the population only 32%. Thus, at the end of 2022, 12672 people were receiving the Care, Accompaniment and Supervision Allowance (including 4900 people caring for a severely disabled child), which is an alternative benefit for people not covered by the service. In 2023, the amount of the allowance for care, accompaniment and supervision was 2096.49 lei. Comparing this amount to the data presented above, the Council reveals that the amount of the care allowance is lower than the salary of a personal

assistant and does not allow the beneficiary to bear the necessary care expenses, which aggravates the situation of severely disabled persons.

With regard to the situation of people with disabilities, we reveal that in 2023, 57100 people received disability allowances, as they did not meet the conditions necessary to establish the right to disability pension. Thus, the amount of the disability allowance in 2023 was as follows: 1572.37 lei - for persons with severe disability; 1467.54 lei - for persons with accentuated disability; 1048.25 lei - for persons with average disability; 1965.47 lei - for persons with severe disability, established up to the age of 23; persons with severe, accentuated and average disability from childhood; and for children with severe, accentuated and average disability up to the age of 18. The Council finds it worrying that the amount of these benefits is lower than the amount of the subsistence minimum, which amounted to 2 877.1 lei in 2023.

- **Increase of the minimum old age pension up to 2000 MDL**

Despite the fact that the State has reported on the increase in the amount of the minimum old-age pension, the Council notes that there is still a discrepancy between it and the amount of the population's average monthly consumption expenditure. Thus, the amount of the minimum old-age pension constitutes 2278.80 lei on April 1, 2022, but this measure does not ensure the realization of the person's right to a decent living, as this amount is not sufficient to cover the needs of the people. According to the data published by the National Bureau of Statistics of the Republic of Moldova in 2022 the average monthly consumption expenditures of the population in 2022 amounted to 3711.9 lei per person, which is 22.1% more than in the previous year. The situation worsened even more in 2023, the average monthly consumption expenditures of the population in 2023 amounted to 4248.4 lei per person on average, 14.5% more than in 2022. According to the area of residence, the consumption expenditures of urban households amounted to 4789.7 lei, which is 1785.7 lei or 1.6 times higher than the expenditures of the rural population - 3004 lei. At the same time, in one-person households the average monthly expenditure per person amounted to 4384.3 lei.

- ***Granting early pension entitlement for lengthy career***

Since 01.01.2022, persons have been entitled to early retirement for a long career, with the exception of the self-employed. The Council found that the new regulations discriminate against self-employed persons on the basis of professional status. The Council notes that, until 01.01.2022, the early retirement pension for long career was not provided for under the type of insured social benefits for which self-employed persons had the possibility to pay contributions according to the annual state social insurance budget law, as it was not provided for by Act No. 156/1998 on the public pension system. Until 01.01.2021, the fixed amount provided for by the annual State Social Insurance Budget Act paid by self-employed persons, including lawyers, covered old-age pension and death grant.

The Council noted that self-employed persons (in this case, lawyers) are in a comparable situation to persons employed under various types of contracts or in employment relationships, since both categories pay individual social security contributions, which is the basic component of the formula for calculating the average monthly insured income, which is the basis for calculating the old-age pension. The Council also determined that the status/destination of individual social insurance contributions until 01.01.2021 for both lawyers and employed persons is the same, but also that a significant number of employed persons have paid mandatory individual state social insurance contributions in amounts equivalent to or lower than those paid by lawyers until 01.01.2021. Thus, freelancers, although they have paid social insurance contributions comparable to persons belonging to the above-mentioned

categories, will not be able to benefit from early retirement for long career, as the period until 01.01.2021 will not be taken into account.

- ***Review of old age/disability pensions***

Although the State has introduced a new formula for reviewing the old-age pension for the contribution period completed after the pension has been established, for persons receiving a disability pension the pension review formula has remained the same. Thus, the re-examination of disability pensions is still carried out in accordance with the provisions of paragraphs 15 and 181 of Government Decision No. 165/2017, which disadvantages persons with disabilities who continue to work after the disability pension has been established. In this regard, the Council reveals that recipients of disability pensions, even if they are in a comparable situation with holders of old-age pensions, since both categories continue to work after the establishment of the pension, are in a more disadvantageous situation.

- ***The adjustment to the pension indexation mechanism***

The Council found that the legislation on the public pension system discriminates against persons born between January 1 and March 31, because when determining the old-age pension, in order to value the average monthly insured income, they are subject to lower coefficients than those applied to persons who determine their pension after April 1. Thus, for those who have established their pension in the period 01.01-31.03.2024, the valuation coefficients are, for example, for the year 2023 - 1.0; 2022 - 1.0; 2021 - 1.1550, and for those who will establish their pension after 01.04. 2024, the valuation coefficients will be, for example, 2023 - 1.0; 2022 - 1.1734; 2021 - 1.3553, which shows a difference in the size of the valuation coefficients, leading to a difference of about 15% in the size of the pension depending on the date of birth of the person.

At the same time, in order to exclude the discrepancy created by the application of different valuation coefficients depending on whether the pension was established before or after April 1 of each year, the procedure for indexing pensions is established. According to Article 13 para. (2) of Law no. 156/1998 on the public pension system, the indexation coefficient is the inflation rate at the end of the previous year, expressed by the increase in consumer prices in December of that year compared to the same month of the previous year. In this respect, the Council emphasized that the application of the indexation of the pension in the year in which the pension is determined does not result in a pension equivalent to the calculated pension, taking into account the higher valuation coefficients. This discrepancy will be maintained given that different categories are taken into account when determining the valorisation coefficient and the indexation coefficient: for the valorisation coefficient - the average salary in the economy and for the indexation coefficient - the consumer price indexes.

Pct. 8) Please provide up-to-date information on at-risk-of-poverty rates for the population, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.

Statistical information

Despite the fact that the state has taken certain measures to protect categories of people at risk, however, according to the data of the National Bureau of Statistics of the Republic of Moldova, in the period 2020 - 2022, the absolute poverty rate for the total population has shown increasing trends, the same situation is observed for the level of child poverty. While in 2022 the absolute poverty rate of the population as a whole amounted to 31.1%, increasing by 6.6 percentage points compared to 2021, the absolute poverty rate among rural children amounted to 40.5% in 2022, compared to 13.9% for urban children. At the same time, the poverty rate of urban children increased by 4.7 percentage

points compared to the previous year, while in rural areas this increase amounted to 5.5 percentage points. According to statistical data, the absolute poverty rate among the elderly (over 60 years old) in 2022 amounted to 43.9%, increasing by 8% compared to 2021, and women still remain at a higher poverty level compared to men. Therefore, these categories of people continue to be in a situation of vulnerability and require support in order to enjoy a decent standard of living that ensures their health and well-being, including food, clothing, housing, medical care, and necessary social services.

Children with disabilities

Despite the fact that the state has recognized the right to state allowances for persons with disabilities who do not meet the conditions for establishing entitlement to disability pension, the legislation does not recognize the right of children with disabilities who have lost a parent/parents to receive both disability allowance and the allowance for loss of a caregiver. The approach put in place by the legislator disproportionately disadvantages children with disabilities, given the particularly vulnerable situation in which they find themselves, and disability entails additional costs in order to achieve and maintain the best possible state of health and an adequate standard of living. The legislation also does not take into account the fact that the situation of a child with special needs caused by his or her disability is aggravated by the circumstance of the loss of the caregiver. Thus, the disabled child, who has lost the breadwinner and receives a single allowance, is unable to cover the minimum subsistence and disability-related expenses.

We also note that in 2023, the amount of the severe disability allowance amounted to 1965.47 lei, the acute - 1834.43 lei and the medium - 1310.31 lei. At the same time, for comparison, the Council also notes that the amount of the allowance for loss of a breadwinner represents 40% of the amount of the minimum old-age pension, set annually by the Government, for each child, constituting in 2023 - 1048.24 lei. Thus, analyzing the amounts of the two categories of allowances, if a disabled child loses the caregiver, under Article 2 para. (2) of Law 499/1999, he/she will have to opt for one of these categories of allowances.

In this context, it is important to note that the average value of the minimum subsistence allowance for children amounted to 2 822.1 lei in 2023, i.e. if a disabled child has lost the caregiver, the disability allowance is not able to cover the expenses related to ensuring a decent living and places these children on the poverty line. According to data provided by the Ministry of Labor and Social Protection, there are currently about 80 children in this category.

Lawyers with a disability

Although the state has revised the Law no. 489/1999 on the public social insurance system, so that from 01.01.2021, the fixed fee paid by self-employed persons covers all types of state social insurance benefits, however, for this category of persons the period of activity until 01.01.2021 is not included in the total contribution period for the establishment of the disability pension.

This situation is due to the fact that the compulsory state social security contributions paid by self-employed persons until 2021 only covered old-age pension and death benefits, while the disability pension was not set at the type of insured social benefits for which they could pay contributions.