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► The gender pay gap in Moldova

Recent trends and
policy implications



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► Executive summary

THE GPG IN MOLDOVA

► Executive summary

The presence of gender wage disparities favouring men over women, or the so-called gender pay gap (GPG), represents one of the clearest indications of the persistence of social injustices against women in the world of work. In most countries, women earn substantially less than men. Additionally, in most circumstances, the vast majority of the GPG cannot be explained by observable differences in characteristics between men and women. Rather, the GPG remains largely unexplained by observable factors and is likely driven by discrimination. In addition to contributing to social injustice, the presence of a large GPG is also detrimental from an economic growth perspective: women who expect to earn substantially less than men in, have lower incentives to acquire education, enter the labour force and invest in their careers. The persistence of high levels of the GPG can also be seen as one of the reasons behind low female employment.

For these reasons, efforts to reduce the GPG have increased over the last decades in many countries. International initiatives, such as the Equal Pay International Coalition established in 2017 and coordinated by the ILO, OECD and UN Women, aim to raise awareness and exchange best practices across countries on policies that can address the root causes of gender wage inequalities. Commitments to reduce the GPG and promote female employment and women's empowerment in the world of work are also present in many international agreements, including the most recent G20 communiqués and a number of directives of the European Union.

Efforts to reduce the GPG still mostly take place at the national level, however, as the reasons for its presence differ across countries. Furthermore, the groups of women who face the highest barriers to accessing gainful employment can vary across countries. It is also important that the design and implementation of initiatives to reduce the GPG take into account their interactions with other policies and institutions in a given country. Country studies are therefore of key importance in order to understand the evolution of the GPG, analyse what lies behind it and propose policy options that are specifically targeted to the country context.

The aim of this report is to provide an assessment of these aspects for Moldova. Based on data from the Labour Force Survey from 2010 to 2023, the report shows that considerable progress has been made in reducing the GPG in the country. At its current level, the GPG in Moldova is lower than that found in many other countries worldwide. Nonetheless, gender wage differentials are still an issue of concern. Specifically, women earn between 5 and 9 per cent less than men when looking at hourly wages, and between 11 and 15 per cent when using data on monthly wages. In addition, certain groups of female workers, such as informal workers, workers in the private sector and those in the middle of the wage distribution, report higher levels of the GPG.

The analysis also reveals that the GPG cannot be explained by differences between men and women in terms of educational levels. Gender segregation in post-secondary education leads women to choose fields of study which are associated with lower earnings. The predominance of women in certain sectors of employment also appears to play an important role in the overall GPG. Women are more likely than men to work in the public sector, possibly because this allows them to better balance their professional commitments with their household responsibilities. Public sector jobs pay on average less (for both women and men), which explains an important part of the GPG, especially in the upper half of the wage distribution.

The report highlights the substantial progress that has been achieved over the last decade in terms of reforming the legislative and policy framework to reduce the GPG. Among others, changes to legislation introduced in 2022 have established the definitions of equal work as well as of work of equal value. Additionally, the legislation now includes the principles that should be followed in job evaluations to estimate the value of work using gender-neutral and objective criteria. This is key to guaranteeing respect for the principle of “equal pay for work of equal value”, as stated in the ILO Equal Remuneration Convention, 1951 (No. 100). The ILO stands ready to support the Government of Moldova as well as trade unions and employers’ organizations to advance respect for this principle, with the aim of combating gender-based discrimination and promoting female employment and women’s empowerment.

This report’s analysis represents a contribution to the debate and makes the following recommendations:

- **Promote the principle of equal pay for work of equal value:** This would require introducing clear guidelines on how to conduct gender-neutral job evaluations and providing incentives to enterprises that promote equal pay for work of equal value.
- **Increase fathers’ take-up of paternity leave and incentives to mothers’ re-employment:** This could include, among others, making paternity leave compulsory as in some EU countries, as well as introducing fiscal incentives for female re-employment.
- **Increase access to childcare services:** In light of the recent changes to legislation, this would involve providing aid to low-income families to sustain the costs of private childcare, as well as providing support to private providers in setting-up childcare centres.
- **Promote the enrolment of women in STEM:** STEM degrees are associated with higher pay levels, but very few women enrol in these fields. Increasing female enrolment in STEM requires changing cultural norms (e.g. through information and outreach campaigns) as well as economic incentives.
- **Understand the causes behind the lack of equal access to managerial positions:** Women in the labour market continue to struggle to obtain managerial positions. In order to promote female career advancement, it is important to gather data on what is behind these obstacles.
- **Ensure the minimum wage is continually reviewed and improve collective bargaining coverage to reduce the GPG:** The minimum wage substantially contributes to reducing the GPG, so it is important that it is frequently updated and allows to afford adequate living standards.
- **Reinforce data collection and knowledge on the GPG:** The collection of new survey data as well as the release of administrative data for research purposes could both contribute to a better understanding of the GPG as well as facilitate the monitoring of policies to reduce it.

▶ 1. Introduction

THE GPG IN MOLDOVA

► 1. Introduction

The presence of gender wage differentials favouring men over women, or the so-called gender pay gap (GPG), is a feature of labour markets in most countries around the world, as well as a clear indication of the persistence of gender inequalities in the world of work. Globally, the GPG is around 20 per cent (ILO 2018). This means that, on average worldwide, women earn only 80 cents for every dollar earned by men. In most countries, the GPG cannot be attributed to observable differences between men and women (e.g. differences in age, educational attainments or sectors and occupation of employment). Rather, the vast majority of the GPG is “unexplained” by observable characteristics and linked to discriminatory practices. These include, for example, vertical segregation that preclude women from accessing jobs at the top of the occupational ladder or a wage penalty against occupations where women predominate, such as healthcare and education.

The ILO Equal Remuneration Convention, 1951 (No. 100) provides the framework for countries on how to reduce the GPG. Specifically, Convention No. 100 introduces the concept of “equal pay for work of equal value”. It should be noted that this principle is broader than “equal pay for equal work”, which simply requires that men and women performing the same job should be paid the same. Rather, the principle of equal pay for work of equal value implies that women and men should receive the same pay, even if performing different jobs, provided that the value associated to their jobs is the same. This principle reflects the fact that women are often clustered in low-paid sectors and occupations due to either direct or indirect discrimination, as mentioned above. Ensuring that they are paid based on the value of the work they perform, even if in different sectors or occupations, represents a guarantee that labour market segregation does not affect their pay levels. Implementing the principle of equal pay for work of equal value requires setting a gender-neutral job evaluation system that allows to compare all jobs based on their objective demands and requirements.

In line with the principles set out by the Convention, a number of international initiatives have been introduced over the last decade to reduce the GPG. For example, Sustainable Development Goal (SDG) 8.5 aims to achieve, by 2030, the principle of equal pay for work of equal value (target 8.5). More precisely, indicator 8.5.1 calls for reducing the gap between “average hourly earnings of female and male employees”. Since 2017, the Equal Pay International Coalition (EPIC), a multi-stakeholder coalition to reduce pay differences between men and women coordinated by the ILO, the OECD and UN Women, has promoted efforts to reduce the GPG and raise awareness on the topic. Within the European Union (EU), a number of treaties and agreements explicitly mention the goal of achieving equal pay for work of equal value. One of the last initiatives in this direction has been introduced by the EU Directive 2023/970 of 2023, which aims to increase pay transparency within firms as a means to reduce the GPG.

Against this backdrop, this report provides a statistical update on the GPG in Moldova, reviews the existing legal and policy framework to combat gender inequalities in the labour market and proposes policy recommendations. The analysis starts by analysing key labour market indicators (Section 2). At around 40 per cent in 2023, the female employment rate is similar to that of some EU countries, such as Greece, Italy and Romania. However, the gap between the male and the female employment rate is lower than the EU average. Among those who are in employment, women are more likely than men to be in dependent employment. As a result, women account for around 53 per cent of the total population of wage employees. On average, women in wage employment are more educated than men.

The distribution of wage employment differs in terms of sector and occupation of employment. Specifically, women are more likely to be employed in non-market services as well as in mid-level occupations. Some 45 per cent of female employees work in public administration. Men are more likely to work in both manufacturing and market services (i.e. in the private sector) as well as to occupy positions both at the bottom and at the top of the occupational ladder. Owing to their higher representation in the public sector, women are more likely to work part-time and in formal employment.

Section 3 presents updated estimates, recent trends and key drivers of the GPG in Moldova. The report adopts the methodology developed by the ILO to estimate the GPG (ILO 2018) and uses data from the labour force survey (LFS) in Moldova from 2010 to 2023. According to the findings, the GPG has decreased over the last decade and is now lower than in many other countries around the world. When estimated using hourly wages, the GPG was 4.7 per cent in 2023 compared to 7.3 per cent in 2010. However, the GPG was higher when computing it using monthly wages (11.4 per cent in 2023) due to the fact that women work fewer hours than men.

While these results are encouraging, some additional considerations are warranted. First, the GPG estimates become higher when computed using alternative definitions that take into account the differences in the composition of the population of male and female employees. This reflects the fact that on average women in the labour market have characteristics (e.g. higher educational attainments, higher average age) that should lead them to earn more than men. When controlling for these differences, the GPG in 2023 was 8.9 per cent when using hourly wages and 15.3 per cent using monthly wages.

Second, the GPG rises among certain categories of workers. This includes individuals aged 25 to 34, potentially reflecting the fact that women with childcare responsibilities opt for more flexible work arrangements associated with lower pay levels. The GPG is also higher among individuals in informal employment, possibly reflecting that compliance with legislation, including the minimum wage legislation, is lower for these workers. Similarly, the GPG is lower in the public sector, which is likely due to the adoption of more transparent pay determination practices and promotion policies. The GPG is also lower among trade union workers compared to workers who do not belong to a trade union. Finally, the GPG is close to zero in the upper half of the wage distribution, while it peaks among mid-wage earners.

The analysis next examines the main drivers behind the GPG in Moldova. It shows that differences in educational attainments cannot explain the presence of wage differences favouring men over women. In Moldova, women have higher educational attainments than men at all parts of the wage distribution.¹ At the bottom of the wage distribution, the minimum wage plays an important role in reducing the GPG. At the middle of the wage distribution, the GPG is relatively high and it cannot be explained by observed differences between men and women, and it is instead probably related to discrimination. Finally, at the top of the wage distribution, the GPG is driven by differences in the distribution of male and female employees across sectors and occupations. As noted above, women are more likely to work in public administration, which is associated with lower wages. Additionally, even if they are more likely than men to be employed in mid-level occupations as professionals, they obtain lower earnings from their educational attainments in these occupations, potentially because of differences in the fields of study.²

1. It is important to note that this finding is only based on an individuals' educational attainments (i.e. the highest degree obtained), but not the field of study. Evidence from Moldova also shows that there is substantial gender segregation in fields of study in post-secondary education.

2. Specifically, men are more likely than women to pursue a degree in science, technology, engineering and mathematics (STEM), which are associated with higher wages on average.

Section 4 reviews the current legislative and policy framework to reduce the GPG. This includes an array of policies that have either a direct or indirect effect on gender inequalities. The principle of non-discrimination is enshrined in the Constitution (article 16, paragraph 2) and further detailed in legislation (e.g. in the Law on Ensuring Equal Opportunities between Women and Men of 2006 as well as the Labour Code). The Labour Code explicitly includes the principle of equal pay for work of equal value, as stated in the ILO Convention 100. Changes introduced in 2022 introduced definitions of what constitutes equal work and work of equal value, established requirements for medium-sized and large firms to report publicly on pay levels by gender, and increased the capacity of employees to obtain information about pay levels of their co-workers.

The GPG can also be indirectly affected by laws and regulations concerning maternity and paternity leave. In this area, there have been a number of recent changes to legislation aiming to increase fathers' involvement in childcare responsibilities as well as incentivize mothers to return to the labour market after childbirth. The data suggests that childcare responsibilities still predominantly fall on women, however potentially limiting their participation in the labour market. A related policy area concerns the availability of childcare services. Childcare coverage of younger children (ages 0 to 2 years) remains particularly low in the country due to the very limited provision of public services. Recent reforms have aimed at increasing both the coverage and quality of childcare services by encouraging the entry of new private providers and establishing clear standard requirements. However, there are concerns related to the costs associated with the new options, which might limit both demand and supply.

Based on the report's assessment, Section 5 provides policy recommendations to inform debate on possible strategies to reduce the GPG in Moldova. These proposals align with the international commitments and treaties that have been ratified by Moldova that affirm the country's commitment to advance gender equality. They also complement the country's preparation for EU accession and efforts to align with relevant EU directives. Additionally, the recommendations are based on the international evidence on what works in terms of reducing gender wage inequalities. Indeed, country specificities need to be considered in designing and implementing policies. Therefore, the involvement of both trade unions and employers' confederations is key to ensure their effectiveness.

► 2. Labour market trends for men and women

THE GPG IN MOLDOVA

► 2. Labour market trends for men and women

This section presents key labour market indicators to provide an overall understanding of the state of the labour market (e.g. on the employment and unemployment rates). This is crucial for getting a sense of how difficult it is to find a job overall, as well as for men and women separately. Figure 1 plots the labour force participation, employment and the unemployment rates for men and women in the working age population in Moldova for 2013 and 2023. The definitions used followed the standard ILO methodology, as adopted by the 19th International Conference of Labour Statisticians.³ The data shows that the main labour market indicators improved for both men and women from 2013 to 2023.⁴ However, gender gaps in access to employment increased in this period.

Male labour force participation increased from 40 per cent in 2013 to 49.4 per cent in 2023. During the same period female labour force participation rate rose by a lesser amount, from 34.5 to 41.2 per cent. As a result, the gap between the male and the female labour force participation rates widened from 5.5 percentage points in 2013 to 8.2 percentage points in 2023. Similarly, the gap in the employment rates of men and women increased from 4.5 percentage points in 2013 to 7.4 percentage points in 2023. The unemployment rate was higher for men than women in both 2013 and 2023. However, the difference between the male and the female unemployment rate has narrowed substantially over this time (from 1.8 to 0.4 per cent).

The female employment rate is quite low from an international perspective. For example, the average female employment rate for EU countries for the population aged 15 years and above is 49 per cent. The female employment rate in Moldova is nevertheless similar to EU countries such as Italy (37.9 per cent), Greece (38.4 per cent) and Romania (39.8 per cent). Some non-EU countries such as Turkey and Bosnia have even lower rates. The gap between the male and the female employment rate is lower in Moldova compared to the average in the EU (which is equal to 11.3 per cent). This means that the relatively low level of employment of women in the country is mostly related to the low level of employment overall for both men and women, rather than a higher-than-average penalty affecting female employment.

3. According to the ILO, all individuals between the age of 15 and 64 belong to the working age population. Individuals in the working age population are considered in employment if they have worked at least one hour during the reference week, or if they were temporarily absent from work for very specific reasons (e.g. sickness). Individuals are considered unemployed if they were not working in the reference week, have been looking for a job in the past four weeks, and would be available to start a new job in the coming two weeks. Employed and unemployed individuals comprise the population of active individuals (i.e. also known as individuals that participate in the labour force). Individuals in the working age population who are neither employed nor unemployed are considered as inactive (i.e. or not participating in the labour force). Using these definitions of status in the labour market, the labour force participation rate is computed as the ratio between active individuals and the working age population (i.e. labour force participation rate = (employed + unemployed)/working age population). The employment rate is obtained as the ratio between employed individuals and the working age population (i.e. employment rate = employed/working age population). The unemployment rate is obtained as the ratio between unemployed individuals and those who are active in the labour force (i.e. unemployment rate = unemployed/(employed + unemployed)).

4. However, it is important to keep in mind that this happened in the context of a declining working age population, as a result of a series of factors including international emigration and population ageing. As a result, employment headcount numbers declined between 2013 and 2023, even though the employment rate increased.

► **Figure 1: Key labour market indicators for men and women aged 15 and above, 2013 and 2023 (percentages)**

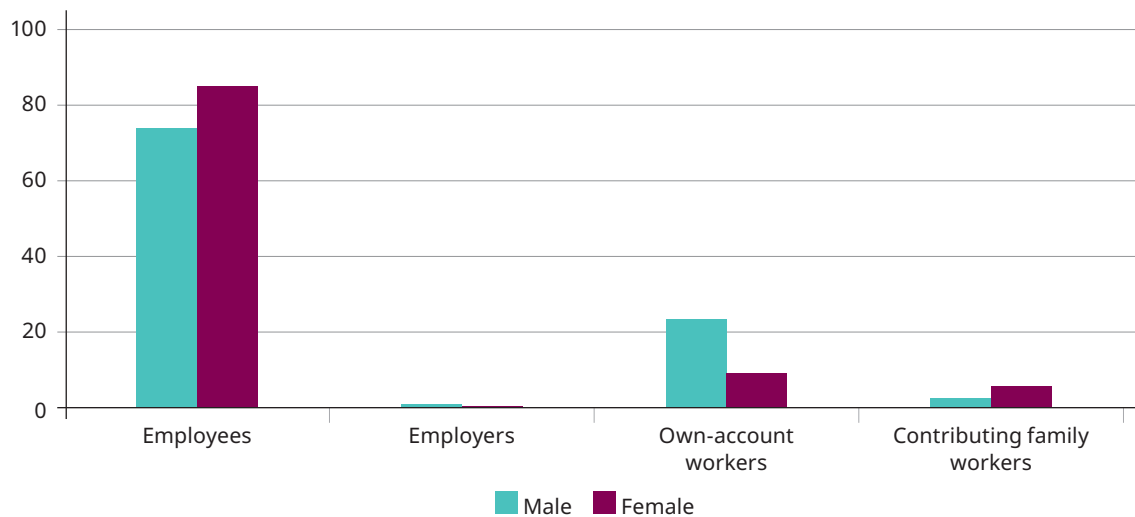


Note: Author's calculations based on ILO data.

A related issue concerns the distribution of employed men and women by status in employment. Here, the ILO differentiates between the four mutually exclusive categories: i) wage employment (also known as dependent employment – this is the group for which the GPG will be computed); (ii) self-employed workers with employees (i.e. employers); (iii) self-employed workers without employees (i.e. own-account workers); and (iv) contributing family workers (also known as unpaid family workers).

The data shows that the employed population in Moldova are mostly wage employees, accounting for 85 per cent of total female employment and 74 per cent of male employment (figure 2). Own account workers also represent a non-negligible share of overall employment, accounting for 22.7 per cent of total male employment and 9.1 per cent of total female employment. Contributing family workers represent 2.5 per cent of the male employed population and 5.7 per cent of the female employed population, while employers account for 0.7 of total male employment and only 0.1 per cent of total female employment. Overall, this data shows that female employment is more heavily distributed towards either dependent employment or unpaid family work; while men are relatively more likely than women to work as self-employed individuals (i.e. either with or without employees).

► **Figure 2: Distribution of the male and female employed population by employment status, 2023 (percentages)**



Note: Author's calculations based on ILO data.

As a result, there are slightly more women than men in dependent employment in Moldova. In particular, 53.2 per cent of the population of wage employees are women (figure 3). However, this relationship is not constant across groups in the population but varies based on a series of individual-level characteristics.

Specifically, women represent less than half of the employees aged 15 to 24 (i.e. they account for around 47.2 per cent of wage employees in this age range). This might be because women in the country have higher educational attainments than men, which means that they enter the labour force later.⁵ Similarly, the share of female employees aged 25 to 34 is still lower than the overall share of female dependent employment (i.e. pooling together all age groups). This might be because the 25–34 age range represents women's main childbearing years, which lowers female participation in the labour market.⁶ Interestingly, the share of female employees peaks for individuals aged 35 to 54, with women in this group representing around 56.6 per cent of the entire population of wage employees. This contrasts with evidence from other countries around the world, where many women exit the labour force after childbirth and never return to the labour market.⁷ In Moldova, it appears that by the time women reach the age of 35, their children are enrolled in primary education, allowing them to return to the labour market. This underscores the importance of school enrolment as a means to also foster female employment, which could be further expanded by improving the availability and access to childcare services in the country. After the age of 54, the share of women in total wage employment declines again.

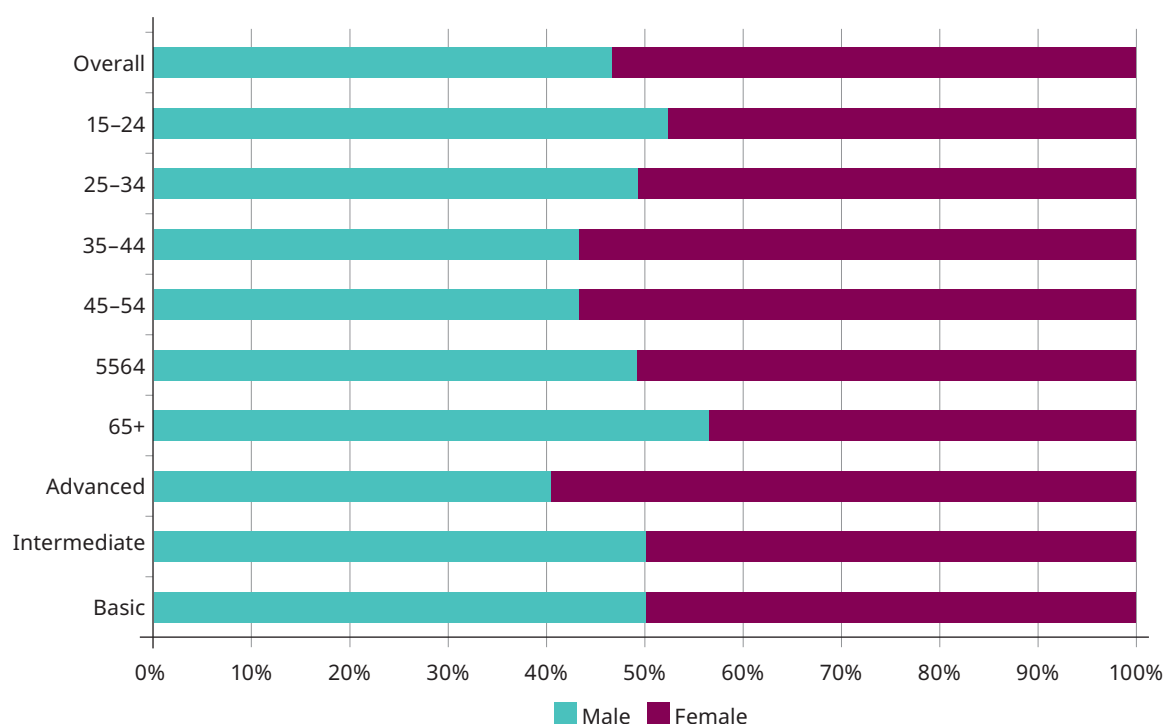
5. In 2021, 28.6 per cent of men and 34.7 per cent of women had tertiary education.

6. The average maternal age was around 27 years in 2018 (UN, 2021)

7. In Moldova, this seems to be happening only for mothers with at least three children, who report a labour force participation rate lower than that for women without children (World Bank, 2018a)

There are important gender differences in the composition of the population of wage employees by educational attainments. Among wage employees with either basic or intermediate levels of education, women and men are equally represented.⁸ However, women represent almost 60 per cent of the total number of employees with an advanced level of education. This means that there are more highly educated women than men in wage employment. This is a pattern common to many countries, where women tend to outperform men in terms of educational attainments (ILO 2018).

► **Figure 3: Distribution of wage employment by sex, age and educational attainments, 2023**



Note: Author's calculations based on ILO data.

Women tend to be overrepresented among wage employees aged 35 to 54 as well as among highly educated wage employees. How does this affect the distribution of female employees in the labour market? What are the implications in terms of the distribution of male and female employment across different forms of contracts?

Figure 4(a) shows the distribution of female employment across sectors and figure 4(b) among occupations. Each panel first plots the share of female employees in the overall economy, which was about 53 per cent in 2023. The remaining bars represent the share of female employees in a specific sector or occupation. If this share is lower (higher) than the share of female employees in the overall economy, this means that women in wage employment are under- (over-) represented in that sector or occupation.

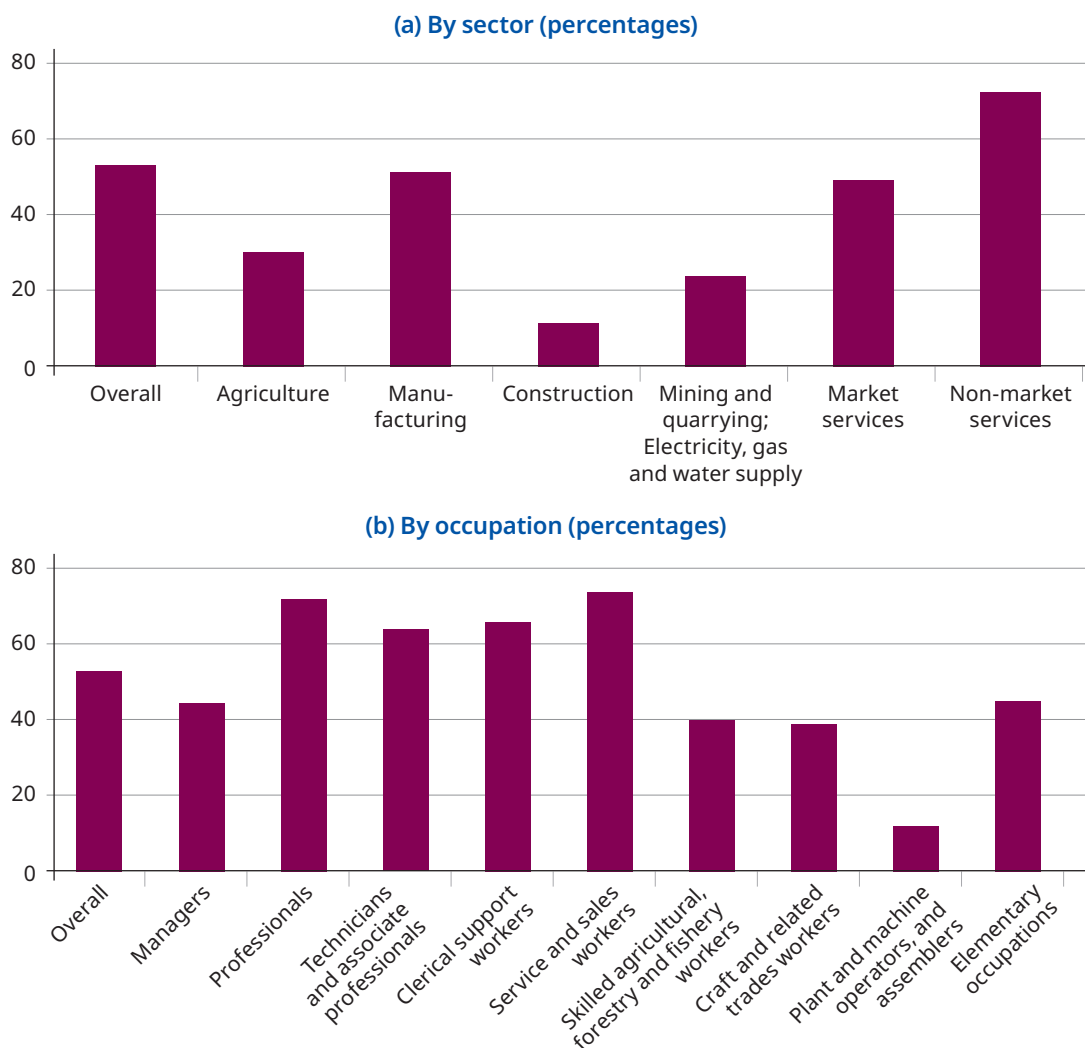
The data shows considerable heterogeneity in the distribution of female employees in the labour market. Women are underrepresented in agriculture (only 30.4 per cent of employees in the sector are women), construction (11.4 per cent) as well as in mining and quarrying, electricity, gas and water supply (23.9 per cent). The share of female employees in manufacturing

8. Basic education corresponds to levels 0–2 using the ISCED 2011 classification. Intermediate education corresponds to ISCED levels 3 and 4. Advanced education corresponds to ISCED levels 5 to 8.

and market services is similar to the value for the entire economy.⁹ Women are, however, substantially overrepresented in non-market services, which is a relatively large sector, employing approximately one wage employee out of three in Moldova, both men and women.¹⁰

Regarding the distribution of female employees by occupation (figure 4(b)), women are overrepresented in mid-level occupations (i.e. from “Professionals” to “Service and sales workers”), while being underrepresented in both low-skilled occupations (i.e. from “Skilled agricultural, forestry and fishery workers” to “Elementary occupations”) and at the top of the occupational ladder (i.e. among “Managers”).¹¹ This indicates a polarization of the labour market, whereby men occupy jobs both at the bottom and at the very top of the skills distribution.

Figure 4: Share of female employees out of total wage employment



Note: Author's calculations based on ILO data.

9. Market services include “trade; transportation; accommodation and food; and business and administrative services”.

10. Non-market services include “public administration; community, social and other services and activities”.

11. The analysis does not include the “armed forces occupation, given the small size of this occupation in general and the low number of women that are employed there.”

The underrepresentation of women among managers is a noteworthy, particularly since women in wage employment in Moldova have on average higher educational attainments than men. To get a better understanding of the extent of the issue, a regression analysis of the probability of being a manager (dependent variable) against a dummy for being a woman (independent variable) is presented in Appendix 1, table 1.¹² It shows that, when no controls are included, women have on average a three-percentage point lower probability than men of being managers. Given that, on average, managers comprise around 10 per cent of wage employees overall, there is a 30 per cent difference in the probability of being employed as a manager between men and women who are in wage employment. Furthermore, when additional controls are added to the analysis (including controls for educational attainments), this gap widens to around 40 per cent. That is, women's attributes would justify them occupying managerial roles at a higher rate than men. However, the opposite happens in practice, potentially due to discrimination that generates vertical segregation.

What are the implications in terms of working conditions? The next section will explore this question in terms of wage differentials between women and men, while the analysis that follows here briefly reviews other indicators of working conditions. Figure 5 plots the share of part-time employment among male and female wage employees (first panel from the left), the share of temporary employment among male and female wage employees (second panel from the left), the share of public employment among male and female wage employees (third panel from the left) and the share of informal employment among male and female wage employees (fourth panel from the left).

The data shows that female wage employees have a higher probability of working part-time (31.9 per cent) compared to male employees (15.9 per cent). This also translates into a gap in terms of weekly hours worked in wage employment, with men at 40.1 hours per week and women at 37.2 hours per week. The higher incidence of part-time employment among female employees is common in many countries, where women often need to balance their professional responsibilities with a disproportionate amount of care work at home. This seems to be the case also in Moldova. Evidence from the time use surveys indicates that Moldovan women spend almost double the amount of time on unpaid care work compared to men (World Bank 2015).

Men, however, are more likely than women to be employed with temporary, as opposed to permanent, employment contracts, although the gender gap is smaller in magnitude, at 13.1 per cent for men compared to 10.5 per cent for women. This might reflect differences in the composition of the population of employees by age groups, and specifically that male employees are relatively more represented in the 15 to 24 years category of the labour market, where temporary contracts are more common.

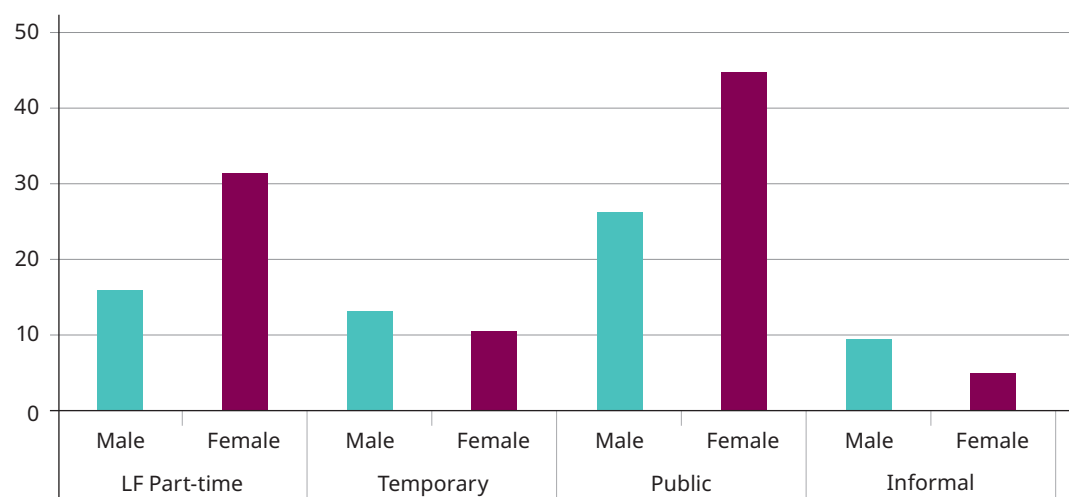
The data also show that women are substantially more likely than men to be employed in the public sector. Almost 45 per cent of women in wage employment work in the public sector, while only 26 per cent of men in wage employment do so. Women in particular are overrepresented in certain sectors (e.g. education, care) that are predominantly associated with public employment. The decision by women to work in the public sector can be connected, at least partially, to the need for more flexible working hours (World Bank 2018a). Given that part-time employment opportunities are limited in the private sector, many women turn to the public sector in order to find higher working time flexibility.

Finally, the rate of informal employment is lower among female employees than male employees. Some 9.4 per cent of male employees have an informal employment relationship, compared to only 5 per cent of female employees.¹³ This likely reflects a higher likelihood of women to be employed in public administration, where informal employment is less prevalent.

12. The sample is constituted only of wage employees. The analysis also varies the set of controls included to see how the coefficient associated to the female dummy varies.

13. Note that this does not coincide with the rate of informal employment, as it is computed only for the population of wage employees. Informality is more prevalent among other categories of workers, such as the self-employed.

► Figure 5: Working conditions for women and men (percentages)



Note: Author's calculations based on ILO data.

► 3. The gender pay gap in Moldova

THE GPG IN MOLDOVA

► 3. The gender pay gap in Moldova

This section presents novel estimates on the GPG in Moldova. The discussion is structured as follows. Section 3.1 briefly discusses the methodology used to obtain these estimates. Section 3.2 presents the main descriptive evidence on the GPG in Moldova, looking at both trends of the GPG over time and heterogeneity across groups. Section 3.3 presents results to interpret what is behind the GPG in the country.

► 3.1 The ILO methodology to compute the GPG

The ILO uses a standard methodology to compute the GPG across countries and over time. The main aspects of this methodology are summarised in this section, while full details are available in ILO (2018). In a nutshell, it is possible to differentiate between methodological choices that apply to all measures of the GPG and different definitions and measures of the GPG that can be estimated. Regarding the methodological choices that apply to all measures of the GPG, the key aspects are threefold: (i) the sample of individuals that is used to compute the GPG; (ii) the definition of wages that is used in the computations; and, (iii) the points of the wage distribution where the GPG can be measured.

- **Sample definition:** The GPG is computed on the sample of wage (or dependent) employees. This means that the GPG is computed by taking the difference in wages between male and female employees. As a result, the analysis excludes own account workers, employers, and contributing family workers (i.e. that can be jointly referred to as self-employed). While differences in labour income between men and women might exist also for these other categories of workers, the decision to focus on wage employees when computing the GPG relates to the fact that, for wage employees, earnings are dependent on the decisions of employers. Additionally, only wage employees are subject to wage and remuneration policies. As a result, earnings differentials between men and women can more directly reflect discriminatory practices.¹⁴ In most countries where legislation is in place to reduce gender differences in labour income, the focus is consistently on wage employees. While the GPG is computed only for the population of wage employees, all types of wage employees are included when estimating the GPG. These include both formal and informal employees, employees with fixed-term and open-ended contracts, and full-time and part-time employees. This is important, given differences in the distribution of male and female employees across contract types or formal and informal employment.
- **Wage definition:** The GPG can be computed using either hourly or monthly wages. The two measures will provide different insights on the nature of the GPG.¹⁵ In general, the GPG estimated with hourly wages provides an immediate way of comparing how much women and men earn for the same amount of time spent in employment (i.e. earnings corresponding to one hour of work). Additionally, men and women might have different preferences in terms of work-life balance as evidenced by the

14. This is different from the situation of, say, own-account workers, who set their own wages.

15. In all cases, all types of wages, both in-kind and in-cash, should be included in the determination of the GPG.

higher share of part-time employment among female employees in Moldova noted above. This is the reason, for example, that when setting the goal of reducing the GPG, the SDG indicator 8.5.1 uses the definition of the GPG based on hourly wages. However, computing the GPG using monthly wages also provides interesting insights. This is because, in most countries, women tend to work fewer hours than men. The data presented in the previous section confirms that this is the case also in Moldova. As a result, the GPG is higher when computed using monthly wages, compared to hourly wages. Differences between women and men in terms of hourly wages are compounded by differences in hours worked. Due to these considerations, analysis that follows will present the GPG using both hourly and monthly wages. While information on monthly wages is directly available from the survey, hourly wages have been estimated.¹⁶

- **Points of the distribution:** The GPG is computed using the sample of all wage employees, as mentioned above. For both men and women, this includes individuals with very different wage levels. How is it possible to summarise all this information in a single indicator? Are there options to compute the GPG both among low-income and high-income individuals? Normally, the headline figures on the GPG are computed at the mean and at the median of the wage distribution. The mean GPG is computed by comparing the average wage of all men and women in paid employment. The median GPG is computed by comparing the value located in the middle of the women's wage distribution and the value located in the middle of the men's wage distribution. The two measures of the GPG are often similar. However, the two GPG measures can also differ substantially, for instance if mean and median wages are far from each other. This can happen when wage inequality is high in the country (i.e. this will lead the mean to be substantially above the median). The GPG can also be computed at each quantile of the wage distribution. Specifically, in this report, the GPG will be computed at each decile of the wage distribution. These correspond to the nine values that divide the men's and women's wage distributions into ten equal parts. This analysis can be useful to see how the GPG evolves between low- versus mid- and high-income individuals.

Having established some common methodological choices, it is possible to compute different measures of the GPG. These should be used in combination to obtain a comprehensive assessment of both the level of the GPG as well as its main drivers. Specifically, the ILO defines the raw GPG and the factor-weighted GPG. Additionally, the ILO recommends conducting a decomposition exercise that enables differentiation between an explained and an unexplained part of the GPG. All of these measures will be computed for Moldova.

- **The raw GPG:** In its simplest form, the GPG can be computed as the difference between male and female wages, expressed as a share of male wages. For instance, if men earn on average 10 and women earn on average 8, the GPG in the country will be equal to 20 per cent (i.e. $(10-8)/10$).¹⁷ This is the raw GPG. The benefits of this definition lie in its intuitive and transparent computation. However, the estimates obtained using the raw GPG can be misleading, if there are differences in the composition of the population of male and female employees. Consider, for instance, a situation in which most female employees are highly educated while male employees are primarily low educated. In this scenario, female employees should earn higher wages, at least based on their higher educational attainments. However, the raw GPG will not take into account these compositional differences, and simply compare differences in wages between men and women, irrespective of their educational attainments. This might result in underestimating the "true" GPG.

16. Specifically, hourly wages are computed by dividing monthly wages by the product between the number of hours actually worked by the individual during the reference week, and the average number of weeks in a month (52/12).

17. As a result, a positive GPG implies that women earn less than men, while a negative GPG implies the opposite.

- **The factor-weighted GPG:** The factor-weighted GPG aims to partially address these limitations, by comparing the wages of more comparable male and female employees. Specifically, the indicator is computed by dividing the sample of male and female employees into more homogeneous sub-groups. The raw GPG is then estimated separately within each of these sub-groups. The overall factor-weighted GPG for the entire economy is then obtained by taking a weighted average of the raw GPG estimated for each subgroup, with the weights corresponding to the size of a particular group within the labour market (e.g. if a group represents a relatively large share of the overall population of wage employees, then this group will have a relatively high weight). A key element in the computation of the factor-weighted GPG is the definition of the sub-groups used. Defining many groups will increase the comparability of men and women within each of them (e.g. compare men and women of the same age group and educational level and working in the same sector and occupation). However, there is also a risk that the estimates can be imprecise for certain sub-groups if sample sizes becomes too small. In the present analysis, the factor-weighted GPG for Moldova will be computed by defining groups based on age (in 10-year intervals, for a total of 5 groups), and educational attainment (basic, intermediate and advanced). This will lead to the definition of 15 sub-groups.
- **Decomposition of the GPG:** Finally, the analysis will present the results of a decomposition exercise aimed at understanding the drivers behind the GPG. Specifically, the raw and factor-weighted GPGs will provide estimates on the level of gender wage differentials, overall as well as for different groups. It is also important to understand what lies behind these differences, as this will have important implications for policy purposes. The decomposition aims to answer this question by differentiating between an explained component and an unexplained component of the GPG. The explained component refers to the part of the GPG that can be attributed to observed differences in personal or labour market characteristics between male and female wage employees, such as differences in educational attainments or sectors and occupation of employment. Whatever part of the GPG that cannot be explained by observable differences between men and women is unexplained. It is important to note that the presence of an explained component of the GPG does not mean that this portion of the GPG is justifiable from a normative perspective. Rather, it might reflect differences in personal attributes that are, by themselves, indicative of discrimination between men and women, even before they enter the labour market.¹⁸ For this reason, the unexplained component of the GPG is often interpreted as a lower bound estimate of the role of discrimination in determining the GPG. The decomposition exercise follows a methodology introduced by Fortin, Firpo and Lemieux (2011), as adapted in ILO (2018). Box 1 provides further details on the different steps involved in this decomposition.

18. For instance, the different distribution of male and female employees across occupations is generally included as one of the elements of the explained component of the GPG. However, differential access to certain occupations between men and women (e.g. managerial positions) can result from discriminatory practices. The difference in wages between men and women that they generate should therefore not be interpreted as either fair or justifiable.

► **Box 1: The methodology to decompose the GPG**

The methodology to decompose the GPG into an explained and an unexplained component follows the techniques proposed by Fortin et al. (2011), as described in ILO (2018). Specifically, this decomposition exercise involves three main steps.

The researcher first needs to select a set of variables that normally explain wage differences (in general, i.e. for both men and women). These variables can be related to specific endowments (e.g. age, education and years of labour market experience), job attributes (e.g. working time, contractual conditions or occupation of employment), characteristics of the firm (e.g. sector of employment, firm size, public or private sector, location of the establishment) as well as any other personal characteristics (e.g. if the individual is a trade union member or the nature of the employment relation).

With these variables, the model estimates a counterfactual wage distribution for women using econometric techniques. This represents the wage that women would have earned if they were receiving the same returns as men for their labour market characteristics. For instance, imagine that men earn on average 10 per cent more for each additional year of education; while women only earn 8 per cent more per additional year. The counterfactual wage distribution for women is obtained by applying the return to education that is observed for men (in this case, equal to 10 per cent) to the number of years of education observed for women.

After this counterfactual wage distribution is obtained, the explained part of the GPG is computed by comparing the actual wage distribution for men with the counterfactual wage distribution for women. That is, holding constant the returns to labour market characteristics between men and women, any observed wage difference is to be ascribed to differences in the levels of these endowments. The unexplained part of the GPG is then obtained by comparing the counterfactual wage distribution for women with their actual wage distribution. That is, the unexplained component results from comparing the returns that women have to their labour market characteristics with the returns that men with the same characteristics would have earned.

► **3.2 The GPG in Moldova**

This section presents the main results of the analysis, starting with overall estimates of the raw and factor-weighted GPG for the entire economy together with its evolution over time. Variations in the GPG across groups in the population are then presented. This is followed by identification of the main drivers of the GPG, including the results of a decomposition exercise introduced above. The entire analysis is conducted using the micro-data from the Moldovan LFS.

Figure 6(a) provides the most up-to-date information on the GPG in Moldova, using data from the 2023 LFS. The figure plots both the monthly and hourly GPG. These are computed at the mean and at the median of the wage distribution, using both the raw and factor-weighted definitions of the GPG. The data shows that the raw GPG was equal to around 11.5 per cent when using monthly wages (11.4 at the mean and 11.6 at the median). That is, for every dollar that men earned, women earned 88.5 cents. Computing the raw GPG using hourly wages delivers smaller estimates: the raw hourly GPG is equal to 4.7 when estimated at the mean of the wage distribution and 8.3 when estimated at the median. The fact that the hourly GPG is smaller than the monthly GPG can be connected to the finding described earlier, notably that women work on average fewer hours than men in Moldova.

Comparing the raw and the factor-weighted measures of the GPG for both hourly and monthly wages, it is interesting that the factor-weighted GPG is higher than the raw GPG in both cases.¹⁹ Using monthly wages, the factor-weighted GPG ranges between 15.3 per cent (at the mean) and 12.1 per cent (at the median), whereas for hourly wages, the range is between 8.9 (at the mean) and 7.8 (at the median).

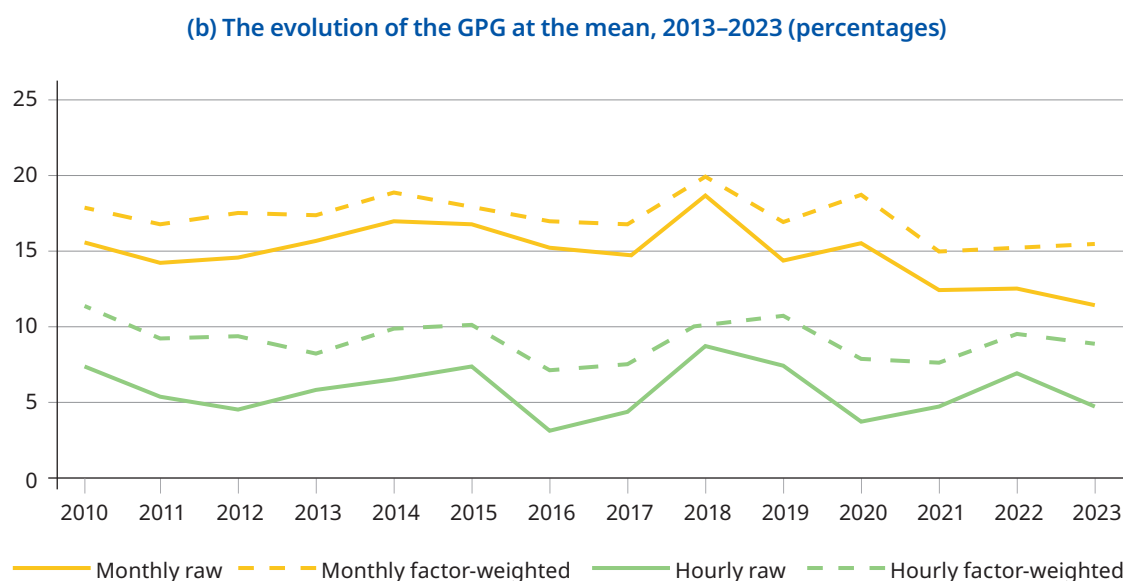
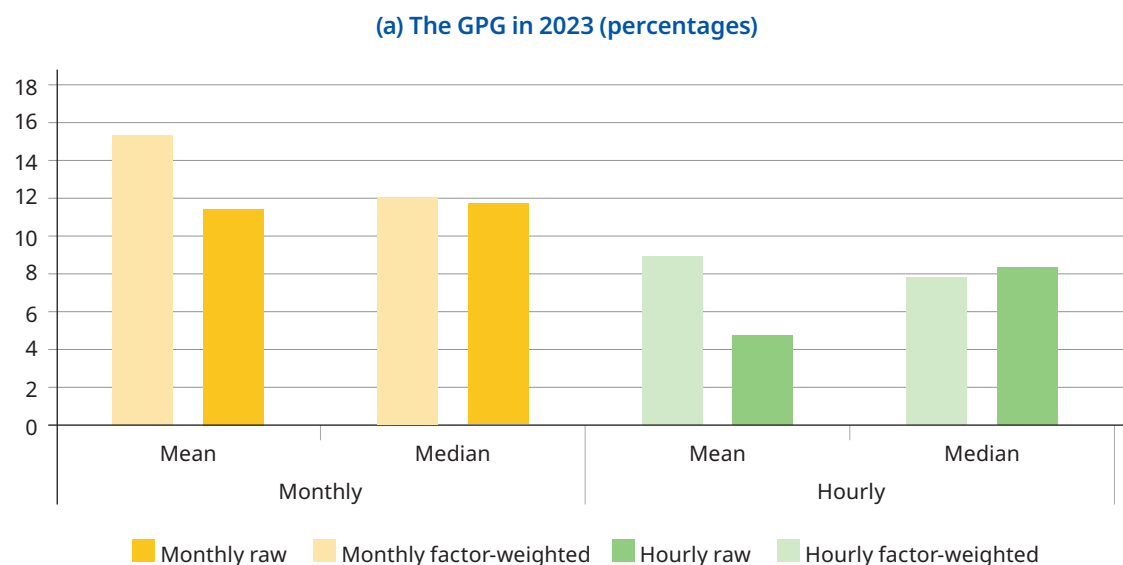
The fact that the factor-weighted GPG is higher than the raw GPG is likely attributable to the fact that female employees in Moldova are on average older and more educated than their male counterparts (see Section 2). Given that wages increase with both age and educational attainments, women should be paid more than men in the labour market, at least based on these two characteristics, which are used to create the groups in the computation of the factor-weighted GPG. The factor-weighted GPG takes these differences into account and, accordingly, delivers higher estimates of the GPG.

The factor-weighted GPG is commonly higher than the raw GPG in many countries around the world (ILO 2018). This is because, in many countries, women have higher educational attainments than men. The difference between the raw and factor-weighted GPG is particularly large in countries where female employment rates are low, and where women tend to be clustered in specific sector or occupations. In these circumstances, accounting for the compositional difference of male and female wage employment can lead to substantially different estimates of the GPG. Therefore, using the factor-weighted GPG makes international comparisons easier, as it can account for some cross-country labour market differences.

Figure 6(b) presents trends in the evolution of the GPG computed using monthly and hourly wages and for both the raw and factor-weighted measures. For ease of exposition the figure plots the evolution of the GPG only at the mean; however, trends for both the mean and median can be consulted in the Appendix 1, tables 2 (raw GPG) and 3 (factor-weighted GPG). When computed using monthly wages, the GPG declined considerably over the last decade using both the raw and factor-weighted measures. For example, the raw monthly GPG decreased from 15.4 per cent in 2013 to 11.4 per cent in 2023. When computed using hourly wages, the GPG also decreased, albeit at a lower rate: the raw GPG fell from 7.3 per cent to 4.7 per cent from 2013 to 2023. The fact that the monthly GPG has declined faster than the hourly GPG can be explained by a decrease in the gap in hours worked between men and women. While the hours worked declined for both men and women, it fell at a faster rate for men.

19. The only exception is represented by the GPG computed with hourly wages at the median of the wage distribution, where the raw GPG is slightly higher than the FW GPG.

► Figure 6: The raw and factor-weighted GPG

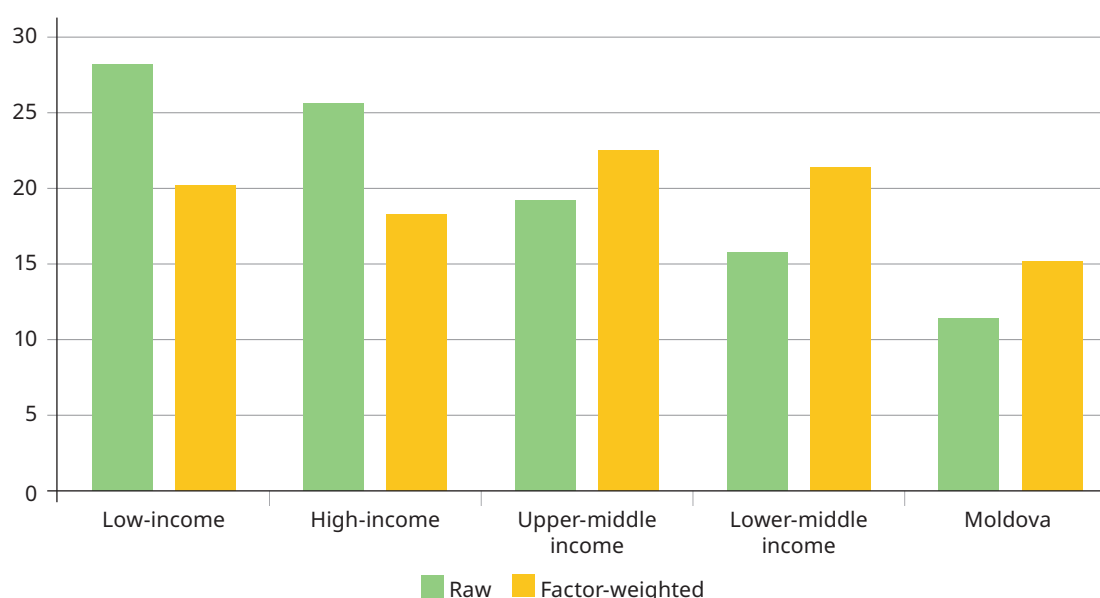


Note: Author's calculations based on LFS data.

It is also important to benchmark the GPG values for Moldova with those from countries around the world. Figure 7 presents estimates on the raw and factor-weighted GPG computed at the mean of the wage distribution and using information on monthly wages. Countries are grouped based on their development status: high income, upper-middle income, lower-middle income and low-income, following the ILO classification. Data on the GPG by country groups comes from ILO (2018) and refers to years prior to 2018. Data for Moldova refers to 2023, as presented at the beginning of this section. The data shows that Moldova has a relatively low GPG from an international perspective, both when considering the raw and factor-weighted measures. Specifically, the GPG is lower than the average value of any income group presented in the figure. The most relevant comparison for Moldova is with respect to upper-middle income countries, the country group to which Moldova belongs. Compared

to the average for this group, the GPG in Moldova is 7.8 percentage points lower when computed using the raw measure, and 7.4 percentage points lower when computed using the factor-weighted measure.²⁰

► **Figure 7: The GPG in Moldova from an international perspective (percentages)**



Note: Author's calculations based on LFS data.

Having established the baseline findings for the GPG in the entire economy, the differences in the value of the GPG across groups in the population should be analysed. This is important for policy purposes, as a heterogeneous analysis by groups can point to specific groups where women suffer from a particularly large wage penalty. A heterogeneous analysis can also shed light on the causes behind the GPG.

Looking at the differences in the GPG by age group in figure 8(a), the analysis reveals that, for young individuals aged 15 to 24, the GPG is either low, when using monthly wages, or negative when using hourly wages (i.e., women earn more than men). The GPG increases sharply among employees aged 25 to 34, reaching 23.3 per cent using monthly wages and 17.5 per cent using hourly wages, before declining among older individuals and turning negative for individuals aged 45 and above (using hourly wages).

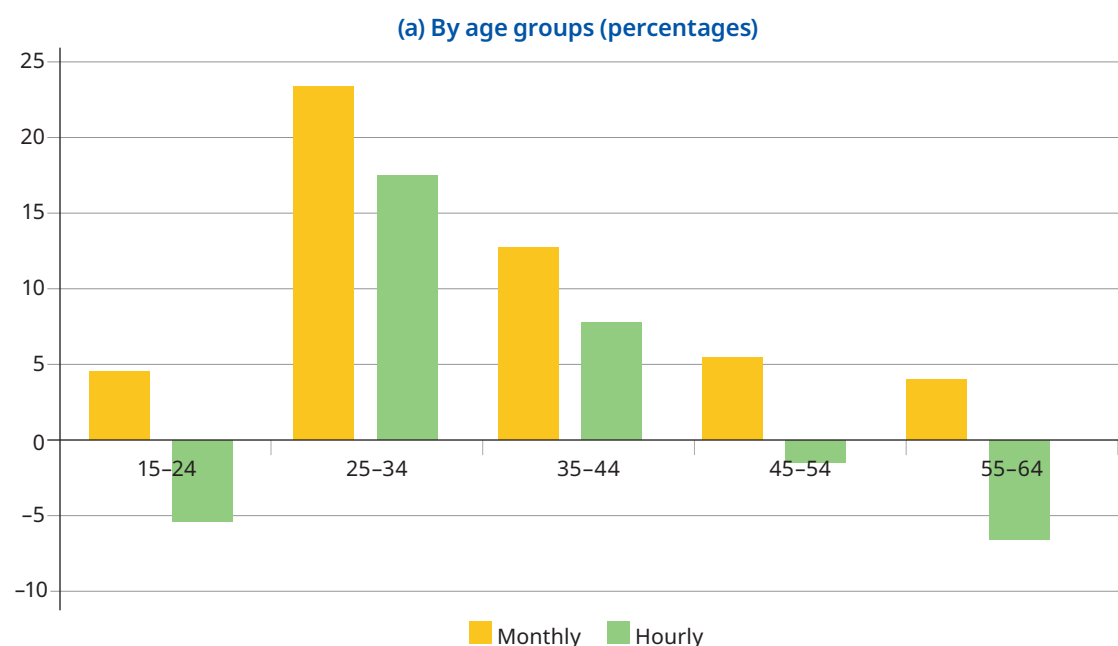
This inverted U-shaped evolution of the GPG by age groups (i.e. being lower for young and elderly individuals) is consistent with childcare responsibilities having a negative effect on women's wages. Figure 3 in the previous section showed that the share of women among wage employees is lower when women are still enrolled in education (age range 15–24) or when they give birth to their children (age range 25–34). However, the share of women in dependent employment is relatively high for individuals aged 35 to 44. In this age group, women represent around 56 of total employees. This implies that women do not exit the labour force permanently after childbirth. Rather, when they return,

20. It is worth mentioning that differences across income groups in the GPG are much smaller when using the factor-weighted measure, compared to the raw measure. As mentioned above, this might be because the factor-weighted GPG accounts for compositional differences in the labour market, which might also differ across countries. Once these differences are adequately considered, the GPG values become more similar across countries.

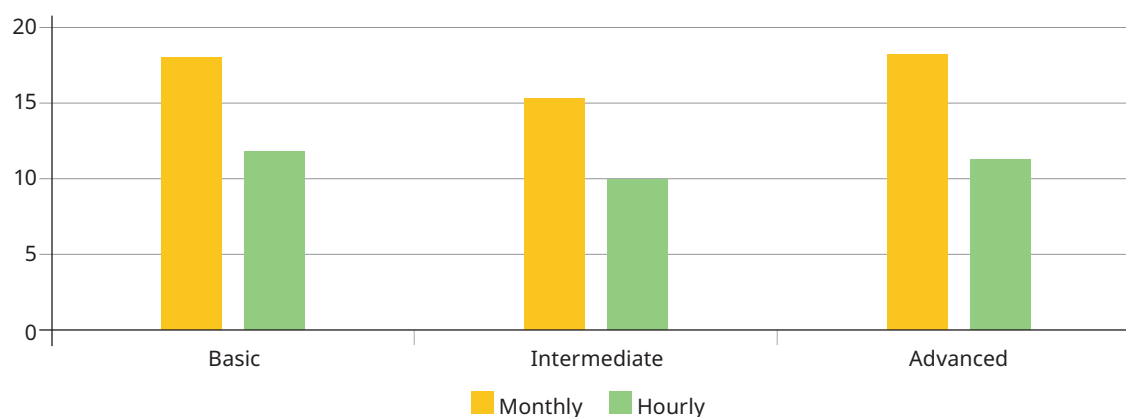
they might favour jobs associated with lower wage levels, such as part-time work, to take care of family responsibilities and prioritize their work-life balance. Consistent with this interpretation, survey evidence indicates that employed women spend on average 3.8 hours per day in housework activities and 1.7 hours in childcare activities. The respective figures for men are 1.8 hours in housework activities and 1.3 hours in childcare activities (UN Women and CDP 2020). Previous studies have also found evidence of a motherhood wage gap: women without children earn on average 5.7 per cent more than women with one child and around 10 per cent more than women with two children. However, fathers have on average higher wages than non-fathers (World Bank, 2018a).

Looking at the GPG separately for male and female individuals with different educational levels (figure 8 (b)), the GPG is lower among those with intermediate levels of education and higher among those with both lower and higher educational levels. These trends are particularly evident when looking at the GPG using monthly wages, but they are also present when using hourly wages. This pattern is different from what is found in other countries around the world, where, very often, the GPG decreases with educational attainments (ILO 2023a; ILO forthcoming), potentially because education allows women to break other obstacles to gainful employment. In Moldova, it seems that higher educational attainments are not necessarily associated with lower gender wage differentials. This may be because higher educational attainments, by themselves, do not necessarily translate into higher earnings. Rather, the type of education acquired also counts. Evidence suggests that in Moldova there is substantial gender segregation in the choice of post-secondary education (UN 2021). Specifically, men are more likely to choose science, technology, engineering and mathematics (STEM) subjects, which are associated with higher wages, and women often opt for liberal arts subjects (e.g. social sciences, arts and humanities) which are associated with lower wages, on average. Therefore, even if women have higher educational attainments than men, gender segregation in the choice of the subject of study means that higher educational attainments do not necessarily translate into higher wages. While data from the LFS does not allow direct testing of this hypothesis, the section 3.3 will present evidence that supports such an interpretation.

► **Figure 8: The GPG based on individual characteristics**



(b) By educational attainments (percentages)



Note: Author's calculations based on LFS data.

Turning to how the GPG differs across groups in the labour market, the analysis looks at the evolution of the GPG according to three attributes: the formal nature of employment, the public versus the private sector, and trade union membership status (figure 9(a)).²¹ A priori, one would expect that formal and public employment, being more regulated, leave less room for discrimination and would thereby have a moderating effect on the GPG. This is because the labour legislation is more likely to be enforced for formal workers and workers employed in the public sector. Similarly, collective bargaining, which has been shown to reduce gender wage inequalities, is more likely to cover formal and public sector employees compared to those in the informal and private sectors.²² Following the same reasoning, one would also expect the GPG to be lower among trade union members. This is because trade union members are more likely to be employed formally and to work in the public sector.

These predictions are confirmed in the data. Specifically, the results show that the GPG is substantially higher for informal workers than formal workers (figure 9(a)). Using monthly wages, the GPG is 18.5 per cent for informal workers and 12.7 per cent for formal workers. Given that informal workers also earn lower wages on average, which is true for both men and women, this suggests that informal female employees are in a particularly disadvantaged position. Specifically, they experience a double wage penalty related to their informal employment relationship as well as their gender.

These findings are even more striking when looking at the differences in the GPG between the public and the private sectors (figure 9(a)). In the public sector, the GPG is 6.9 per cent when using monthly wages and negative when using hourly wages. This means that female employees in the public sector earn higher hourly wages than men, and the differences in their monthly wages are driven only by differences in the number of hours worked. This might reflect differences in terms of work-life balance and household care responsibilities that lead them to work part-time. The negative hourly GPG may be due to women's higher educational attainments than men, and transparent wage determination policies and promotion practices in the public sector compared to the private sector. The GPG is much

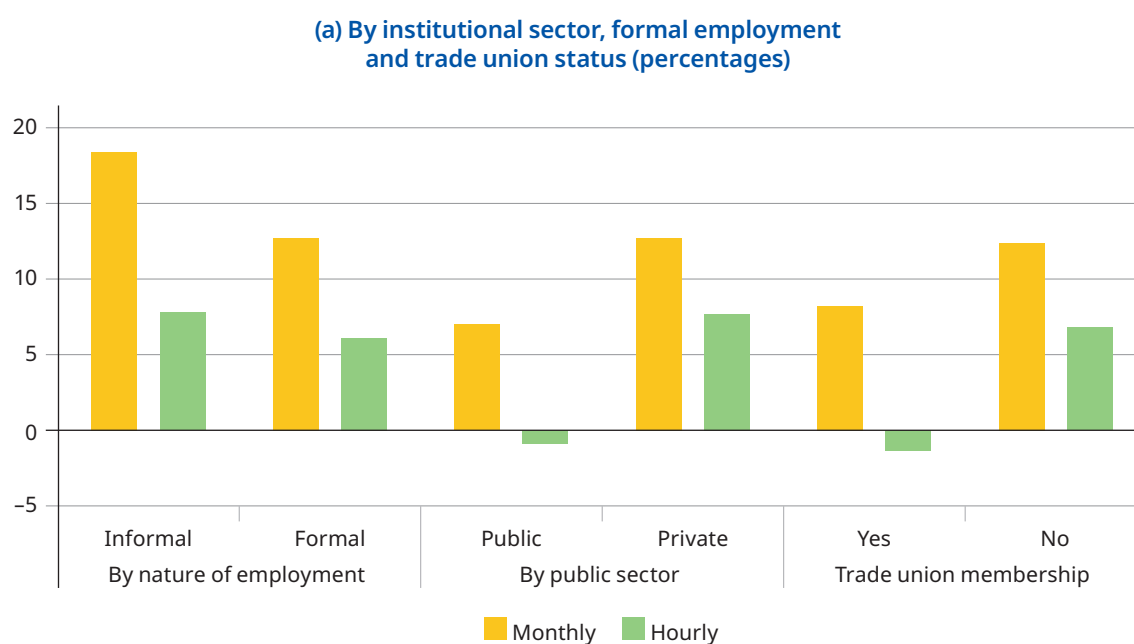
21. The definition of formal employment follows the ILO guidelines. Note that, here, the focus is on the nature of the employment relationship (formal or informal employment), rather than the type of economic unit where the individual is employed (formal or informal economy).

22. Of course, there is also considerable overlap between the two employment characteristics. In particular, almost all public-sector employment is formal, while the private sector includes both formal and informal workers.

higher in the private sector: 12.3 per cent when using monthly wages and 7.7 per cent when using hourly wages.

Similar findings emerge when looking at the evolution of the GPG by trade union membership (figure 9(a)). For trade union members, the GPG is around 8 per cent when computed with monthly wages and –1 per cent when using hourly wages. In contrast, for non-union members, the GPG is above 12 per cent using monthly wages and 7 per cent using hourly wages. This suggests that trade unions contribute to reducing gender wage inequalities. Among others, this might be because the wages of trade union members are more likely to be determined by collective bargaining agreements rather than by individual-level negotiations between the employer and the worker. This contributes to a fair and transparent wage determination process that does not discriminate, either directly or indirectly, against women. It is also worth highlighting that the GPG is lower among unions compared to non-union members at all different deciles of the wage distribution (figure 9(b)). This means that unions are able to reduce gender wage inequalities not only among low-income workers, but also among better paid individuals.²³

► **Figure 9: The GPG by labour market characteristics**



23. The only exception is represented by the GPG at the ninth decile of the wage distribution, which is slightly larger for unions compared to non-union members.

(b) The GPG among union and non-union members, using hourly wages and at different points of the wage distribution (percentages)

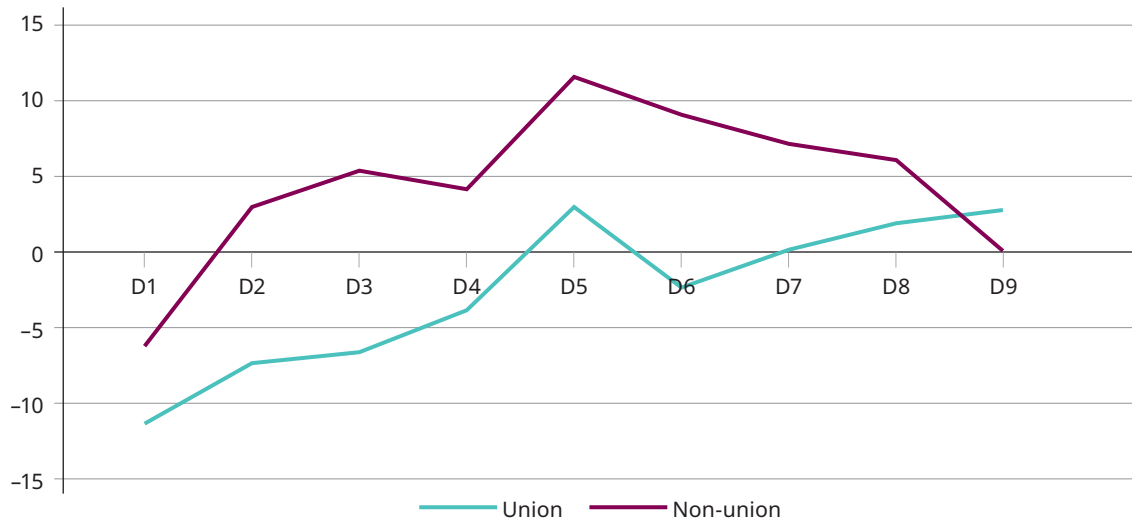
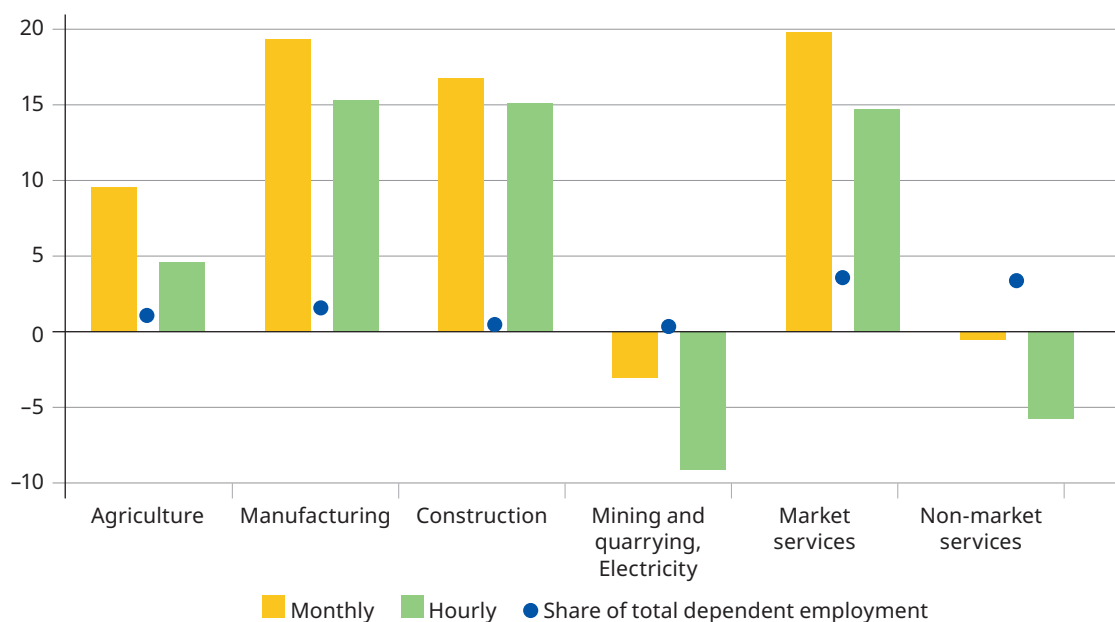


Figure 10 presents the GPG by sector of economic activity. In addition to the monthly and hourly GPG, it also plots the share of dependent employment in each sector (dot). The GPG is rather high in manufacturing, construction and market services while low or negative in agriculture, mining quarrying and electricity. Note, however, that the latter activities employ a relatively low share of individuals in Moldova. Non-market services also show a negative GPG; while being a relatively large sector in the economy. There is no clear relationship between the share of employment in a sector and the level of the GPG. For instance, the two main sectors in terms of overall employment (i.e. market and non-market services) present very different levels of the GPG. The clear divide seems to be between sectors where the share of public employment is relatively high and where the GPG is quite low or negative, and sectors where the majority of employment is private. Section 3.3 will present further evidence for this interpretation.

► Figure 10: The raw GPG at the mean, by sector of economic activity (percentages)

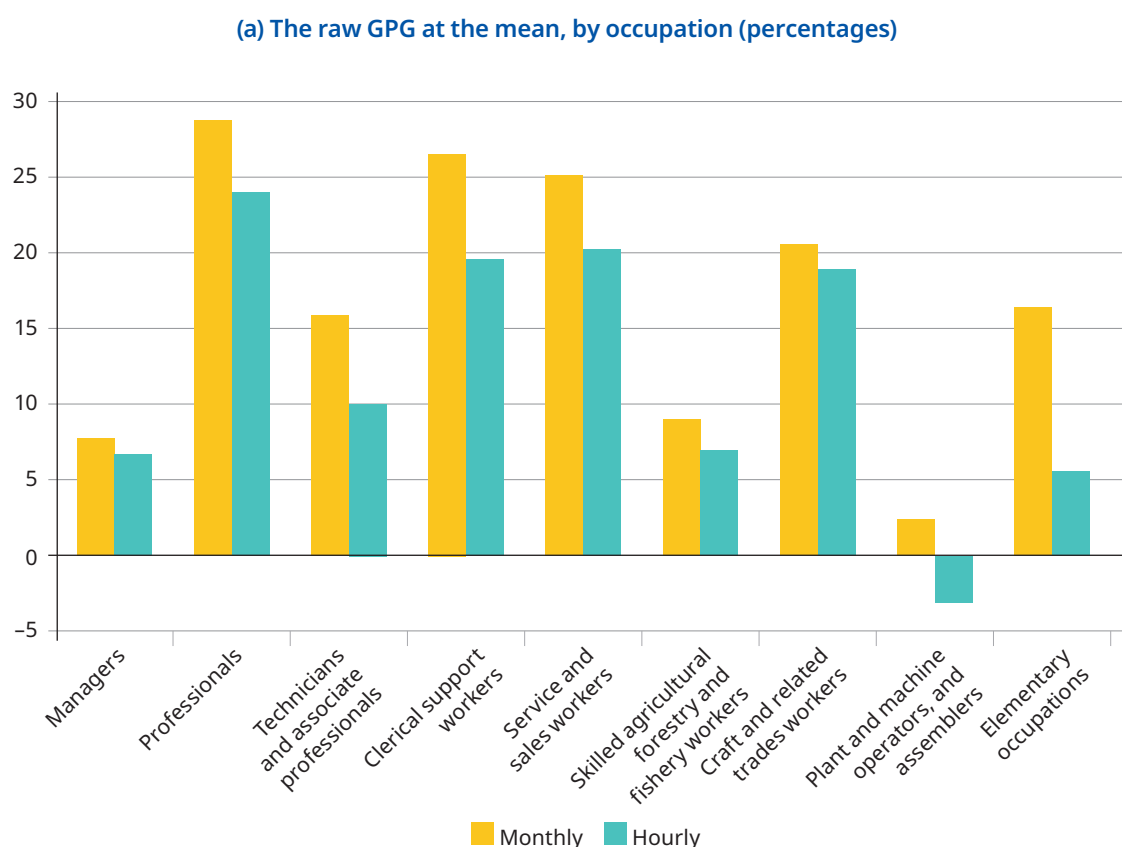


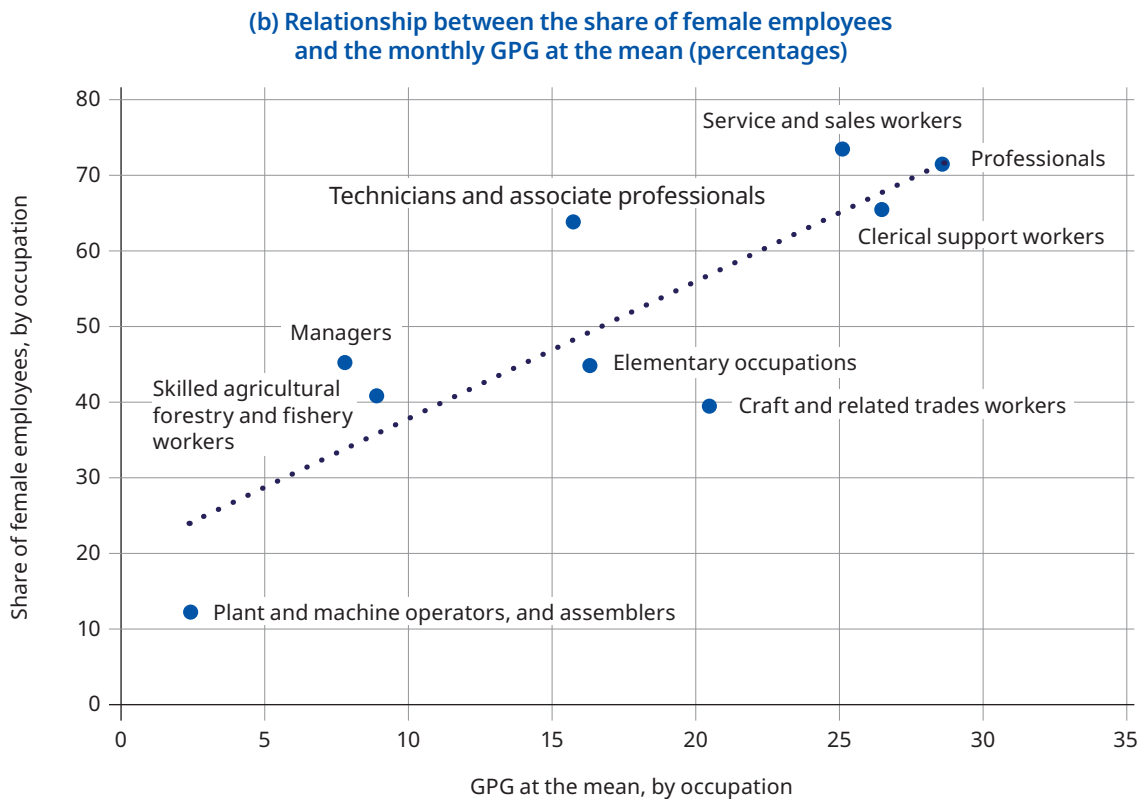
Note: Author's calculations based on LFS data.

Looking at the GPG across occupations (figure 11(a)) the GPG is quite small among managers. The discussion in the previous section highlighted that relatively few women fill managerial positions. The calculations here would imply that those few women who are employed as managers receive wages that are comparable to their male counterparts. Women are, however, overrepresented in mid-level occupational categories from professionals to service and sales workers (see figure 3(b) for details). The analysis of the GPG reveals that, in these occupational groups, the GPG is rather high – around 20 per cent when estimated using hourly wages and around 25 per cent when using monthly wages. The GPG then declines again among low-skilled occupations (from skilled agricultural, forestry and fishery workers through elementary occupations). These are occupations where women represent on average less than 40 per cent of the population of wage employees.

These trends of the GPG by occupation reveal an interesting pattern: the occupations that attract relatively more women are also those where the GPG is the highest. For the nine occupations being analysed, figure 11(b) plots the relationship between the share of female employees out of total dependent employment in that occupation and the GPG in that same occupation. This relationship is clearly positive – the GPG is above 25 per cent in those occupations where more than 65 per cent of employees are women (i.e. clerical support workers, professionals and service and sales workers). It is below 10 per cent in some of the occupations where women represent a minority of the population of wage employees (i.e. managers, plant and machine operators and assemblers, and skilled agricultural, forestry and fishery workers). The reasons for this pattern are discussed in section 3.3.

► **Figure 11: The GPG by occupation**





Note: Author's calculations based on LFS data.

In order to understand whether the GPG affects mostly relatively low-paid or high-paid individuals, it is useful to go beyond the mean and median values of the GPG and examine the GPG at different deciles of the wage distribution. The analysis of the GPG at different points of the wage distribution can also help to shed light on the possible determinants of the GPG. For instance, if the GPG is low at the bottom of the wage distribution, this might be because of the inequality-reducing effect played by the minimum wage. If instead the GPG is higher at the top of the distribution, it might imply the presence of vertical segregation in the labour market, whereby female employees fail to access the highest-paid jobs.

Figure 12 presents the results of this exercise. Specifically, the figure gives the estimates of the raw GPG computed using hourly wages at the nine different quantiles (from D1 to D9 in the figure) that divide the population of male and female employees in ten different groups of equal size. For instance, the GPG at D1 is computed by comparing the hourly wage of the male and the female employees that are at decile one of their respective wage distribution (i.e. 10 per cent of employees earning less than them, and 90 per cent of employees earn more). Wage levels thus increase moving from lower to higher deciles.

The GPG is negative at the first decile. It is then very close to zero for deciles 2 to 4. The GPG peaks in the middle of the wage distribution (decile 5) before gradually decreasing towards the top of the distribution. Appendix 2, figure 1 presents the same chart using information from 2010. The results are very similar, suggesting that the GPG distribution by decile has been relatively stable over time. What can explain these large differences in the GPG at different points of the wage distribution? The negative or low levels of the GPG at the bottom of the wage distribution are likely linked to the role played by the minimum wage. In 2023 the minimum wage in Moldova was equal to 4,000 Moldovan lei per month, which lies in between the third and fourth decile of the wage distribution. By reducing

wage dispersion, the minimum wage reduces all types of wage inequalities, including inequalities in wages between men and women. When the minimum wage is no longer binding (i.e. in the upper half of the distribution), wage inequalities between men and women are larger.

► **Figure 12: The GPG using hourly wages at different deciles in 2023 (percentages)**



Note: Author's calculations based on LFS data.

The behaviour of the GPG in the upper half of the wage distribution is more difficult to interpret. The fact that the GPG is lower among highly paid individuals is in itself a noteworthy finding, given that in many countries the GPG peaks at the top of the wage distribution (ILO 2018). In Moldova, the largest gender wage differentials appear to materialize in the middle of the wage distribution.

Appendix 1 tables 4 and 5 report wage levels for men and women, respectively. These are presented separately for the different groups analysed in this section (e.g. by age groups, sector of employment, formal and informal employment). The information is reported using both hourly and monthly wages, and both at the mean and at the median of the wage distribution. The information on wages is reported for 2010, 2015, 2019 and 2023. In order to make the values comparable across years, wages are expressed in 2010 values. These wage statistics are important in order to understand the groups of workers who might be receiving particularly low wages, as a result of both a high GPG as well as low wages. For instance, the analysis above has shown that the GPG is particularly high among informal workers. This is also a group that is characterized for relatively low wages for both men and women. As a result, women in informal employment suffer from a double penalty (i.e. due to their sex and nature of employment) and earn very low wages. Specifically, female informal employees earn less than 60 per cent of what is earned by a male formal employee.

► 3.3 What lies behind the GPG?

The results presented above in section 3.2 have shown that the overall value of the GPG in Moldova is comparatively low from an international perspective, which is due in part to a reduction in the GPG that took place over the last decade. Nonetheless, this headline GPG trend hides substantial sub-group heterogeneity. The aim of this section is to shed light on what lies behind the GPG in Moldova. Answering this question has important policy implications. A given value of the GPG can be compatible with alternative explanations. For instance, if the GPG were entirely driven by differences in educational attainments between men and women, policy efforts should be targeted towards increasing women's educational attainment. However, it is also possible that the GPG is not driven by observable differences between men and women but rather by discrimination in the labour market. In this scenario, policy efforts to promote female education would be of little help in trying to reduce the GPG. Instead, efforts should be oriented towards eliminating the sources of discrimination and promoting equal pay for work of equal value.

Figure 13 presents the results of the decomposition of the GPG between its explained and unexplained components following the methodology described in Section 3.1. The explained component is further decomposed by the role played by education (in turquoise) and other observable factors (in burgundy). This is done because, among the many observable factors that can be included in the analysis, education often plays a crucial role in determining wages (for both men and women). The other observable factors that are included in the analysis and contribute to the composition of the burgundy part of the bar are age and dummies for the sector of employment, the occupation of employment and the public versus private sector of employment. Any remaining GPG that cannot be explained by either education or the other observable factors will enter the unexplained component.

The decomposition is conducted using information on hourly wages and results are presented separately for each decile of the wage distribution. To interpret the figure, it needs to be kept in mind that, if a component enters negatively (i.e. the bar is below 0 on the horizontal axis), it will reduce the GPG. If a component enters positively (i.e. its bar is above the horizontal axis), it will contribute to increasing the GPG.

The results clearly indicate that the GPG in Moldova cannot be attributed to differences in education between men and women. This was already evident from the descriptive analysis presented in Section 2, which had shown that educational attainments are on average higher among female than male employees. The decomposition confirms this result and further characterizes it. Specifically, the results show that education has a small (but still negative) effect on the GPG at the bottom of the distribution. However, the role of education increases towards the top of the distribution. This means that, among highly paid individuals, women should earn higher wages than men based on educational levels. However, it is significant to note that the data from the LFS does not contain information on the field of study but only educational attainments. This is an important limitation because, as mentioned above, men and women in post-secondary education tend to choose different fields of study – men are more likely to opt for STEM degrees, while women often opt for degrees in liberal arts (UN 2021). As a result, the findings show that educational attainments (i.e. irrespective of the field of study) should lead women in the upper part of the wage distribution to earn higher wages. In practice, however, this conclusion depends on the actual field of study chosen by men and women. At the end of this section, further suggestive evidence that the degrees chosen by women are indeed associated with lower returns in terms of wages will be presented.

The remaining question is: given that educational attainments cannot explain the GPG in Moldova, what drives the observed difference in wages between men and women? The answer to this question differs along the wage distribution. Among highly paid individuals (i.e. from the seventh to the ninth

decile), the most important role is played by observable factors other than educational attainments. These include the sector and occupation of employment. For instance, the lower likelihood of women to be employed as managers (as mentioned in Section 2) will enter the burgundy part of the bar in this decomposition exercise, provided that managers earn on average higher wages (which is confirmed by data in Appendix 1, tables 4 and 5). Similarly, the fact that women are more likely to work in non-market services (see Section 2) will also enter the burgundy part of the bar, provided that this sector offers lower wages on average (see again Appendix 1, tables 4 and 5).

In short, the different distribution of male and female employment across sectors and occupations explains the positive GPG at the top of the wage distribution. This also helps reinforce that even if the GPG can be explained by observable factors, such as education or other labour market characteristics, it does not mean that this is justifiable or fair. Specifically, the fact that women have a lower likelihood of being employed as managers is in itself potentially driven by horizontal and vertical segregation preventing women to climb the corporate ladder (glass ceiling, glass walls and sticky floor).²⁴ Similarly, the fact that women are more likely than men to work in the public sector might be connected to the higher share of household responsibilities that they have, which is, in itself, a type of discrimination.

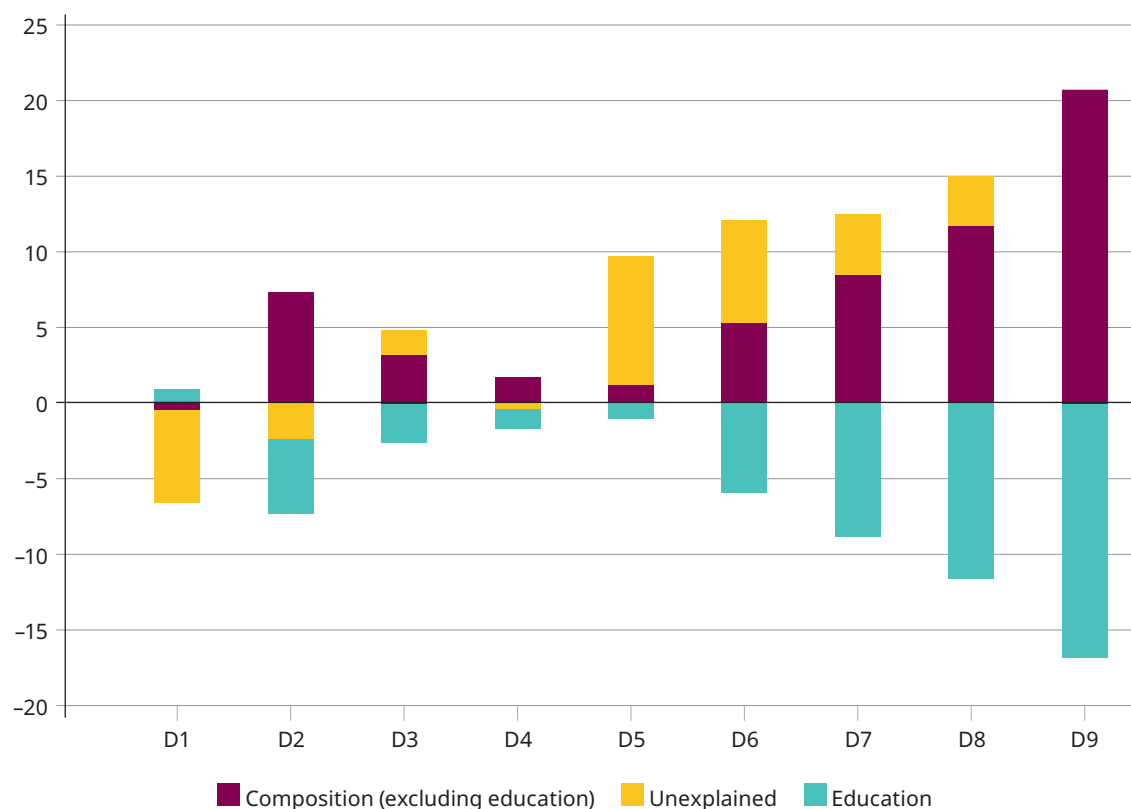
The remaining part of the GPG, the so-called unexplained component, can be thought as a lower bound for the role of discrimination. Figure 13 shows that the unexplained component plays a relatively large role in the middle of the wage distribution (i.e. deciles five and six). These are also the points in the wage distribution that register the highest values of the GPG in Moldova (see in figure 12). The results of the decomposition reveal that this portion of the GPG is almost entirely unexplained by observable differences and thus likely driven by discrimination.

The unexplained component also plays a role in other parts of the wage distribution. Specifically, it contributes positively to the GPG in deciles seven and eight and negatively in deciles one and two.²⁵ However, compared to other countries around the world, the unexplained component of the GPG plays a relatively small role in Moldova. Indeed, in many countries, the GPG, is primarily driven by the unexplained component, especially at the top of the wage distribution (ILO 2018).

24. ILO, Women in business and management https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@arabstates/@ro-beirut/documents/publication/wcms_446100.pdf

25. Specifically, the unexplained component plays a large and negative role in the decomposition of the GPG in the first decile. This might imply that the presence of the minimum wage, by setting a wage floor that applies to all sectors and occupations, positively discriminates in favour of women (i.e. they earn the same wages as men, even if employed in sector or occupations that on average should lead them to receive lower wages than men).

► Figure 13: The decomposition of the GPG (percentages)



Note: Author's calculations based on LFS data.

In short, the results of the decomposition exercise can be summarized as follows: (i) educational attainments cannot explain the presence of wage differences favouring men over women in Moldova (although the analysis lacks information on the field of study); (ii) at the top of the wage distribution, the GPG is mostly driven by differences in the distribution of male and female employees across sectors and occupations; (iii) the unexplained component, that can be interpreted as the lower bound of the role of discrimination in explaining the GPG, plays a major role in explaining the GPG at the middle of the wage distribution, but has a small role elsewhere.

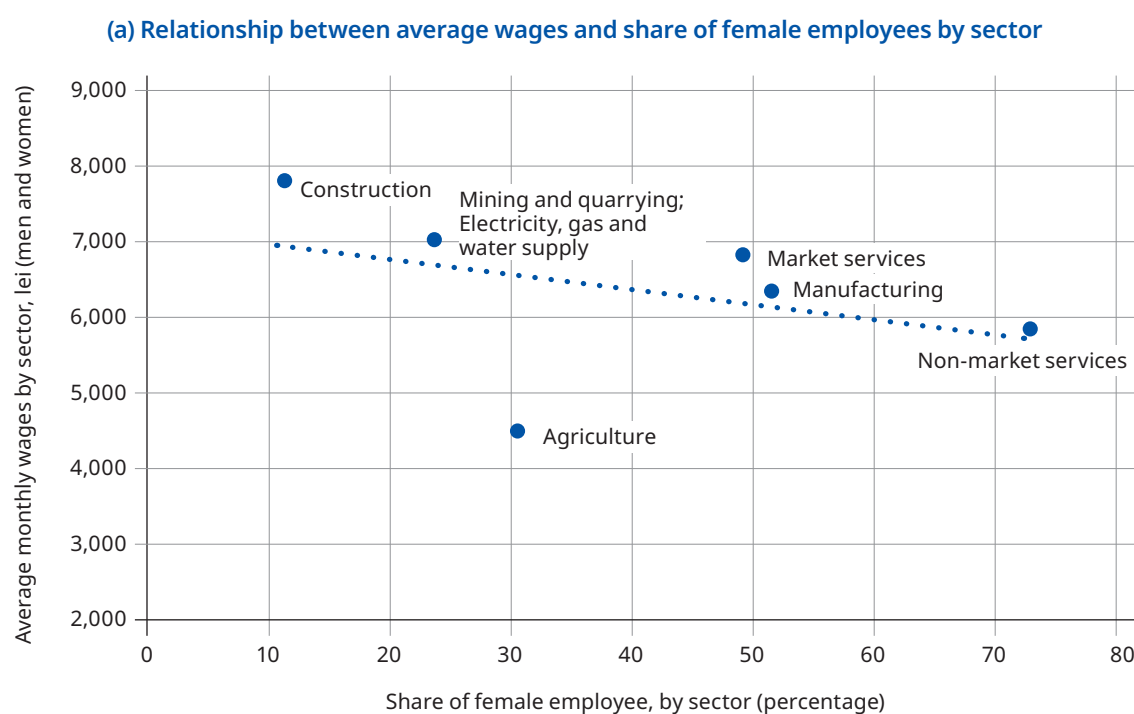
The analysis will now explore the role played by the sector and the occupation of employment, which are both factors that enter the explained component of the GPG.

Starting with the sector-level analysis, figure 14(a) presents the relationship between average wages by sector of economic activity and the share of female employment in total dependent employment in that same sector. The data shows that women tend to be overrepresented in sectors that are associated with lower wages on average (for both women and men). This is despite the fact that these same sectors have similar, if not higher, educational requirements compared to other sectors (figure 14(b)). For example, only 11 per cent of the population of employees in the construction industry are female. However, wages in this sector are the highest among the sectors analysed, even though individuals who work in this industry do not have higher educational attainments than the rest of the population of wage employees. In contrast, most women work in non-market services, where around 73 per cent of the total number of employees are female. This sector also attracts workers with relatively high educational attainments. Nevertheless, wages in this sector are relatively low. In short, women, despite their higher educational attainments, tend to work in sectors which are associated with lower wages

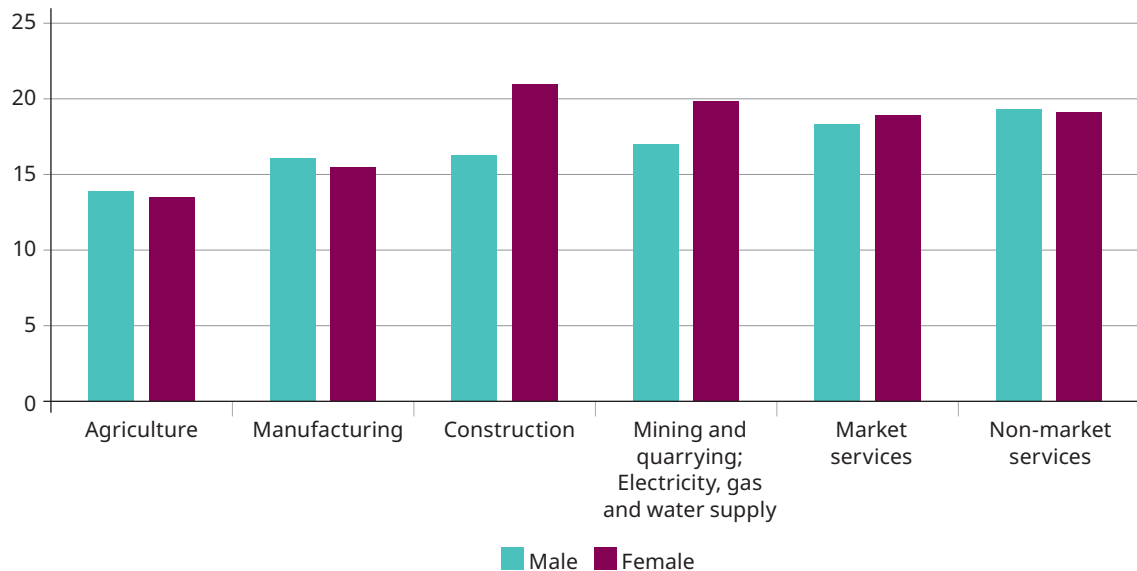
(for both women and men). While this might reflect differential preferences for non-wage amenities (e.g. higher employment security and work-life flexibility in the public sector), it is a clear source of the gender wage disparities documented above.

These patterns are consistent with evidence that shows that female job seekers can expect on average 17 per cent lower wages than male job seekers, even if they have higher educational attainments on average (World Bank 2018). These different wage expectations are also shaped by social norms (UN 2021). For instance, 62 per cent of people in Moldova (68.6 per cent of men and 55.7 per cent of women) consider that men have a duty to be the family breadwinner. Accordingly, almost 62 per cent of women aged 15 to 29 report as their main goal in life “to form a happy family”, compared to only 31.7 per cent of men.

► **Figure 14: Sectorial segregation**



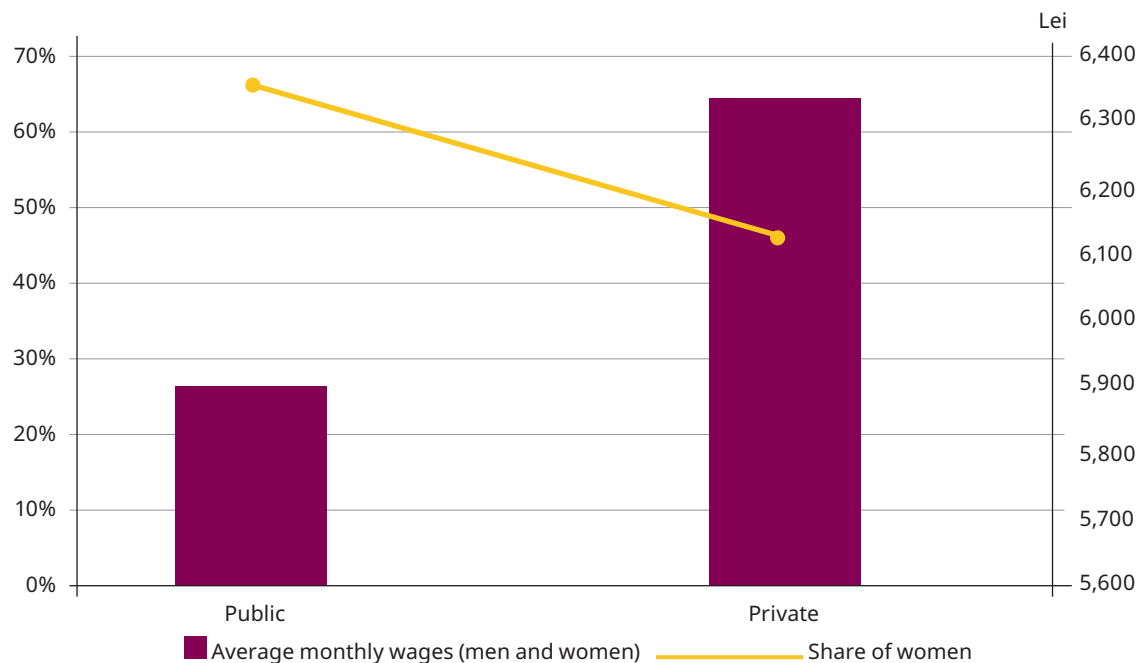
(b) Male and female educational scores by sector of employment



Note: Author's calculations based on LFS data. Following ILO (2018), these education scores are computed by assigning the value of 1 to individuals with no schooling, a value of 4 to individuals with primary education, a value of 9 to individuals with lower secondary education, a value of 16 to individuals with upper secondary education, and a value of 25 to individuals with tertiary education.

The preceding analysis shows that women are overrepresented in sectors that on average pay lower wages. A similar conclusion can be drawn by looking at the institutional sector of employment (i.e. public or private sector) in figure 15. Women represent around 66 per cent of all employees in the public sector. Additionally, within the public sector they occupy relatively high-skilled occupations. For example, 26 per cent of female employees in the public sector work as professionals compared to only 11 per cent of male employees. However, the public sector pays relatively low wages for both men and women. In 2023, the average monthly wage for a public sector employee was 5,900 lei. In contrast women are underrepresented among private-sector employees– they represent only 46 per cent of employees in this group. This is a group where wages are higher for both women and men, reaching 6,300 lei per month on average. Therefore, even if the GPG is relatively low in the public sector, the fact that women are more likely than men to work in the public sector where wages are low for both men and women is one of the drivers of the GPG in Moldova. It appears that cultural norms and differences in household care responsibilities might explain the different distribution of male and female employees between the public and the private sector. Specifically, women might be more likely to choose to work in the public sector if this provides them a better work-life balance, such as the possibility to work part time.

► **Figure 15: Average monthly wages and share of female employees, by institutional sector of employment**



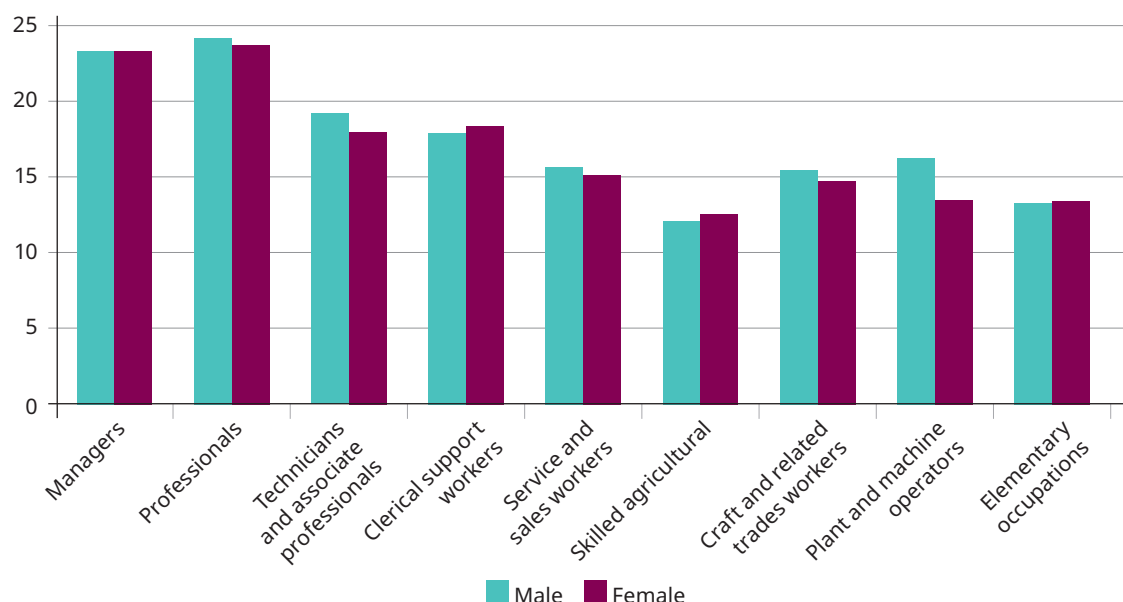
Note: Author's calculations based on LFS data.

Turning to trends in the GPG by occupation, section 3.2 revealed that the GPG is higher in some mid-level occupations (e.g. professionals, technicians and associate professionals; clerical and support workers and service and sales workers) where women are also overrepresented. The discussion highlighted that, while women have on average higher educational attainments than men, there is also substantial gender segregation in the choice of the field of study.

In short, the data indicates that a higher GPG in those mid-level occupations where women are overrepresented can be explained as follows: in these occupations, women tend to have lower educational attainments than men, and holding constant the level of education, women have lower returns from their education in terms of wages, possibly because their chosen fields of study pay on average lower wages.

Regarding the first explanation presented above, it was shown previously that women in wage employment have on average higher educational attainments than men, making them more likely to be employed in certain mid-level occupations, such as professionals, compared to low-skilled occupations, such as elementary occupations, (see figure 4). However, when comparing men and women working in the same occupation, men often have higher educational attainments than women. Figure 16 plots the education scores for men and women by occupation of employment. It shows that men have higher educational attainments than women in six out of the nine occupations considered. This is also true in three out of the four mid-level occupations that have a relatively high GPG and are more likely to employ women (i.e. professionals, technicians and associate professions; clerical and support workers and service and sales workers).

► Figure 16: Male and female education scores by occupation



Note: Author's calculations based on LFS data. Following ILO (2018), these education scores are computed by assigning the value of 1 to individuals with no schooling, a value of 4 to individuals with primary education, a value of 9 to individuals with lower secondary education, a value of 16 to individuals with upper secondary education, and a value of 25 to individuals with tertiary education.

Turning to the second explanation mentioned above, a regression analysis was undertaken to understand the returns to education for men and women (Appendix 1, table 6). The focus was on the four mid-level occupations mentioned above (i.e. professionals, technicians and associate professions; clerical and support workers and service and sales workers) and examination of the relationship between monthly earnings (the dependent variable) and educational scores.²⁶ The results showed that in these occupations men tend to have higher returns from their educational attainments. The difference in returns between men and women was quite large in magnitude and robust to the inclusion of covariates. Even though it is impossible to identify the specific mechanisms that drive this difference in the returns to education, these results are compatible with the conclusion that gender segregation in the choice of the field of study leads women to earn lower wages for a given level of educational attainments.

Further evidence in this direction comes from the last two columns of Appendix 1, table 6. Specifically, the regression results in these columns include a dummy for whether the individual has acquired vocational (rather than non-vocational, or. academic) education. For men, the coefficient related to this dummy is negative – men who acquire non-vocational education receive on average higher wages, potentially because they select more rewarding academic fields (e.g. in STEM). For women this dummy is positive (although non-significant). This means that for women vocational education seems to pay higher wages than academic education, potentially because the type of academic education acquired by women earns on average lower wages (e.g. liberal arts degrees). However, it is important to note that, absent information on the field of study in the LFS; this represents only suggestive evidence in line with the hypothesis. Further work should aim at directly shedding light on the returns to different types of degrees for men and women in wage employment in Moldova.

26. Ideally, information on the years of education would be needed in order to run a Mincerian regression. Absent this information, the regression is run using education scores (defined as described above).

► 4. Review of the policy and legal framework to reduce the GPG

THE GPG IN MOLDOVA

► 4. Review of the policy and legal framework to reduce the GPG

This section reviews the current legal and policy framework in Moldova to reduce the GPG. It is important to note that policies to reduce the GPG include a wide range of interventions and are not limited to interventions that directly prevent pay discrimination between men and women. As documented above, the GPG has various causes and its roots extend beyond the labour market, such as for example the division of household responsibilities. A wide range of interventions – ranging from anti-discrimination measures to childcare provisions to maternity and paternity leave – should be considered in assessing the policy instruments that are available in a country to reduce the GPG.

The following policy areas can be thought of as having either a direct or an indirect effect on the GPG: anti-discrimination legislation; equal pay for work of equal value, maternity and paternity leave benefits, and childcare services.²⁷

- **Anti-discrimination legislation:** Anti-discrimination legislation includes all provisions that guarantee equal rights for all persons, including in the labour market. The principle of non-discrimination is stated in the national Constitution (Article 16, paragraph 2), which establishes that: “All citizens of the Republic of Moldova are equal before the law and public authorities, regardless of race, nationality, ethnic origin, language, religion, sex, opinion, political affiliation, wealth or social origin”. This principle is further detailed with respect to discrimination based on sex, in the Law on Ensuring Equal Opportunities between Women and Men (5/2006). Its purpose is to ensure the exercise of equal rights by men and women in order to eliminate all forms of discrimination based on sex (NIRAS 2021). This law introduced specific concepts, such as equal opportunities and non-discrimination based on sex. The law also established that the state guarantees equal conditions for women and men with respect combining employment with family obligations. It also instituted the Government Commission on Gender Equality, which is an advisory body tasked with mainstreaming gender issues across different policy areas as well as coordinating activities to promote gender equality in the public and the private sectors. The Labour Code further details the principle of non-discrimination with respect to the employment relationship. Specifically, the Labour Code guarantees “equality of rights and opportunities of employees” (art. 5), including in terms of promotion, access to training and participation in trade unions, among others.

Additional provisions include legislation to prevent and sanction several types of gender-based violence (Law 45/ 2007), and a recent provision for new or increased criminal penalties for sexual harassment (Law 316/ 2022). Additionally, recent provisions have eliminated restrictions on women’s ability to hold jobs in certain industries or in occupations that are deemed dangerous. Restrictions on women working overtime and at night have also been lifted. Some restrictions remain in place

27. Other policies can also have an indirect impact on the GPG, including support for female entrepreneurship or social protection measures. However, for ease of exposition, the review of the legal and policy framework presented in this section as well as the policy recommendations discussed in the next section will focus on these four policy areas.

for women who are pregnant, nursing or post-partum, however. It is also worth mentioning that the Law No. 316 of 2022 establishes specific affirmative actions or proactive policies to reduce the disparity in the representation between women and men in the decision-making process. Among other initiatives, Law No. 71 of 2016 establishes that women should represent at least 40 per cent of all candidates of political parties and cabinet nominees.

- **Equal pay for work of equal value:** For the purposes of this study, it is important to review Moldova's anti-discrimination legislation with respect to male and female pay levels. It should be noted that current legislation in Moldova explicitly promotes the principle of equal pay for work of equal value as stated in the ILO Equal Remuneration Convention, 1951 (No. 100). Until recently, the Labour Code obliged employers to provide "equal payment for work of equal value" (article 10, point g), without providing a definition of "work of equal value". In April 2022, the Parliament of Moldova passed a law (107/2022) which amended the Labour Code (154/2003) and the salary law (847/2002) to guarantee of the principle of equal pay for work of equal value. The Labour Code was amended to include definitions²⁸ of equal work: "work performed within the same functions according to the same educational, professional, and training requirements, competences (skills), effort, responsibility, activity carried out, the nature of the tasks involved, and working conditions"; and work of equal value: "work performed in different functions or positions but considered of equal value based on the same educational, professional, and training requirements, competences (skills), effort, responsibility, activity carried out, the nature of the tasks involved, and working conditions".²⁹ The legislation also stipulates the principles to be followed to determine work of equal value. Specifically, the employers need to consider the following work aspects: "a) degree of responsibility; b) level of qualification and experience; c) effort and the nature of the tasks involved; d) working conditions".³⁰ The legislation also explicitly mentions that: "The evaluation and classification system of functions for determining remuneration levels must exclude discrimination based on gender and ensure that employees performing equal work and work of equal value do not have unjustified remuneration differences".³¹ If the evaluation conducted using these principles reveals the presence of a GPG exceeding 5 per cent that cannot be explained by "objective and gender-neutral factors", the employer must remedy the situation. Additional norms aim at promoting pay transparency within the enterprise, which is also a means to reduce the GPG. Specifically, the new legislation requires employers in large and medium-sized enterprises to publish information on wage levels by gender and position at least once a year and to inform employees and their representatives about the GPG by employee category and functions. Employees can also ask and obtain information on wage levels for categories of workers performing their same type of job or work of equal value.
- **Childcare leave policies:** Moldovan law provides maternity leave for 18 weeks (ILO 2022). Benefits entirely replace the previous wage and these are paid by the social security agency. Law No. 353 of 2023 also modified the calculation of maternity leave benefits, stipulating that these should be calculated based on the highest parental income (i.e. if the father earns more than the mother, the

28. Article 1 of the Labour Code also includes the definitions of remuneration and the Gender Pay Gap, as follows (unofficial translation):

"remuneration – monetary remuneration that includes the basic salary (tariff salary, salary of the position), as well as all additions, bonuses, bonuses and other incentive and compensation payments granted to the employee by the employer under the individual employment contract for the work performed; salary level – gross annual remuneration and corresponding gross hourly remuneration;
gender pay gap – difference between average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees."

29. Unofficial translation

30. Unofficial translation

31. Unofficial translation

maternity benefit will be computed based on the father's income). After the end of maternity leave, mothers can request partially paid parental leave. The previous legislation allowed for parental leave at 30 per cent until the child reached 3 years of age. In 2018, amendments were made to incentivize women's return to the labour market by introducing two additional options: (i) parental leave for two years at a 60 per cent rate for the first year and 30 per cent for the second; ii) parental leave for one year at a 90 per cent rate. It is also possible to extend parental leave until the child reaches the age of 4 years but the last year is unpaid. Recent changes to the legislation have also made possible to share parental leave between parents (195/2022), provided that the periods of leave do not overlap. Despite the numerous improvements to the legislation, parental leave is still predominantly taken by women. Specifically, of those who took parental leave up to the child's third year in January 2024, 17,074 were women and only 5,834 were men. Law No. 71 of 2016 also introduced paternity leave, which is fully paid and it can be taken for 14 days within the 56 days after the birth of the child. However, take up of paternity leave is low, for example it was 16 per cent in 2021. A revision was made in 2023 (Law 241 2023, art. 124) to increase the length of the paternity leave from 14 to 15 days and the time period after the birth of the child during which this can be taken (from 56 days to 12 months). The possibility of taking paternity leave in up to three fractions, rather than as a single block, was also introduced. Finally, it is also worth mentioning that the legislation protects pregnant women, mothers who have recently given birth and breastfeeding mothers, by allowing them to transfer to an easier job (subject to the presentation of a medical certificate) and prohibiting their employment at a job that puts their security or health at risk (article 250 of the Labour Code).

- **Childcare services:** A series of initiatives have also been implemented over the last years to improve the quality and coverage of early childcare services.³² However, formal early childcare services coverage remains extremely limited. Data from the National Institute of Statistics shows that in 2021–22 only 9.9 per cent of children aged 0 to 2 years were enrolled in preschool education (ILO 2023c). Low coverage rates of childcare services for this age group are mostly associated with the absence of publicly provided childcare. For this reason, amendments to the legislation were introduced with Law No. 367 of 2022 on alternative childcare services. The law introduced three new forms of private childcare: (i) work-based childcare organized by the employer; (ii) home-based nurseries organized for a small number of children at home or at the residence of the caregiver; and (iii) individualized and regulated nanny services, which are already frequently used (especially in rural areas) but are generally provided informally. The new legislation intends to formalize these forms of private childcare services. This would require, among others, that the providers of these services hold the necessary qualifications stipulated by the law, are registered as childcare providers and hold the required business licence. The government, through the National Programme for Childcare Services for Children aged 0-3 has also introduced a system of incentives and grant programmes to support companies that want to establish a childcare facility as well as a business accelerator programme for individuals willing to set up a home-based nursery. However, the extent to which the recently implemented changes to the legislation will translate into higher and better coverage of childcare services is unclear (ILO 2023d). Among others, uncertainties remain among employers on the responsibilities and costs associated with the establishment of work-based childcare services. Nannies have also shown resistance in registering their activities, owing in part to the low wages associated with this occupation. Finally, the use of private childcare services is not always affordable for families, especially low-income ones.

32. For a detailed description of the state of early childcare education in Moldova, including the potential impact of recent changes in the legislation, see ILO (2023b).

► 5. Policy recommendations

THE GPG IN MOLDOVA

► 5. Policy recommendations

Reducing the GPG represents an important objective to achieve both higher economic growth and a more equal distribution of resources. The evidence presented in this report has shown that substantial progress has been achieved in terms of reducing the GPG in Moldova over the last decade. This largely reflects the significant improvements in the legislation that have been approved over multiple policy domains, as documented in the previous section. However, women in wage employment still earn less than men. Additionally, a large part of the GPG can be explained by either direct or indirect discrimination. This means that additional efforts should be put in place to guarantee equal pay for work of equal value.

Moldova has ratified many international conventions related to gender equality and female empowerment, manifesting its commitment to achieve these goals. These include the Universal Declaration of Human Rights of 1948, the Convention of the Political Rights of Women of 1952, the International Covenant on Economic, Social and Cultural Rights of 1966, the Convention on the Elimination of All Forms of Discrimination against Women of 1979, the Beijing Platform and Action Plan of 1995 and the Millennium Declaration of 2020.

Moldova has also ratified a number of ILO Conventions related to eliminating all forms of discrimination in the labour market and promoting equal opportunities between men and women. These include the aforementioned ILO Equal Remuneration Convention, 1951 (No. 100) (ratified in 2000), ILO Discrimination (in Employment and Occupation) Convention, 1958 (no. 111) (ratified in 1996), the ILO Maternity Protection Convention, 2000 (No. 183) (ratified in 2006) and the ILO Violence and Harassment Convention, 2019 (No. 190) (ratified in 2024).

Introducing measures to reduce the GPG is also in line with a series of commitments that the country is undertaking to become an EU member state. Indeed, the EU legislative framework includes numerous references to ensuring equal treatment between men and women in the world of work, including by guaranteeing equal pay for work of equal value as defined by the ILO Convention No. 100. This includes references in the following documents:

- The EU-Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation;
- The Commission Recommendation on strengthening the principle of equal pay between men and women through transparency of 7 March 2014;
- The principles contained in the European Pillar of Social Rights of 2017;
- The EU Directive 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers;
- The European Parliament resolution of 21 January 2021 on the EU Strategy for Gender Equality;
- The EU Directive 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

These international treaties and recommendations set a framework for policy action. Importantly, the documents listed above make clear that efforts to tackle the GPG should be articulated around different policy domains, potentially extending beyond the labour market to topics related to education and social protection. This is because purely anti-discriminatory approaches, while necessary, risk being insufficient.

Before discussing possible concrete policy recommendations, some consideration needs to be given to compliance with legislation. While the existence of a comprehensive body of legislation and policy is a first necessary step for reducing the GPG, it is also important to verify that the measures they contain are effectively implemented. That is, the presence of well-articulated legal and policy frameworks does not guarantee of policy effectiveness. These frameworks need to be accompanied by adequate implementation, monitoring and evaluation. In this respect, social partners have a key role to play in promoting compliance with legislation (e.g. by increasing policy take-up among employers). Therefore, it is important that they are involved in the decision-making process and participate in all the steps from policy design to policy implementation.

Issues around compliance with the legislation and the effectiveness of policy interventions are particularly acute when it comes to the informal sector of the economy. While the findings discussed in the previous sections have shown that informal employment is relatively small in the country (accounting for around 10 per cent of male wage employment and 5 per cent of female wage employment), the data has also shown that the GPG is higher among informal employees. This means that women in informal employment suffer from a double penalty in terms of wages. The fact that the GPG is higher among informal employees can be related to issues of compliance with the legislation. Specifically, the minimum wage is less likely to be respected in informal employment relationships. Similarly, coverage of employment protection legislation and collective bargaining is limited among informal employees.

A final note concerns the costs of the proposed policy interventions. Indeed, while some of the proposed actions are associated with no or limited costs (e.g. improving pay transparency within the enterprise), other interventions have non-negligible budgetary cost implications (e.g. increasing the coverage of childcare services or providing fiscal incentives). This might be perceived as unfeasible or not worth the investment given limited public resources and the presence of a number of competing expenditure needs. However, it is also worth keeping in mind that most of these interventions, while requiring an immediate fiscal cost, will also generate positive revenues for the government in the medium to long run. For instance, many of these measures are likely to increase female employment with associated returns in terms of increased tax revenues. Additionally, many of the proposed investments will also increase the productivity of the existing jobs (e.g. by allowing individuals to pursue more successful careers). This will also have direct economic gains, which might also translate into lower public spending in other domains (e.g. anti-poverty measures).

With these considerations in mind, the following policy recommendations are proposed as a means to stimulate the debate on how to further reduce the GPG in Moldova.

- **Promote gender-neutral job evaluations:** As reviewed above, recent amendments to the legislation introduced the definitions of equal work as well as work of equal value, while also requiring employers to report wage information by sex and giving employees the possibility to request information on wages in their company. The new legislation also established the principles to be followed when conducting gender-neutral job evaluations to determine work of equal value and requires employers to intervene if the GPG in the company exceeds 5 per cent. While these measures go in the right direction, additional efforts should be considered to both define and promote the adoption of gender-neutral job evaluations. Such tools are necessary to define the value of work, which is a necessary precondition to guarantee equal pay for work of equal value. Specifically, a clear gender-neutral job evaluation procedure that private enterprises can freely use could be set up to allow measurement of the content of work performed by male and female employees and to compare jobs

of different types (e.g. in different sectors or occupations) using a single metric. It is important that this evaluation be based on the requirements associated with the jobs (e.g. qualifications and skills required) as well as the demands of a job (e.g. tasks conducted by the individual while in the job), but not consider other aspects that define the employment relations (e.g. occupation, sector). This is meant to ensure that, in principle, jobs in different sectors or occupations (e.g. gardeners and nurses) can be assigned the same value as part of this job evaluation process, thereby addressing issues of sectorial or occupational segregation (e.g. the fact that women are overrepresented in certain sectors, such as health care, which on average pay less). Switzerland has adopted a job evaluation tool that allows such a comparison. Specifically, the Swiss Federal Office for Gender Equality has developed a tool that allows private firms to detect gender wage discrimination within the enterprise. The tool is freely accessible by private enterprises and can be used by firms of any size. It requires the employer to identify all jobs and functions within the enterprise, associate each of them to a specific set of demands and requirements and attribute each employee in the firm to one of these jobs. The tool automatically produces a ranking of jobs (i.e. ranking jobs within the enterprise based on how much they should be paid, following this gender-neutral evaluation) and compares this hypothetical ranking with the actual ranking observed in the enterprise, detecting discrimination between men and women. In Switzerland, all firms that want to participate in public bids need to show that there is no gender wage discrimination based on this assessment. The introduction of a similar incentive could be considered in Moldova. Alternatively, firms that voluntarily decide to perform this job evaluation process and can show that there is no gender wage discrimination in their enterprise might be provided fiscal incentives (e.g. temporary reductions in social security contributions) or priority in public procurement (e.g. additional points when evaluating applications for public bids).

- **Increase fathers' take-up of paternity leave and incentives to mothers' re-employment:** A series of amendments to the legislation over the last years have aimed at increasing the coverage and generosity of maternity, paternity and parental leave. One of the objectives is to increase fathers' involvement in household care responsibilities from the very beginning of a child's life. However, the data still shows that only a small share of fathers take parental leave, while the vast majority of parental leave is taken up by mothers. This implies that there is still a strongly unequal distribution of childcare responsibilities within the household. In order to address this situation, incentives should be targeted at both men and women. For new fathers, making paternity leave compulsory is an option. This is already the case in some EU countries, such as Spain (six weeks) and Italy (two weeks). Indeed, the empirical evidence shows that, unless paternity leave is made compulsory, its take-up will be limited among new fathers. Compulsory paternity leave has been shown to lead to long-term positive effects in terms of household's division of tasks as well as changes in cultural norms. At the same time, incentives could also be increased to encourage mothers to return to the labour market after childbirth. As noted above, the structure of parental leave was modified recently for this purpose in Moldova, including decreasing replacement rates over time. However, additional incentives could be considered. Among others, these could include fiscal incentives for employers who hire new mothers or women of child-bearing age (e.g. by temporarily reducing their social security contributions). This is important in order to compensate for the perceived higher cost of hiring women, which in practice acts as a source of discrimination in terms of female employment, especially in highly qualified occupations.
- **Increase access to childcare services:** The coverage of childcare services remains constrained by limited supply and relatively high costs, which especially impacts low-income families. This creates disincentives for women to return work. Recent reforms have tried to address the issue, including by expanding the number of private childcare options. However, these initiatives are not likely to completely address the problem.³³ For example, the organization of childcare services at the

33. The discussion on policy recommendations to improve the coverage and quality of childcare services is mostly based on the recent assessment from the ILO. See ILO (2023b) for further details on the proposed policy recommendations.

workplace might be an attractive option for parents working in companies that provide this service, but this will not improve the situation for non-employed individuals or those working in generally smaller companies that do not provide childcare services. Additionally, new regulations for improving the quality of the services imposes additional costs to private providers. This is likely to increase the cost of the services to the final user, thereby putting it out of reach of low-income households. Targeted financial support to low-income families in the form of childcare allowances, for example, is one possible measure to overcome this. Such incentives are in place in a number of EU countries, including Denmark, Germany and Hungary. Additional non-monetary incentives could be offered to cover traditionally hard-to-reach groups (e.g. Roma children), which could include, for example, transportation services and establishing a network of liaison officers who can increase the take-up of the services.

Incentives should also be offered to private providers of childcare services who might perceive new licensing requirements as onerous. Start-up support, training, financial incentives and the development of umbrella child-minding agencies are all possible options in this respect, as they might reduce both the monetary and non-monetary costs of providing services. Incentives should also be provided to employers who are willing to open a childcare centre for their employees. This could include, among others, the provision of fiscal incentives, the development of public-private partnerships as well as the possibility of creating networks of employers to establish joint childcare centres. Finally, these efforts should be accompanied by improving the quality of childcare services. Otherwise, there is a risk that demand for the services will be limited even if they come at no or little cost for the families. In this respect, the new legislation has identified clear standards in terms of health and sanitary requirements. However, guidelines are lacking with respect to learning and early childhood development. Once these guidelines are established, an effective monitoring system involving different stakeholders from both the public and private sector should be put in place.

- **Promote the enrolment of women in STEM:** While data on fields of study is not available in the LFS, evidence from other sources shows that there is substantial gender segregation in post-secondary education in Moldova. Specifically, men are more likely to choose STEM fields, while women tend to opt for liberal art degrees. These different educational choices also translate into different employment options (UN 2021). This report provided suggestive evidence that gender segregation in the field of study can explain part of the GPG, especially among mid-level occupations (e.g. professionals) where women are overrepresented but earn substantially lower wages. Promoting female enrolment in STEM fields can contribute to a reduction of the GPG. Efforts in this direction have been implemented in the past, including through the “Education Code” of 2014 and the “Girls Go IT” initiative of 2015. However, further initiatives could be considered in light of the lack of diverse educational choices by young women as well as their underrepresentation in STEM fields. These efforts would also be in line with recommendations as in the Paris Declaration of March 2015, wherein the EU Education Ministers and the European Commissioner for Education agreed to take measures to address gender inequalities in education, including by tackling gender segregation in the field of study.

Evidence also shows that gender segregation in education can be attributed, at least partially, to issues related to cultural norms (EIGE 2017). Therefore, efforts should be put in place in order to promote women’s access all fields of study, including those that are traditionally male dominated. These efforts could include information campaigns and outreach activities targeting girls early in their education years to combat traditional gender stereotypes that shape subsequent educational choices. In addition to information and outreach activities, incentives and quotas could be added to promote female enrolment in STEM fields. This could include, among others, the provision of fiscal incentives (e.g. scholarships) specifically targeted at women who enrol in a STEM degree, the inclusion of gender quotas for oversubscribed courses as well as the introduction of fiscal incentives for women working in certain sectors (e.g. IT).

- **Understand the causes behind the lack of equal access to managerial positions:** The analysis showed that women are adequately represented in mid-level occupations, such as professionals. However, they face substantial obstacles in accessing managerial roles. Specifically, after accounting for a range of observable characteristics, women are around 40 per cent less likely to work as managers than men. This gap reveals vertical segregation, which might have both direct and indirect effects on the GPG. The direct effects are related to the fact that, by not being able to access managerial positions, women earn lower wages than men. The indirect effects are related to the fact that the low number of female managers also affects the wages of individuals lower down in the occupational distribution. Empirical evidence has shown that female managers are more likely to provide equal opportunities to their male and female subordinates, which could also contribute to decreasing the GPG. For these reasons, it is essential to improve the access of women to managerial positions. However, doing so requires understanding the reasons that prevent women's access to these positions. Indeed, alternative hypotheses are compatible with this same phenomenon, ranging from differences in the field of study (as mentioned above) to outright gender discrimination in promotion decisions. In this context, it would be important to work with employers' organizations and enterprises to analyse in depth the causes of the low numbers of women in management positions and design measures to change this. The ILO can provide technical support in this process, for instance by financing a new edition of the Women in Business and Management Report. Further efforts could include piloting interventions at the enterprise level that promote women's promotion to managerial positions (e.g. mentoring and training programs). By assessing the effects of these interventions in terms of firms' revenues and profitability, it would be possible to better understand the causes behind the limited representation of women in managerial positions as well as to make the business case for supporting their promotion.
- **Minimum wage and collective bargaining coverage to reduce the GPG:** The analysis showed that the GPG is low in Moldova in the lower part of the wage distribution. This is likely due, at least in part, to the role played by the minimum wage in reducing all types of wage inequalities, including inequalities between male and female employees. Indeed, empirical evidence has shown that, across different countries around the world, the minimum wage represents an effective policy tool to reduce the GPG (ILO, 2018). However, certain conditions need to be in place for this to be effective. First, it is important to ensure that the minimum wage does not discriminate, either directly or indirectly, between men and women. This could happen if, for instance, the legislation sets a lower minimum wage in certain sectors or occupations that are female dominated (e.g. among domestic workers). Another important condition is to ensure that the minimum wage legislation is effectively implemented. The discussion in the report showed that the GPG in Moldova is generally higher in the private sector and among informal employees. This is likely associated with the lower coverage of the minimum wage in those segments of the labour market. Finally, it is also important to both guarantee that the minimum wage is regularly updated to ensure adequate living standards and that it is sufficiently binding. In this process, there is an important role for the social partners to work with the government on identifying the appropriate level of the minimum wage.

Collective bargaining also represents an important tool to reduce the GPG (Pillinger et al. 2016). This is because, like the minimum wage, collective bargaining can reduce all forms of wage inequalities. Collective bargaining can also be explicitly oriented to reducing gender wage inequalities in the labour market. For example, collective bargaining agreements can cover provisions to improve the reconciliation of family and work responsibilities (e.g. by promoting the adoption of remote work or more flexible work schedules). Clearly, the level at which collective bargaining takes place will affect its possible contribution in terms of reducing wage inequalities. Evidence has shown that centralized collective bargaining is more effective in reducing the GPG (Sissoko 2011). Similarly, it is also important that women are adequately represented in the collective bargaining process, among both the representatives of trade unions and employers' confederations. Finally, it is important that social partners not loosen their commitment to gender equality when other competing goals emerge, for example during an economic downturn. Indeed, evidence from the most recent recessions has

shown that women are particularly affected when a crisis hits the economy. Collective bargaining should recognize the unequal impact of crises on men and women, and introduce measures to counterbalance it.

- **Data and knowledge on the GPG:** Increasing the quality of the data and information on the GPG is also an important area of intervention. This report used the most up-to-date information available to compute the GPG and understand the main drivers behind it to shed light on both the dimension of the gap and its differences across groups in the population. However, many other factors could be explored if additional data were available. For instance, an outstanding question relates to the extent to which the GPG is a within-firm versus between-firm phenomenon. In other words, what share of the GPG is explained by differences in wages between men and women working in the same enterprise versus the share that is attributable to men and women working in different types of enterprises. Similarly, the evolution of the GPG around the time of childbirth can only be hypothesized with the available data (e.g. by comparing the GPG among younger and older individuals, as done in this report), while more accurate information on panel nature, such as tracking the same individual over time, would allow a more accurate picture of the role of childbirth in explaining gender wage differentials.

Finally, the discussion in the report has shown that an important part of the GPG cannot be explained by observable factors. After accounting for observable characteristics such as age, industry and occupation of employment, women still earn less than men. This unexplained component seems to play a particularly important role in the middle of the wage distribution, where the GPG is also the highest. Collecting additional information would allow greater light to be shed on this unexplained component. For instance, unpaid family work within the household is likely to play an important role by inducing women to seek jobs with flexibility but lower pay. Additional data-gathering could take the form of an ad-hoc module added to the LFS, covering for instance topics related to household care responsibilities. Given that these dynamics are relatively constant over time, this module would not need to be repeated every year. Along this line, the National Institute of Statistics is piloting, with the support of the ILO, a time use module to be added to the LFS.³⁴ This will provide important information on the division of household responsibilities between men and women, which can affect the GPG. Additional modules could query educational choices (e.g. to explore the reasons behind gender segregation in the field of study) and barriers to accessing managerial positions. An additional suggestion is to increase the dissemination and usage of already existing administrative data sources for research purposes. This would require, among others, increasing the interoperability of different data systems in order to be able to link data from different institutions (e.g. employment data from the social security records with educational records from the relevant government authority).

34. <https://www.ilo.org/publications/own-use-provision-services-measurement-guide>

▶ 6. Conclusions

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This report provided updated estimates on the GPG in Moldova, using different definitions of the GPG covering different groups in the labour market. Additionally, the report provided a detailed assessment of the drivers behind the GPG. This latter analysis is of key importance from a policy perspective, as it provides guidance on which specific obstacles prevent women to earn wages that are similar to those earned by men.

The analysis revealed some clear findings. First, the GPG has substantially decreased over the last decade, and its current value is below those registered in many countries around the world. However, when considering differences in the composition of the labour market between male and female employees, the difference between male and female wages is far from negligible. In 2023 the factor-weighted GPG at the mean was around 15 per cent when using monthly wages and 9 per cent using hourly wages.

Additionally, the GPG is not constant across groups in the population but varies substantially. These variations point to possible drivers of the GPG. For instance, the GPG is higher among individuals aged 35 to 54, potentially because women who return to the labour force after childbirth opt for more flexible work arrangements (e.g. in the public sector) which are associated with lower wages. Additionally, the GPG is higher among individuals with higher educational attainments. This might reflect the fact that women who obtain post-secondary education pursue degrees (e.g. in liberal arts) that yield lower returns, compared to those completed by men (e.g. in STEM). The GPG is also lower in the public sector, among formal employees and for trade union members. This reflects the importance of employment protection legislation and labour law compliance in limiting the GPG. Similarly, the GPG is lower at the bottom of the wage distribution. This likely reflects the fact that the minimum wage, by compressing wages of low-income workers, reduces all types of wage inequalities, including those between men and women.

The report presented the results of a decomposition exercise. This showed that educational attainments cannot explain the GPG. However, it should be noted that the LFS contains information only on educational levels, not on the field of study. Other observable factors, such as the sector or the occupation of employment, play an important role in explaining differences between male and female wages, especially in the upper half of the wage distribution. Among others, this is because women self-select in certain sectors, most notably the public administration, that pay lower wages on average. Additionally, even if women are more likely to be employed in mid-level occupations, such as professionals, they have lower educational attainments than men in the same occupation and have lower returns from their education. This might reflect, among others, gender segregation in the choice of the field of study. Instead, the so-called unexplained part of the GPG plays only a limited role in explaining the GPG in Moldova. Specifically, it contributes positively to the GPG only at the middle of the wage distribution.

The report also reviewed the current legal and policy framework in the country to reduce the GPG. This includes anti-discriminatory legislation and interventions in other policy areas, such as childcare services and maternity, paternity and parental leave, that can have an indirect effect on the GPG. In this respect, it is important to mention that a series of legislative changes recent years have aimed at reducing gender wage disparities. Among these changes, it is worth mentioning the Law 107/2022, which includes definitions of equal work as well as work of equal value. The new law also introduced guidelines on how to determine work of equal value following objective and gender-neutral evaluation

criteria, as recommended by ILO Convention No. 100. Other changes in the legislation have been introduced in the area of paternity leave, with the aim of increasing the take-up of paternity leave among new fathers, as well as in the area of childcare services, with the objective of increasing the coverage of early childcare education, mostly through an expansion of private providers.

While these changes all go in the right direction, additional efforts could be envisaged in order to reduce persistent gender wage inequalities in the labour market. These policy recommendations are based on the findings that arise from the empirical analysis, as well as the evidence from other countries on what works to reducing the GPG. The policy initiatives that could be considered include the following: (i) promoting the adoption and use of job evaluation mechanisms, by providing tools for enterprises to conduct these evaluations as well as introducing incentives for firms that decide to use them; (ii) increasing the take-up of paternity leave by new fathers, including by considering making part of the paternity leave compulsory; (iii) increasing the coverage of early childcare education while guaranteeing its affordability for low-income households; (iv) promoting female enrolment in STEM post-secondary degrees; (v) promoting initiatives to understand the reasons behind the underrepresentation of women in managerial occupations; (vi) leveraging minimum wage policies and collective bargaining as tools to reduce the GPG; and (vii) promoting data collection and research on the nature and drivers behind gender inequalities in the labour market.

► References

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► Appendix 1: Additional tables

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► Appendix 1: Additional tables

► Appendix 1 Table 1: The determinants of managerial employment

	(1)	(2)	(3)	(4)	(5)	(6)
Woman	-0.031*** (0.001)	-0.030*** (0.001)	-0.031*** (0.001)	-0.042*** (0.001)	-0.038*** (0.001)	-0.036*** (0.001)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Urban-Rural dummy	No	Yes	No	No	No	No
Age	No	No	Yes	No	No	No
Educational dummies	No	No	No	Yes	No	Yes
Sectorial dummies	No	No	No	No	Yes	Yes
Observations	188,810	188,810	188,810	188,810	188,810	188,810
R-squared	0.003	0.018	0.004	0.105	0.012	0.114

Note: Author's calculations based on LFS data. The table reports coefficient estimates and standard errors from a series of regression models, where the dependent variable is always a dummy equal to one if the individual works in managerial occupations. The models differ based on the controls included

*, ** and *** denote statistical significance at the 10, 5 and 1 per cent level, respectively.

► Appendix 1 Table 2: The raw GPG (percentages)

	Monthly wages		Hourly wages	
	Mean	Median	Mean	Median
2010	15.39	18.37	7.30	13.98
2011	14.21	10.00	5.28	12.50
2012	14.58	13.64	4.47	11.69
2013	15.70	20.00	5.76	16.67
2014	17.03	20.00	6.35	16.00
2015	16.72	21.43	7.29	10.16
2016	15.11	12.28	2.97	10.00
2017	14.71	14.00	4.43	8.57
2018	18.66	17.14	8.78	11.76
2019	14.37	12.50	7.28	9.44
2020	15.33	14.29	3.60	6.54
2021	12.32	11.58	4.71	1.82
2022	12.60	4.00	6.69	2.00
2023	11.44	11.67	4.73	8.33

Note: Author's calculations based on LFS data.

► Appendix 1 Table 3: The factor-weighted GPG

	Monthly wages		Hourly wages	
	Mean	Median	Mean	Median
2010	17.95	18.29	11.21	13.53
2011	16.64	17.95	9.12	11.09
2012	17.37	17.55	9.15	10.36
2013	17.25	17.80	8.13	12.33
2014	18.72	17.39	9.78	11.01
2015	17.90	17.76	10.00	11.27
2016	16.87	16.81	6.94	8.36
2017	16.62	15.18	7.27	7.15
2018	19.88	16.92	10.40	12.40
2019	16.88	12.10	10.50	8.02
2020	18.58	13.35	7.84	5.54
2021	14.90	10.49	7.55	3.92
2022	15.24	13.58	9.44	7.41
2023	15.29	12.07	8.92	7.80

Note: Author's calculations based on LFS data.

► Appendix 1 Table 4: Real wages for men, in 2010 values (Moldovan lei)

	2010	2015	2020	2023
Overall	1,923.097	1,991.146	2,519.379	2,308.240
Age: 15–24	1,623.923	1,685.883	2,680.388	2,615.377
Age: 25–34	2,304.708	2,349.514	2,962.859	2,977.905
Age: 35–44	2,047.565	2,165.272	2,727.493	2,561.276
Age: 45–54	1,856.617	1,884.958	2,447.168	2,169.171
Age: 55–64	1,725.388	1,799.776	2,159.838	1,978.442
Education: Basic	1,422.614	1,497.568	2,010.843	1,895.112
Education: Intermediate	1,752.693	1,848.462	2,372.154	2,175.383
Education: Advanced	2,773.297	2,724.022	3,577.561	3,486.230
Informal employment	1,487.730	1,414.187	1,751.245	1,644.570
Formal employment	1,977.531	2,050.826	2,591.133	2,374.849
Public sector	1,883.832	1,969.766	2,456.597	2,202.045
Private Sector	1,944.323	2,003.247	2,548.672	2,350.965
Agriculture	1,196.499	1,492.634	1,832.260	1,713.460
Manufacturing	2,075.891	2,083.594	2,626.081	2,520.133
Construction	2,534.758	2,553.189	3,129.236	2,915.247

	2010	2015	2020	2023
Mining and quarrying; Electricity	2,341.285	2,427.262	2,917.535	2,529.02
Market services	2,192.200	2,123.625	2,805.782	2,664.818
Non-market services	1,789.254	1,865.843	2,400.217	2,089.495
Managers, professionals and technicians	2,619.586	2,611.085	3,547.506	3,440.340
Clerical, service and sales workers	1,962.110	1,905.499	2,533.882	2,409.553
Skilled agricultural and trade workers	2,086.466	2,143.362	2,580.874	2,298.949
Plant and machine operators	1,899.287	2,024.099	2,536.655	2,325.645
Elementary occupations	1,217.835	1,291.703	1,685.502	1,627.903

Note: Author's calculations based on LFS data.

► **Appendix 1 Table 5: Real wages for women, in 2010 values (Moldovan lei)**

	2010	2015	2020	2023
Overall	1,658.304	1,691.280	2,219.639	2,123.067
Age: 15–24	1,685.676	1,751.146	2,310.185	2,689.126
Age: 25–34	1,717.45	1,742.710	2,384.476	2,326.524
Age: 35–44	1,691.935	1,735.905	2,177.822	2,229.659
Age: 45–54	1,623.634	1,668.590	2,264.69	2,070.743
Age: 55–64	1,594.053	1,608.355	2,078.452	1,907.095
Education: Basic	1,162.513	1,313.184	1,714.610	1,637.426
Education: Intermediate	1,476.667	1,509.323	1,997.003	1,921.038
Education: Advanced	2,295.703	2,277.997	2,999.713	2,949.837
Informal employment	1,302.158	1,362.868	1,455.558	1,370.086
Formal employment	1,694.110	1,716.426	2,254.794	2,167.164
Public sector	1,624.538	1,650.559	2,255.918	2,127.648
Private Sector	1,695.013	1,739.445	2,182.016	2,118.165
Agriculture	1,152.858	1,335.236	1,683.831	1,541.605
Manufacturing	1,816.538	1,925.226	2,361.712	2,155.53
Construction	1,979.000	2,100.814	1,541.463	2,168.727
Mining and quarrying; Electricity	2,343.606	2,096.719	2,297.336	2,581.514
Market services	1,754.764	1,662.077	2,172.966	2,186.632
Non-market services	1,617.679	1,678.352	2,287.748	2,168.749
Managers, professionals and technicians	2,073.183	2,103.149	2,840.266	2,779.829
Clerical, service and sales workers	1,363.815	1,366.920	1,850.105	1,799.419
Skilled agricultural and trade workers	1,675.114	1,834.001	2,190.252	1,969.831
Plant and machine operators	1,656.795	1,914.766	2,300.297	2,323.999
Elementary occupations	1,083.973	1,089.569	1,450.470	1,441.972

Note: Author's calculations based on LFS data.

► Appendix 1 Table 6: Returns to education for men and women in mid-level occupations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Education score	282.688*** (49.192)	218.348*** (15.250)	309.829*** (49.629)	212.576*** (14.799)	322.256*** (50.900)	212.939*** (15.560)	292.770*** (47.291)	215.264*** (14.607)
Vocational education							-751.833** (320.105)	67.510 (126.455)
Sample	Men	Women	Men	Women	Men	Women	Men	Women
Age	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Sector of employment	No	No	No	No	Yes	Yes	Yes	Yes
Vocational education	No	No	No	No	No	No	Yes	Yes
Observations	512	1,884	512	1,884	512	1,884	512	1,884
R-squared	0.104	0.137	0.182	0.149	0.219	0.153	0.225	0.153

Note: Author's calculations based on LFS data. The table reports coefficient estimates and standard errors from a series of regression models, where the dependent variable is always monthly wages and the main regressor of interest is the education score variable (see main text for how this is constructed). The models differ based on the sample used in the analysis (i.e. men or women) as well as the controls included. The models in the last two columns also report the coefficient estimates for a dummy equal to one if the individual has acquired vocational education. The sample is constituted by individuals in the four mid-level occupations mentioned in the main text (i.e. Professionals, Technicians and associate professions; Clerical and support workers and Service and sales workers).

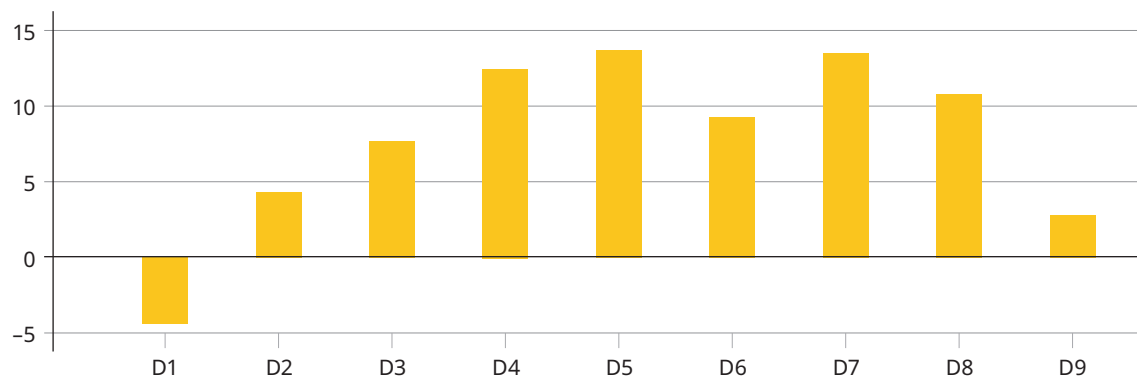
*, ** and *** denote statistical significance at the 10, 5 and 1 per cent level, respectively.

► Appendix 2: Additional figure

THE GPG IN MOLDOVA

► Appendix 2: Additional figure

► Appendix 2 Figure 1: The hourly GPG at different deciles in 2010 (percentages)



Note: Author's calculations based on LFS data.



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