



25/06/2024

EUROPEAN SOCIAL CHARTER

Comments submitted by
the People's Advocate Office of Moldova
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 25 June 2024

CYCLE 2024



date _____ no. _____

EUROPEAN SOCIAL CHARTER
Ad hoc report on the cost-of-living crisis
submitted by THE PEOPLE'S ADVOCATE OFFICE OF MOLDOVA

June, 2024



Ad-hoc report on the cost-of-living crisis in the Republic of Moldova

1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.

The procedure for determining and adjusting the minimum wage at national level is regulated by the Law no. 1432 of December 28, 2000 on setting and adjusting the minimum wage¹ in the Republic of Moldova. It stipulates that the minimum wage is approved by Government decision, following consultations with the National Confederation of Trade Unions and other relevant organisations. The law requires that the minimum wage is regularly adjusted to reflect economic and social changes.

In 2022, the minimum wage was set at 3, 500 MDL (around 180 EUR) for full-time employment, based on an average of 169 hours of work per month.

On January 1, 2023, the minimum wage was increased by approximately 12.5% to 4, 000 MDL² (around 208 EUR) for full-time employment based on an average of 169 hours of work per month. In 2023, the Government standardized the minimum wage rate, which is now the same for both the public and the real sectors, ensuring pay equity in accordance with the Constitution of the Republic of Moldova and the country's international commitments.

Under Article 3 of Law no. 1432/2000 on the minimum wage, the Government further approved an increase in the minimum wage to 5, 000 MDL per month (around 260 EUR) for full-time employment, averaging 169 hours of work per month (29.58 MDL per hour), effective since January 1, 2024.³ This represents a 25% increase compared to 2023. The Government justified the increase by citing the need to ensure a constant increase in minimum wage guarantees in order to preserve the purchasing power of employees and to ensure competitive labour standards both regionally and internationally. Over the past two years, the minimum wage in the public sector has doubled.

The People's Advocate notes that the gross minimum wage of 5, 000 MDL has been in place since January 2024, not 2023 as mentioned in the state report.

The Ombudsman also notes that the right to fair remuneration must ensure a dignified existence for individuals. In the progressive realisation of this right, the State must ensure that employees are paid a minimum wage that allows a decent life for them and their families. Despite the positive trend of minimum wage increases, the rate remains insufficient. According to the National Bureau of Statistics, average consumer prices in February 2024 increased by 4.3% compared to February 2023 (for the last 12 months). For reference, in February 2023, average consumer prices increased by 25.9% compared to February 2022. Specifically, the price of food rose by 3.5%, non-food products by 5.6%

¹ https://www.legis.md/cautare/getResults?doc_id=63986&lang=ro

² <https://gov.md/ro/content/salariul-minim-pe-tara-anul-2024-va-constitui-5000-lei-mai-mare-cu-1000-de-lei-decat-2023>

³ https://www.legis.md/cautare/getResults?doc_id=140420&lang=ro



and services provided to the population by 3.1%⁴. Thus, despite the increase, the minimum wage remains insufficient to ensure a decent life for individuals. The Ombudsman notes that lawmakers must consider individuals' basic needs when setting the minimum wage. However, human dignity extends beyond mere subsistence. Therefore, the Ombudsman recommends that the Government also consider the social and cultural needs of individuals when determining the minimum wage.

2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021

-

3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.

The Republic of Moldova has a statutory minimum wage.

4) Please provide information as whether the cost-of-living crisis has led to the extension of in work benefits.

To support employees affected by the cost-of-living crisis, the Moldovan Government has implemented several measures, including increasing the minimum wage rate. The Government has adjusted it several times to align with inflation and enhance the purchasing power of low-income employees. More information on the indexation of the minimum wage can be found above under question 1.

Another form of support offered by the Government is social assistance. Social assistance programmes for low-income families and vulnerable groups have been expanded to include heating subsidies and other support programmes. More information on these subsidies can be found under question 7.

Additionally, measures to help cover electricity costs have been introduced, including direct subsidies and compensation schemes for households struggling to pay their utility bills. Details on these measures can also be found under question 7.

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.

Please see answers below under questions 6 and 7.

6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

The pension indexation coefficient was 13.94% in 2022, reflecting the inflation rate at the end of 2021, specifically the increase in prices in December 2021 compared to December 2020. This indicator best shows the loss of citizens' purchasing power due to

⁴ https://statistica.gov.md/en/consumer-price-indices-in-the-republic-of-moldova-in-february-9485_61013.html



inflation.⁵ Additionally, the pensions calculated under Law no. 156/1998 on the public pension system were increased by 171.71 MDL (around 9 EUR). In connection with the increase of the minimum pension, the state social benefits for certain categories of persons have also been recalculated as of April 1, 2022. The National Social Insurances House carries out pension indexation and increase ex officio, without requiring applications from citizens to do so.

On April 1, 2023, pensions and social allowances were indexed by 15%, according to the Decision no. 148 of March 22, 2023 on the indexation of social benefits.⁶ This happened against a background of an inflation rate of around 40% at the end of 2022. According to the National Bank of Moldova, the inflation rate in Moldova was 30.24% at the end of 2022⁷, a record figure for the country in this century. Compared to 2021 (13.94%), the consumer price index more than doubled.

The indexation applies to: old-age, disability, survivor's pensions; pensions for seniority; pensions of civil servants, customs personnel, judges; capitalised periodic/monthly payments; disability allowances; pensions and monthly cash compensations given to citizens who suffered from the Chernobyl disaster; pensions for military personnel and command staff, and personnel of internal affairs bodies and the General Inspectorate of Carabinieri; allowances for the survivors of medical personnel who died due to medical work in the fight against COVID-19. In connection with the increase in the minimum pension from April 1, 2023, the state social benefits for certain categories of persons have also been recalculated.

The National Social Insurances House indexes pensions and increases the social benefits automatically, without requiring applications from citizens.

In addition, in December 2023, the Government launched a program that provided a one-time payment of 3,000 MDL (around 156 EUR) to 56,000 pensioners born before 1945 who have a pension of less than 3,000 MDL.⁸

Starting with April 1, 2024, the average pension increased by 262 MDL (around 14 EUR). This increase includes a 6% pension indexation and an adjustment of the pension to reflect the economic growth (Gross Domestic Product growth). As a result, the age pension will increase on average by 249 MDL (around 13 EUR) bringing it to 3,926 (around 205 EUR) MDL after indexation. Meanwhile, the minimum pension for individuals with full contribution period will be 2,778 MDL (around 145 EUR).

The Ombudsman notes that, according to the National Bureau of Statistics⁹, the minimum subsistence level for retirement-age pensioners was 2,403.9 MDL (around 125 EUR) in 2023. However, the minimum subsistence level varies by area of residence: for

⁵ <https://social.gov.md/comunicare/pensiile-vor-fi-indexate-si-majorate-de-la-1-aprilie/#:~:text=Coeficientul%20de%20indexare%20a%20pensiilor,a%20cet%C4%83%C8%9Bnilor%20din%20cauza%20infla%C8%9Biei.>

⁶ https://www.legis.md/cautare/getResults?doc_id=136108&lang=ro

⁷ <https://www.bnm.md/en/content/inflation>

⁸ <https://gov.md/en/content/pensions-be-indexed-6-1-april>

⁹ https://statbank.statistica.md/PxWeb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala_04%20NIV_NIV050/NIV050090.px/



pensioners in large towns, it is 2,723.3 MDL (around 142 EUR), and for those in rural areas, it is 2,279.9 MDL (around 119 EUR).

Therefore, the Ombudsman believes that the indexation should be higher, given the considerable increase in consumer prices in recent years while the pension remains low.

7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for

The Moldovan Government has implemented special measures such as subsidies on energy, and natural gas. For example, the "Ajutor la contor" ("help with bills") programme, launched in October 2022, using the compensation.gov.md website, aimed to help domestic consumers with the increased tariffs resulting from the energy crisis.

Thus, during the 2023-2024 cold season, citizens received two types of aid to reduce their energy costs:

- compensation indicated on the bill for natural gas, central heating and electricity consumption, as in previous year;
- monthly payments of 800 MDL (around 42 EUR) for households heating with wood or coal.

This year, the second type of aid during the cold season was included in the "Ajutor la contor" programme and increased by 100 MDL (around 5 EUR).

These compensations were targeted to the households in villages with monthly incomes below 3,963 MDL (around 207 EUR) and those in cities with incomes below 4,663 MDL (around 243 EUR). These households are most likely to receive the 800 MDL aid, referred to by the authorities as "compensation in the form of monetary payment".

Additionally, as in previous year, the authorities provided compensation on household bills based on the share of energy costs in the monthly income, which indicates the degree of energy vulnerability.

Two new categories have been added to the five energy vulnerability categories from last year. These are:

- extreme;
- very high;
- high;
- primary;
- medium;
- low;
- no vulnerability.

The 'very high' category included individuals with incomes between 0 MDL and 6,500 MDL (around 339 EUR), based on average consumption. To better differentiate



within this category, two new energy vulnerability categories – extreme and primary – were added. To receive compensation, individuals had to register on the compesatii.gov.md website starting November 1. Those who registered the year before, had to do it again. Those who missed the initial registration, were allowed to apply online in the following months, but they would not receive aid for the previous months. Compensation was granted for the period from November to March.

The application form included the applicant's and family members' identity card details and energy bill information, such as the consumption location number (NLC), as well as the income accumulated over the previous six months, the address of the dwelling and the main heating source. If the applicant owned a property purchased with a mortgage loan, the cadastral number of the property also had to be included in the application.

Applicants who did not have computers or phones with internet access, or who had difficulties with the registration on the online platform, could contact local social workers or librarians who had received training to assist them. They could also obtain further information and guidance on filling out the online application by calling a designated telephone number.

This year, the compensation was lower than last year. During the 2022-2023 cold season, 763,561 households applied for compensation. Around 80% of these households were classified as having the highest degree of energy vulnerability. The average amount of compensation per household was approximately 850 MDL (around 44 EUR) for natural gas consumers, 900 MDL (around 47 EUR) for heat consumers, and 55 MDL (around 3 EUR) for electricity consumers. In total, almost 3.5 billion MDL in compensation was paid.¹⁰

The People's Advocate notes that the social support measures implemented by the Government during the cold season have partially improved the economic situation of low-income households but have not fully safeguarded the living standards of the population.

8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, 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.

The People's Advocate notes that accelerated inflation in 2022 has led to an increase in poverty indicators, impacting unevenly different population groups.

Furthermore, poverty, the social and energy crises, and the limited effectiveness of decentralized social services remain significant barriers to ensuring the right to social protection for individuals. These challenges affect the most vulnerable groups such as the elderly, children, and single mothers. The Ombudsman closely monitored the legislative developments in social protection in 2023 and recommended to the Government to take urgent measures to mitigate the adverse effects of insufficient indexation in April 2023, advocating for additional social assistance—either through social services or social benefits, particularly targeting the most affected groups. This recommendation was made

¹⁰ <https://moldova.europalibera.org/a/explainer-cum-pot-obtine-cetatenii-compensatii-pentru-energie/32665735.html>



after derogatory regulations were enacted significantly reducing the indexation coefficient (almost twice compared to the applicable legislative provisions).¹¹

Regarding the right to social assistance and social protection, the Ombudsman notes that poverty, the social and energy crises, and the limited efficiency of territorial deconcentrated social services remain significant barriers to realizing people's right to social protection.

According to the results of the 2023 Survey on the perception of human rights in the Republic of Moldova, this right is poorly ensured in the Republic of Moldova, with 63% of respondents claiming it is ensured to a small and very small extent in connection to birth allowance and with 83.3% - in connection with pensions. As in the previous period, the situation of vulnerable groups such as the elderly, people with disabilities, and single mothers remains critical, with many struggling to make a living amidst rising costs and declining incomes. The survey also reveals some positive trends. In 2023, 44.8% of respondents considered that the right to social protection was respected, compared to 35.2% in the 2020 survey, marking a substantial increase of 15.3% since 2016.

Given these findings, the Ombudsman considers that Moldova currently has a high poverty rate. In rural areas, the absolute poverty rate for children reached 44.6% in 2023, an increase of 4.1% compared to 2022, despite Government's efforts. The Ombudsman considers that the Government must continue promoting policies to provide social support to households, considering the unfavourable macroeconomic context affecting the population's income.

9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.

The Republic of Moldova has not yet ratified Article 30 of the Charter. The Ombudsman believes that both the factual and legal contexts in the Republic of Moldova need improvement to meet the requirements of Article 30. In a joint meeting, Moldovan authorities indicated they could accept Article 30 in terms of employment of persons at risk of social exclusion, while other requirements of this Article are still under consultations between relevant institutions.

The Republic of Moldova is committed to eradicating all forms of poverty by 2030, in line with targets 1.1 and 1.2 of the 2030 Agenda for Sustainable Development, combating inequalities and ensuring an adequate social protection system for all, especially the poor and vulnerable (target 1.3), and reducing their vulnerability through increased access to goods, resources, services, and information (target 1.4 and 1.5). The 2030 Agenda promotes sustainable poverty reduction through the most appropriate measures designed to support low-income households. This involves implementing appropriate social policies that will reach the poor and not only provide them with financial resources for their livelihoods, but also empower them socially and economically.

¹¹ <https://ombudsman.md/post-document/raport-anual-privind-respectarea-drepturilor-si-libertatilor-omului-in-republica-moldova-in-anul-2023/>



The 2030 Agenda also aims to reduce the vulnerability of those at risk of falling below the poverty line by enhancing their access to property, resources and information.

In its report, the State described in detail the measures to combat poverty, such as the "Social Aid" and "Social Canteens" programmes. While the Ombudsman appreciates positively these efforts, the Ombudsman nevertheless notes that the legislation regulating social canteens is outdated and needs amendment. The Law no. 81 of February 28, 2003 on social canteens, approved in 2003, regulates only one form of service delivery for beneficiaries. Therefore, it is necessary to diversify the range of food support services for disadvantaged groups and to update and develop the current regulatory framework.

At the beginning of 2024, the Ministry of Labour and Social Protection announced its intention to draft legislative proposals for repealing the Law no. 81/2003 on social canteens. It also started work on drafting a new Government decision to approve a Framework Regulation on the organization and operation of the Social Food Support Service and Minimum Quality Standards, the aim of which is to diversify food support services for disadvantaged groups, focusing particularly on the elderly and people with disabilities.¹²

In conclusion, the Ombudsman notes that while the Moldovan Government has implemented various programmes to combat poverty, significant challenges remain, especially in light of the recent economic and social crises.

10) Please provide information on steps taken to consult with, and ensure the participation of, the person's most affected by the cost-of-living crisis and/or organizations representing their interests in the process of designing of measures in response to the crisis.

The Government of the Republic of Moldova enables citizens to stay informed about issues of public interest and provide their feedback and opinions on the national website particip.gov.md. However, many of the most affected individuals either do not participate because they are unaware of this platform, or they lack technical means and/or knowledge to use it. Consequently, the opinions of those most impacted by the crisis often go unheard.

Therefore, it is unclear to what extent these target groups have been involved in developing crisis response measures.

The Ombudsman notes that the Government of the Republic of Moldova should transparently seek the participation of vulnerable individuals and civil society in the decision-making process, especially when addressing the cost-of-living crisis. These groups bring unique perspectives and valuable information for decision making, as they are often more directly affected by government policies and decisions. The Ombudsman notes that by directly involving those most affected by the cost-of-living crisis, the

¹² <https://particip.gov.md/ro/document/stages/ministerul-muncii-si-protectiei-sociale-anunta-initierea-procesului-de-elaborare-a-proiectului-de-hotarare-privind- aprobarea-proiectului-de-lege-cu-privire-la-abrogarea-legii-nr-812003-privind-cantinele-de-ajutor-social/11977>



Government can make more informed decisions that are better tailored to the real needs of society.

Additional findings and topics recommended by the Ombudsman for discussion in the evaluation process include:

1. The Ombudsman notes that the ad hoc report on the cost of living in the Republic of Moldova, prepared by the People's Advocate Office, does not cover the left side of the Nistru River (Transnistrian region) – a territory that is beyond the control of the constitutional authorities of the Republic of Moldova. Despite efforts by the People's Advocate representative office in Varnita to monitor human rights in the Transnistrian region, the actual situation in this uncontrolled area remains unknown. Yet, the Ombudsman noticed a deterioration of the human rights situation in the region on the left bank of the Nistru River during the reporting period. In 2023, the Ombudsman sent two letters to the UN Secretary-General and the Council of Europe Commissioner for Human Rights¹³, expressing concerns about the human rights situation in the region that is not controlled by the constitutional authorities.
2. The Ombudsman is concerned about the issue of undeclared work, which increased to 7.1% in 2023 compared to 2022. Employment without individual employment contracts (relying on verbal agreements) is a common practice. The highest proportion of such informal employment is in agriculture, estimated at 61.8%. The Ombudsman notes that the agricultural sector in the Republic of Moldova offers the worst working conditions and that workers in this sector are the least protected socially.
3. According to the Decision no. 21 of January 18, 2023 on granting temporary protection to displaced persons from Ukraine, paragraph 23, beneficiaries of temporary protection have the right to work in the Republic of Moldova without requiring a temporary residence permit for work purposes. Since state of emergency was declared in the Republic of Moldova on June 14, 2024, the National Employment Agency (NEA) has received notifications from businesses about the employment of 1,428 Ukrainian citizens, including 978 women and 450 men. Employers who have hired Ukrainian citizens benefiting from temporary protection are required to notify NEA that they have employed beneficiaries of temporary protection within 5 days from signing the employment contracts, as stipulated in paragraph 24 of Annex no. 1 to Government Decision no. 21 of January 18, 2023.¹⁴

¹³ <https://ombudsman.md/avocatul-poporului-a-adresat-scrisori-oficiale-secretarului-general-al-onu-si-comisarei-pentru-drepturilor-omului-din-cadrul-coe-privind-instituirea-unui-mecanism-special-de-monitorizare-a-drepturilor/>

¹⁴ <https://www.anofm.md/ro/node/20103>