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WAGES

WAGE REGULATIONS AND PRACTICES IN THE REPUBLIC OF MOLDOVA



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Preface

The United Nations Agenda for Sustainable Development, with its 17 Sustainable Development Goals (SDG), has identified decent work for all women and men and a reduction in inequality as central development issues. Wage growth and wage inequality are central to this agenda as outlined in SDG 8. The recent wage trends around the world reveal that real global wage growth dropped sharply during the post-2008 economic crisis, recovered in 2010, but has since decelerated. Wage policies and labour market institutions play a critical role in building equitable societies and sustainable economies in which the gains of progress are shared by all. Wage policy, in particular, stands at the centre of employment policy, receiving close attention from governments, and workers' and employers' organizations which – within their own national context – seek to ensure that minimum wages, collective bargaining, and other labour market institutions contribute to fair, efficient and inclusive labour markets.

In this context the ILO has provided technical assistance to the Republic of Moldova since 2016 on (1) reviewing the national wage system and preparing a technical report; (2) supporting the preparation of a concept note on public sector wage reforms; (3) promoting work and family/life balance. This report is the final output of the first component.

This report is the first ILO publication which specifically covers wage regulations and practices in the Republic of Moldova. The paper focuses on minimum wages, the public sector wage system, the gender pay gap, and collective bargaining, while also providing information on comprehensive wage-related regulatory frameworks. The purpose of the study is to review and analyze the existing wage system in the Republic of Moldova and then to identify challenges that need to be addressed to support the improvement of the current wage system in the country.

We trust that this report will serve as a useful reference particularly for those concerned with the development of wage policies in the Republic of Moldova.

Budapest, September 2017

Markus Pilgrim
Director
ILO Decent Work Technical Support
Team and Country Office for Central
and Eastern Europe

Mariko Ouchi
Specialist on Working Conditions and
Gender/Employment Equality
ILO Decent Work Technical Support
Team and Country Office for Central
and Eastern Europe

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1. Introduction

Most laws concerning wages in the Republic of Moldova focus on the public sector but with frequent references being made to the private sector (referred to as the “real sector” in legislation). While there is legislation that applies specifically to the private sector, overall wage regulations primarily replicate those dealing with the public sector - an approach that likely stems from the Republic of Moldova’s socialist past. Employers in the private sector frequently refer to the tariff scales set for the public sector to set their own wage structures. Further, the provisions of collective agreements established at the sectoral level also often simply reproduce the wage scales of public sector workers.

The public sector (also called the “budgetary sector”) refers to entities supported directly by the state budget with no financial autonomy. The private sector comprises private enterprises, but also covers entities supported by the state budget with financial autonomy, which are often referred to in many countries as parastatal entities.

Part 1 of the report will start by presenting the main features of wage regulation in the public sector to May 2017 which assists in understanding wage regulation in the private sector. The specifics of wage regulation across the entire economy are then set out encompassing such issues as minimum wage setting, tariff scales and collective bargaining. It will be seen that wage legislation is rather complex but used as the main reference in collective bargaining. However its impact on the effective wage regulation of the private sector is rather weak with the possible exception of national minimum wage.

2. The guaranteed national minimum wages

Two laws address the issue of guaranteed minimum wages: Law No. 1432-XIV of 28 December 2000 on the Setting and Review of the Guaranteed Minimum Wage¹ and Government Decision No. 165 of 9 March 2010 based on the Law on Wages No. 847 of 14 February 2002.²

The first of these laws sets the national minimum wage at 1,000 Moldovan lei (MDL) (Government Decision No. 550, p.1)³ and, as set out in Article 1, is “binding for enterprises, institutions, organizations and other legal entities, regardless of the type of property and legal form of organization” (Law No. 1432, art. 1, p. 2). The wording thus suggests that it applies to both the public and private sectors alike - at least in principle.

1 Official Gazette of the Republic of Moldova, 2001, No. 21-24, Art. 79

2 Official Gazette of the Republic of Moldova, 2002, No. 50-52, Art. 336

3 The national minimum wage of Lei 1,000 has been increased to Lei 1,100 in October 2017. The new scale is presented in Annex 1.

However, a separate guaranteed national minimum wage has been set for the private sector defined as “enterprises, organizations, financially autonomous institutions, regardless of the type of property and legal form of organization”. It is set annually by the government; moving from MDL 2,100 in 2016 (Government Decision No. 165), to MDL 2,380 from 1 May 2017.

Under the terms of Law No. 847, as amended⁴, the guaranteed minimum wage for the private sector included “additional” payments. However, an amendment introduced on 17 November 2016 (Law No. 253) changed the basis for calculating the minimum wage by excluding additional compensatory payments for such things as overtime work, night shifts, work at weekends or public holidays, and compensation for non-standard forms of work. Thus, private sector employers are obliged to pay wages to unskilled labourers in amounts that equal or exceed the minimum guaranteed wage (MDL 2,100) as a basic wage (i.e. not including additional payments such as bonuses, overtime or compensatory payments). This minimum wage is also the lowest level in wage scales set out in collective agreements.

This new law has therefore homogenized the basis of comparison between guaranteed minimum wages and actual paid wages between the two sectors. However, confusion remains as Government Decision No. 550 sets a guaranteed minimum wage for the country at MDL 1,000⁵ which, as already indicated, according to a strict reading of the wording of that Decision also applies to the private sector.

3. Tariff scales in the public sector (“budgetary sector”)

The public sector is defined as: “public administration authorities, institutions and organizations, financed from the national public budget (...) referred to as budgetary units” (Law No. 355 of 23 December 2005 on Pay System in the Budgetary Sector).

There are several wage scales (referred to as “tariff scales” in the legislation) in the public sector:

- A list of monthly salaries set by the government for persons holding public positions, persons working in the office of public dignitaries, judges, prosecutors, teachers, and some civil servants with general status such as inspectors from the Office of Public Prosecution and the National Integrity Agency;
- Salary scales and salary grades for civil servants with general status and civil servants with special status;
- Officers from the central offices of National Defence, State Security and Public Order);
- A unified salary scale for public employees in the fields of education (except for teachers), health, social protection, science, culture, arts, and sports; and other workers working in the Ministries of Defence, State Security and Public Order.

The overall tariff scale for remuneration of employees in budgetary units covers 25 categories with salaries ranging on a sliding scale from 1,000 MDL per month at level 1 to 2,000 MDL at level 25 (2,200 since October 2017, more details are given in Annex 1, Table 1).

⁴ Amendments to Articles 12 and 14 of the Law No. 847 of 14 February 2002 on Wages through the Law No. 253 of 17 November 2016.

⁵ See Note 3

Of particular relevance is Government Decision No.743 concerning “Remuneration of employees in self-supporting entities” (or “financially autonomous entities”). This is an example of significant ambiguity in the distinction between the public and private sectors. The ambiguity arises from the fact that the private sector (or “real sector”) represents all financially autonomous entities, including those benefiting from budgetary subsidies, regardless of the management structure, type of ownership or legal form. Therefore, Government Decision No. 743 regulates the wages for both private sector entities and public institutions that are self-supporting.

4. Wage regulation in the private sector (“real economy”)

Wage regulation in the private sector is set by Law No. 847 of 2002 which covers the whole economy, including the public sector. Article 2 defines the private sector in a very broad manner as the “totality of units with financial autonomy, including those benefiting from budgetary subsidies, regardless of branch subordination, type of ownership and form of legal organization”. In other words, it is called the “real economy” rather than the private sector because state enterprises, enterprises with a majority of state capital and state monopolies are all seen as being part of this sector.

As regards wage regulation in the real sector, Article 3 states: “Depending on specific features of activity and specific economic conditions, the real sector units shall, when defining remuneration, use the payroll tariff system and/or the non-tariff payroll system”. Having the option to apply the tariff system introduces additional confusion in wage regulation.⁶ (more details are given in Annex 3 which reproduces the Government Decision No. 743 of 11 June 2002). Enterprises opting for the non-tariff system are free to set wages as they wish, so long as they apply the guaranteed minimum wage to the lowest paid workers.

For those applying the tariff system it is more complex. There is a specific tariff scale for workers set out in Annex 1 of Government Decision No. 743 of 11 June 2002, as outlined below in Table 1:

Table 1. Recommended tariff scale for employees of self-supporting entities

Qualification category	I	II	III	IV	V	VI	VII	VIII
Coefficients	1.0	1.10- 1.26	1.20- 1.59	1.30- 1.81	1.40- 2.07	1.50- 2.36	1.60- 2.69	1.70- 3.07

As the guaranteed minimum wage for the real sector has been MDL 2,100, it would work as indicated in Table 2 below:⁷

⁶ See Annex 3 – Government Decision No. 743, 11 June 2002.

⁷ In the examples we are using the old Guaranteed minimum wage. This does not change the analysis.

Table 2. Example of tariff salary calculation

Qualification category	I	II
Tariff coefficients	1.0	1.10-1.26
Tariff salary	$1.0 * 2,100 = 2100$	$1.10 * 2,100 = 2,310$ $1.26 * 2,100 = 2,646$

Therefore, for a worker classified in Qualification Category II, his/her minimum salary should be between MDL 2,310 and MDL 2,646. The Government has also set out a recommended list of minimum wages by sector for first category qualifications based on what are called coefficients of complexity. These coefficients of complexity range from 1 for sectors such as agriculture, hunting, forestry, fishing, wholesale and retail trade, hotel and restaurants to 1.50 for mining and quarrying⁸. It is important to stress, however, that this is a recommended list, and therefore not compulsory.

Other coefficients of complexity can be set by collective bargaining, provided that the minimum wage of MDL 2,100 is maintained. However, collective agreements tend to be unclear regarding the wage scales which should apply to the sector they are covering. Further, the application of the tariff system becomes confusing when applying it to managerial, professional and executive staff.

In accordance with Government Decision No. 743, those employers applying the unified tariff scale for remuneration of employees must use the tariff wages and official wages for employees determined by the pay grade set out in Law No. 355-XVI of 23 December 2005. This scale is based on the pay system in the public sector, multiplied by the coefficient obtained from the ratio of the tariff wage for the first level of qualification, and the minimum limit of the salary scale for pay grade I. Law No. 355-XV headed *Pay Grades of the Unified Tariff Scale for Remuneration of Employees (UTSR)* sets out some 80 different occupation categories each with a commensurate pay grade. The lowest pay range – 2-3 – applies to consignors, support staff at dorms, staff keeping duty at permit issuing offices, guardians, bodyguards and public guardians while the highest range – 20-22 – applies to heads of large economic entities employing 1,000 employees or above⁹. In the latter case their basic wage should be between: $MDL 1,520 * (2,100/1,000) = MDL 3,192$ and $MDL 1,700 * (2,100/1,000) = MDL 3,570$.

It should be noted that according to interviews conducted in the preparation of this paper that very few enterprises opt for the tariff system. Therefore, the most important element is the national guaranteed minimum wage, set at the time of writing at MDL 2,100. This is the main obligation for employers.

⁸ See Table 2 in Annex 1

⁹ See Table 3 in Annex 1

5. Collective bargaining

At the beginning of 2003, after the adoption of the new Labour Law, the Moldovan social partners negotiated collective agreements at the national level, covering separate aspects of labour relations. All told, between 2003 and 2015, the social partners negotiated 15 collective agreements at the national level¹⁰.

After the Law had been amended to introduce the concept of a guaranteed minimum wage in the private sector, the social partners signed Collective Agreement No. 9 on the Minimum Guaranteed Wage Level in the Private Sector in January 2010. Then, wage scales started being negotiated at the sectoral level. However, many of those sectoral agreements state that applying the tariff scale instead of the negotiated sectoral wage scale remains possible.

The following Table 4 analyses nine sectoral collective agreements in force (at least in principle) in the country. These nine agreements cover the following sectors:

- Communication
- Transport
- Electricity
- Chemical / Energy
- Consumer Services and Commodities Production
- Construction
- Light Industry
- Agroindustry
- Wholesale and Retail Trade

¹⁰ See Annex 2 for the full list of national Collective Agreements.

Table 3. Sectoral Collective Agreements in the Republic of Moldova

	Sectoral collective agreements	Sectors concerned	Main wage provisions & comments
1	Communications Workers' Federation - Collective agreement for the years 2016-2018	62 Computer programming, consultancy and related activities. 61 Telecommunications 63 Information services 58 Publishing 59 Motion picture, video and television programme production, sound recording and music publishing	<ul style="list-style-type: none"> • Salary for the 1st. category of qualification: MDL 2,100 • Choice between wage tariff system or non-tariff wage system • Wage scale using the coefficient of complexity for certain recommended ICT sectors (post and telecommunications: See Table 4. Recommended coefficients of complexity for first category of qualification) • Specific provisions for special working conditions and working time
2	The collective agreement (sectorial level) for the period 2016-2020 between the Republic of Moldovan Employers' Association and the Road Workers Trade Union Federation of the Republic of Republic of Moldova and the Republic of Moldovan Road Transport Union	51 Transportation 52 Warehousing and support services for transportation 53 Postal and courier services 50 Water transport	<ul style="list-style-type: none"> • The guaranteed minimum wage is MDL 2,100 • Employers may establish additional incentive-based payments by collective agreement at the enterprise level. • Specific provisions for special working conditions provisions
3	Collective agreement No. 400 of 28 July 2006 in the electricity sector of the national economy of Republic of Moldova for 2010-2015 (Federal union "Sindenergo")	35 Electricity, gas, steam and air conditioning services	<ul style="list-style-type: none"> • Salary for the 1st category of qualification is MDL 2,835 (2,100 *1.35 coefficient of complexity: See Table 4. Recommended coefficients of complexity for first category of qualification) • Specific provisions for special working conditions and seniority
4	Collective agreement 2014-2017 Workers' Federation of Chemical Industry and Energy Resources	35 Electricity, gas, steam and air conditioning services 20 Manufacture of chemicals and chemical products	<ul style="list-style-type: none"> • The tariff wage for the first category MDL 2,100*1.35 coefficient (See Table 4. Recommended coefficients of complexity for first category of qualification) • Provisions for seniority

5	Workers' Federation for consumer services and commodities production "Sindindcomservice" Collective Convention for the period 2010-2016	37 Sewerage 38 Waste collection, treatment and disposal; materials recovery 36 Water collection, treatment and supply	<ul style="list-style-type: none"> • Provisions for working time • Wage scale: <ul style="list-style-type: none"> – Household water supply and sanitation (water supply, sewage and water) – MDL 2,050/month and MDL 12.13/hour; – Building, construction and installation, roads, construction and household repairs system Housing – MDL 2,050/month and MDL 12.13/hour; – Electrified urban public transport – MDL 2,050/month and MDL 12.13/hour; – Metallurgical (finished metal products, manufacturing, production machinery and equipment for household needs), engineering equipment plant in Floresti – MDL 1,960/month and MDL 11.60/hour; – Urban public transport and road maintenance – MDL 1,960/month and MDL 11.60/hour; – Household (housing services, readjustment and domestic waste disposal, sanitary cleaning, land development and other services of the communal administration) – MDL 1,960/month and MDL 11.60/hour. – Production and distribution of electricity and heat, hot water – the minimum salary guaranteed by the state in the real sector (for 2015 it was MDL 1,900 /month) <p>Notes: These wages were approved in November 2015, when the minimum salary guaranteed by the state in the private sector was MDL 1,900 /month or 11.25 MDL per hour. The Convention has not been updated for 2016 or 2017.</p>
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6	Collective agreement for the construction industry 2009 – 2013, amended in 2017	71 Architectural and engineering activities; technical testing and analysis 42 Civil engineering 41 Construction of buildings 43 Specialised construction activities	<ul style="list-style-type: none"> The choice between the tariff and non-tariff system is decided by the social partners through collective bargaining. The tariff salary for the first category of qualification and the minimum wage for the non-tariff system has been agreed Wage scale: <ul style="list-style-type: none"> For employees in the construction, projection, roads, land/cadastral surveying, mechanization and transport in construction – MDL 13.61/ hour or minimum MDL 2,300/month, calculated for full-time work of 169 hours per month; For employees in building materials and glassware – MDL 12.72/hour or at least MDL 2,150 per month, calculated for a full-time work of 169 hours per month. For unskilled workers – MDL 12.43 per hour or MDL 2,100 per month, calculated for a full-time work of 169 hours per month. 																		
7	Collective agreements for light industry (2012 – 2017)	13 Manufacture of textiles 15 Manufacture of leather and related products	<ul style="list-style-type: none"> The minimum guaranteed salary in the industry is MDL 2,100, the national minimum wage Wages are determined using minimum and maximum scales through coefficients quotas referred to in the agreement (see table below) <table border="1" data-bbox="790 1339 1401 1460"> <thead> <tr> <th>Qualification category</th> <th>I</th> <th>II</th> <th>III</th> <th>IV</th> <th>V</th> <th>VI</th> <th>VII</th> <th>VIII</th> </tr> </thead> <tbody> <tr> <td>Tariff coefficients</td> <td>1.0</td> <td>1.10-1.26</td> <td>1.20-1.59</td> <td>1.3.-1.81</td> <td>1.40-2.07</td> <td>1.50-2.36</td> <td>1.60-2.69</td> <td>1.70-3.07</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The hourly or monthly wage is determined according to one's qualifications at enterprise level depending on the financial situation of the employer, and are fixed by collective agreements. For highly qualified workers tariff salaries shall be increased from 50 to 100 percent (based on the above annex) in accordance with one's qualifications. 	Qualification category	I	II	III	IV	V	VI	VII	VIII	Tariff coefficients	1.0	1.10-1.26	1.20-1.59	1.3.-1.81	1.40-2.07	1.50-2.36	1.60-2.69	1.70-3.07
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8	Federația “Agroindsind” Convenția colectivă pentru anii 2015- 2017	08 Other mining and quarrying 11 Manufacture of beverages 10 Food processing 01 Crop and animal production, hunting and related services 03 Fishing and aquaculture	<ul style="list-style-type: none"> The basic salary for other mining and quarrying and Manufacture of beverages is MDL 2,450 The tariff wage for the first category of qualification in agriculture is MDL 2,300 (for most areas of activity, see variations in the tables on page 14) The tariff wage for the first category of qualification in crop production is MDL 1,950 Salary for the first qualification category is MDL 1,900 in Fishing and aquaculture Pay shall be established by collective bargaining agreement at the enterprise level or through individual employment contracts. The tariff scale for workers and specialists which apply to all units is <table border="1" data-bbox="788 958 1401 1176"> <tr> <td>Qualification category</td> <td>I</td> <td>II</td> <td>III</td> <td>IV</td> <td>V</td> <td>VI</td> <td>VII</td> <td>VIII</td> </tr> <tr> <td>Coefficients</td> <td>1.0</td> <td>1.10-1.26</td> <td>1.20-1.59</td> <td>1.30-1.81</td> <td>1.40-2.07</td> <td>1.50-2.36</td> <td>1.60-2.69</td> <td>1.70-3.07</td> </tr> <tr> <td>Qualification category</td> <td>IX</td> <td>X</td> <td>XI</td> <td>XII</td> <td>XIII</td> <td>XIV</td> <td>XV</td> <td>XVI</td> </tr> <tr> <td>Coefficients</td> <td>1.76</td> <td>1.82</td> <td>1.9</td> <td>1.97</td> <td>2.12</td> <td>2.24</td> <td>2.44</td> <td>2.66</td> </tr> </table> <ul style="list-style-type: none"> Salary for qualification category is determined in agriculture, food processing and related industries is set as follows: <table border="1" data-bbox="788 1323 1401 1512"> <tr> <td>Grain processing</td> <td>2,300</td> <td>Wine and spirits</td> <td>2,450</td> </tr> <tr> <td>Meat and milk processing</td> <td>2,300</td> <td>Confectionery, soft drinks and bakery</td> <td>2,800</td> </tr> <tr> <td>Sugar production and oil extraction</td> <td>2,500</td> <td>Other</td> <td>2,300</td> </tr> <tr> <td>Perfumery and cosmetics</td> <td>2,300</td> <td></td> <td></td> </tr> </table> <ul style="list-style-type: none"> Salary for qualification category is determined in agriculture, food processing and related industries are set as follows: <table border="1" data-bbox="788 1671 1401 1892"> <tr> <td>Activity area</td> <td>Salary</td> </tr> <tr> <td>Agriculture</td> <td></td> </tr> <tr> <td>- Machine operators, skilled employees and workers</td> <td>1,950</td> </tr> <tr> <td>- Stockyard</td> <td>2,000</td> </tr> <tr> <td>- Fish</td> <td>1,950</td> </tr> <tr> <td>- Auxiliary staff</td> <td>1,900</td> </tr> </table> <ul style="list-style-type: none"> Provisions for seniority, dismissal and poor working conditions 	Qualification category	I	II	III	IV	V	VI	VII	VIII	Coefficients	1.0	1.10-1.26	1.20-1.59	1.30-1.81	1.40-2.07	1.50-2.36	1.60-2.69	1.70-3.07	Qualification category	IX	X	XI	XII	XIII	XIV	XV	XVI	Coefficients	1.76	1.82	1.9	1.97	2.12	2.24	2.44	2.66	Grain processing	2,300	Wine and spirits	2,450	Meat and milk processing	2,300	Confectionery, soft drinks and bakery	2,800	Sugar production and oil extraction	2,500	Other	2,300	Perfumery and cosmetics	2,300			Activity area	Salary	Agriculture		- Machine operators, skilled employees and workers	1,950	- Stockyard	2,000	- Fish	1,950	- Auxiliary staff	1,900
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- Fish	1,950																																																																		
- Auxiliary staff	1,900																																																																		

9	Collective agreement for the years 2013-2014, extended to 2016 Trade Union Moldindcoopcomert	46 Wholesale trade, except of motor vehicles and motorcycles 45 Wholesale and retail trade and repair of motor vehicles and motorcycles 47 Retail trade, except of motor vehicles and motorcycles	<ul style="list-style-type: none">• Minimum salary for the first category of qualification – MDL 2,100• The employer can choose between a tariff system or non-tariff payroll systems after consultation with employee representatives• Specific provisions for overtime and length of service
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In most of the nine collective agreements analysed, wage scales by category are not explicitly included, giving only the national guaranteed minimum wage as a reference. For the few which provide some details, the categories are not specifically defined, referring only to the generalised categories for which a particular coefficient of the basic wage would apply (i.e. I, II, III etc.). In addition, such scales are just a copy the general scale proposed in the Government Decision No. 743 (see table 1 above) not adjusted to the characteristics of the sector. It should also be noted that some agreements are out of date and have not been renegotiated, illustrating the weaknesses of collective bargaining in the Republic of Moldova. This weakness is also revealed by the fact that, in addition to wage scales, most of the provisions in collective bargaining agreements are taken directly from the national legislation.

Indeed, perhaps based on historical precedent, it appears that most workers' and employers' organizations are more at ease with national legislation stipulating what is to apply, rather than negotiating wages at the sectoral level themselves. The weakness in effective collective bargaining is probably also due to a lack of both human resources and technical capacities to design and negotiate collective agreements at sectoral level. Negotiating collective agreements requires good technical knowledge of the specific skill sets required as well as the production constraints of each sector.

6. Conclusion

From this first analysis, it appears that there should be a focus on three aspects:

1. A consolidation of the laws and various decisions on guaranteed minimum wages with one law clarifying when and why the two minimum amounts specified in law (i.e. MDL 1,000 and MDL 2,100, currently revised to MDL 2,380) are applied. The recommendation would be to have only one minimum wage covering both budgetary and private sectors.
2. A clarification of the tariff scale used by the private sector and of the usefulness of allowing them the option of using the non-tariff system.
3. Measures to reinforce the dynamism of collective bargaining, particularly at the sectoral level by making collective agreements more structured and by supporting the social partners to develop wage scales that better reflect the skill requirements of each sector. Such an approach would also help the Government address the question of equal remuneration, and in particular to address the comments made by the ILO's Committee of Experts on the Application of Conventions and Recommendations regarding the application of the Equal Remuneration Convention, 1951 (No. 100). The Committee stated: "The Committee asks the Government, once again, to provide information on the specific measures taken to ensure that collective agreements setting the conditions of payment in the different branches of the economy apply the principle of the Convention and on the number of men and women who are covered by these collective agreements"¹¹.

¹¹ International Labour Office: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13100:0::NO::P13100_COMMENT_ID:3298799

To do so, we propose to select Collective Agreements (CA) 6 and 7 as a focus for further work.

CA 6 covering the construction industry is a good case to analyse the choice which could be made by the social partners between the tariff and non-tariff systems. In addition, it is a sector where the social partners appear to be well organised.

CA 7 covering the manufacture of textiles, leather and related products is a good illustrative case as wages are in the average of the whole economy and therefore rather representative and employs a high proportion of women.

During a second phase of the project it is proposed to work with ILO constituents to better understand the impact of the collective agreements and to design some standard provisions and procedures to improve their impact that could then be used as benchmarks for other sectors.

Part II consists of an analysis using the official statistics on earnings produced by the National Bureau of Statistics of the Republic of Moldova (NBS) (www.statistica.md). Chapter I identifies the impact of the guaranteed minimum wage by economic sector, while chapter II attempts to understand and measure the wage gap between men and women by sector. While the available statistics do not allow for an analysis of the informal economy, this is generally done by considering data by enterprise size (with small size enterprises taken as a proxy of informality) and by employment status (self-employed workers also being taken as a proxy of informality). Such disaggregated data is not available in published statistics in the Republic of Moldova.

Chapter I: The impact of the minimum wage

This chapter analyses the impact that the guaranteed minimum wage of MDL 1,900 (in 2015)¹² has on average earnings. As explained in the previous section, this guaranteed minimum wage does not apply to the public sector, where a lower minimum wage applies. Therefore, we will focus solely on the private sector. Nevertheless, we do make comparisons between the public and private sectors, as the social partners have argued that one, universal guaranteed minimum wage, applying to all sectors of the economy, would facilitate better implementation.

1. General impact

Usually the impact that a guaranteed minimum wage has on earnings is measured by the ratio of guaranteed minimum wage to average earnings, sometimes called the Katz¹³ index. The following table presents the Katz index for the private and public sectors.

Table 4. Ratio of guaranteed minimum wage (MDL 1,900) to average earnings by type of ownership and sex, 2015

	Both sexes	Men	Women
Whole economy	0.51	0.47	0.54
Public sector	0.54	0.48	0.58
Private sector	0.49	0.47	0.52

¹² 2015 is the latest year for which data is available from NBS. We use the Guaranteed minimum wage of MDL 1900 which is applicable that year.

¹³ *Changes in Relative Wages 1963-1987: Supply and Demand Factors* Lawrence F. Katz and Kevin M. Murphy – The Quarterly Journal of Economics Vol 107, No 1 (Feb 1992) pp35-78.

Regarding the private sector, where a guaranteed minimum wage of MDL 1,900 applies, it represents 0.49 of average earnings – a good ratio compared with European countries (where, however, it must be remembered that average wages are significantly higher).

The Katz index is higher for women, reflecting the fact, on average, that women earn less than men.

The guaranteed minimum wage does not apply to the public sector. However, it is interesting to note that the Katz index (based on a putative minimum wage of MDL 1,900) is higher in the public sector, reflecting a lower average wage than in the private sector.

2. Impact in the Private sector

The Katz index has been calculated by sector in the private sector and covers a range of 0.12 for the private part of public administration and defence and compulsory social security to 0.93 for fishing and aquaculture. It is interesting to note that of the 78 sectors analysed, 49% fall within the range of 0.40 to 0.59. Table 4 in the Annex 1 sets out the full range of sectors with the Katz ratio specified for each as at 2015.

There are clear differences among the sectors reflecting quite substantial earning differentials. The scope of those differentials is better understood when one calculates the standard deviation of the Katz indices:

Average	0.50	1/2 average: 0.25
Standard deviation	$\sigma = 0.57$	
	$\sigma = 0.57 > 0.25$	

The standard deviation is rather large; meaning that, on average, the wage differentials between sectors cover a broad range of values.

The following table lists the sectors where the guaranteed minimum wage is weak (Katz index below 0.30) and those where it represents a sizeable percentage of the average earnings (Katz index above 0.79).

Table 5. Selected detailed sectors with contrasting guaranteed minimum wage impact – Private sector, 2015

Less than 30 per cent

Public administration and defence; compulsory social security	0.12
Computer programming, consultancy and related services	0.18
Air transport	0.20
Telecommunications	0.24
Activities of head offices; management consultancy services	0.24
Insurance, reinsurance and pension funding, except compulsory social security	0.29
Financial services, except insurance and pensions	0.29
Electricity, gas, steam and air conditioning	0.29
Scientific research and development	0.29

Above 79 per cent

Food and beverage services	0.79
Buildings and landscape services	0.79
Gambling and betting	0.89
Veterinary services	0.91
Fishing and aquaculture	0.93

It appears that the sectors where the impact of a guaranteed minimum wage is lowest are those requiring high skills (attracted by high wages), whereas the impact of the guaranteed minimum wage is felt more keenly in more traditional sectors, and for those working in the arts and social work, where wages are low.

3. Comparing the private and public sectors

As mentioned above, the guaranteed minimum wage of MDL 1,900 does not apply to the public sector. Moreover, it is worth noting that four sub-sectors of the public sector have an average wage that is below the guaranteed minimum wage of the private sector, a fact that bolsters arguments for a single guaranteed minimum wage across the whole economy. The relevant sectors are listed in the following table.

Table 6. Detailed sectors of the budgetary sector with average earnings lower than the guaranteed minimum wage of the real sector

Public administration and defence; compulsory social security	1.10
Water collection, treatment and supply	1.12
Information services	1.26
Waste collection, treatment and disposal services; materials recovery	1.37

In fact, the differences in earnings between the two sectors are significant, even in similar sub-sectors as shown in the table below:

Table 7. Comparison of the ratio of guaranteed minimum wage to average earnings between the two main sectors (Katz index = guaranteed minimum wage to average wage)

Detailed analysis of sectors covering both the private and the public sectors	Private	Public	Private: Public
Crop and animal production. hunting and related services	0.77	0.54	0.23
Forestry and logging	0.56	0.86	-0.30
Waste collection. treatment and disposal services; materials recovery	0.46	1.37	-0.92
Accommodation	0.52	0.69	- 0.17
Food and beverage services	0.79	0.86	-0.08
Information services	0.33	1.26	-0.93
Real estate services	0.57	0.46	0.12
Legal and accounting services	0.34	0.85	-0.51
Architectural and engineering services; technical testing and analysis	0.44	0.34	0.11
Scientific research and development	0.29	0.48	-0.18
Other professional. scientific and technical services	0.61	0.45	0.16
Veterinary services	0.91	0.64	0.27
Security and investigation services	0.73	0.42	0.31
Buildings and landscape services	0.79	0.42	0.37
Public administration and defence; compulsory social security	0.12	1.10	-0.98
Education	0.41	0.41	0.01
Human health services	0.50	0.63	0.13
Residential care	0.51	0.45	0.06
Creative. arts and entertainment	0.56	0.81	-0.24
Libraries, archives, museums and other cultural activities	0.34	0.98	-0.63
Sports and recreation	0.56	0.81	-0.25
Other personal services	0.77	0.55	0.21

Thus, the correlation between the Katz indices in the two sectors is negative and quite high:

$$r = - 0.40$$

That means that not only are the earning hierarchies quite different between the private and public sectors, they also pull in opposite directions. For instance, while the guaranteed minimum wage is far higher than average earnings in waste collection, public administration and defence, compulsory social security, or information services in the public sector, it is far below average earnings in the same sectors in the private sector. Conversely, in veterinary services workers earn more in the public sector than in the private sector where the guaranteed minimum wage is very close to average earnings. It is difficult to explain such a divergence at this stage. It may be due to different skill requirements for the same job category in each sector. It is definitely worthwhile exploring further to enable better management of the labour market.

4. Explaining Katz index differential by sector

Although the difference in the ratio of guaranteed minimum wages to average earnings reflects, first and foremost, wage differences among sectors, using the available data, we have tested some possible factors which could further explain such differences. One factor is the number of employees in each sector, based on the hypothesis that sectors employing more people may recruit a greater proportion of less skilled workers. A second hypothesis is the ratio of women to total numbers of employees in each sector. We have already noted that the Katz index is generally higher for women. And it may be that sectors employing more women have lower average earnings, as is the case in most economies in the world.

We have correlated the Katz index with the numbers employed, and with the ratio women in employment to total employment. The result of the correlation is presented in the following table.

Table 8. Correlation coefficients (r) between Katz index, numbers employed and share of women in employment

R	Whole economy	Private Sector	Public Sector
MW/AEar-Tot Emp.	0.09	0.14	-0.08
MW/AEar-Emp. W/Emp. M	0.08	0.19	-0.25

Considering first the public sector - the correlation is weak in both cases meaning that neither the number of people employed, nor the share of women employees significantly affect the impact of the guaranteed minimum wage on average earnings. However, in the private sector the higher the number of employees and the more women employed, the higher the Katz index is. In other words, a bigger workforce,

and in particular a higher number of women employees, tends to depress wages in the private sector. We will investigate in more detail the impact that the share of women employees has on earnings differential in the next chapter. However, we will first analyse the impact that the guaranteed minimum wage has by considering the distribution of employees by earnings.

5. Distribution of employees by earnings

It is notable that in a few sectors average earnings are very close to the guaranteed minimum wage. It is therefore of interest to consider the earnings distribution for the year 2015 which is provided for economic units of the private sector with 4 and more employees, and in all public institutions (irrespective of the number of employees). Unfortunately, no breakdown by sex is available in the national statistics. The following table presents the percentage of employees whose earnings are below the guaranteed minimum wage (of MDL 1,900¹⁴) by decreasing order, going from the sectors with the highest percentage of employees earning less than the guaranteed minimum wage to sectors with lowest percentage in this respect.

It should be reminded that the 1,900 MDL minimum wage applies only to the real sector. Therefore those percentages which include the budgetary sector could distort the figures. In order to take into account the budgetary sector, effect we have indicated in the column on the right the share of the budgetary sector employment against the private sector. A ratio close to zero indicates that the budgetary sector employment is negligible in the sector. Considering the results presented in Table 9, among the sectors with the highest number of employees paid under the national minimum wage, only two sectors are certainly affected by the budgetary sector effect: “Arts, entertainment and recreation and above all “Education”, apart from public administration and defence, compulsory social security sector which the budgetary sector employees are very dominant.

On the other hand, by excluding private enterprises with less than 4 employees, the percentages are probably underestimated. It is in the very small enterprises that the probability of having wages lower than the minimum wages is the highest and therefore two contradictory effects may neutralise the situation. In any cases, the percentages give a good indication of low wages in the whole economy.

14 The data are only for less than MDL 2,000

Table 9. Percentage of employees earning less than the guaranteed minimum wage (by sectors), 2015

Sector	per cent employees	Ratio of public to private employment
Arts, entertainment and recreation	44.1	1.74
Education	33.6	7.45
Other services	32.3	0.00
Accommodation and food service services	31.7	0.02
Agriculture	27.4	0.03
Real estate activities	23.9	0.02
Whole economy	20.3	0.38
Wholesale, retail trade, repair of motor vehicles and motorcycles	20.3	0.00
Human health and social work	17.5	0.25
Administrative and support services	17.1	0.02
Transportation and storage	15.1	0.00
Construction	14.8	0.00
Manufacturing	14.5	0.00
Industry	12.2	0.00
Professional, scientific and technical activities	11.9	0.46
Water supply, sewerage, waste management, remediation	11	0.02
Mining and quarrying	10.9	0.00
Public administration and defence, compulsory social security	10.3	55.32
Information and communication	5.4	0.00
Financial and insurance services	5.1	0.00
Electricity, gas	0.1	0.00

There is indeed a strong correlation between the Katz index and the percentage of employees paid less than the guaranteed minimum wage. The correlation coefficient is $r = 0.78$, meaning that the sectors with the lowest average earnings are also those with the highest percentage of employees paid less than the guaranteed minimum wage.

Overall about 20 per cent per cent of employees earn the guaranteed minimum wage or less¹⁵. This is a comparatively high figure. Therefore, while the guaranteed minimum wage is at a relatively high level in comparison to other European countries, its implementation would appear to be rather weak. In some principal sectors of the economy the percentage of employees paid less than the guaranteed minimum wage accounts for more than 30 per cent of employees.

¹⁵ Considering the discussion above the percentage should be taken with caution but is probably an acceptable figure.

6. Conclusion

In the private sector, the guaranteed minimum wage represents 0.49 of average earnings. This is a good standard compared with other European countries (where, however, average earnings are significantly higher). This share is higher for women, reflecting the fact that women, on average earn less than men. Although the guaranteed minimum wage of 1,900 does not apply to the public sector, it is interesting to note that for public sector workers the share is higher (0.54), reflecting lower average earnings than in the private sector.

The sectors where the impact of a guaranteed minimum wage is the lowest are, generally speaking, those that require high skills, and where employees can demand high wages. Conversely, the guaranteed minimum wage has a higher impact in more traditional sectors, the arts, and social work.

We believe that there are two complementary ways to improve employees' wages. The first is a revision of the laws fixing the guaranteed minimum wages by consolidating them into one single guaranteed minimum wages. This would put an end to the proviso whereby the private sector can opt for the tariff system. It should be noted however that Trade Unions insists that this option be retained.

The second proposal is not to remove a reference to a macro wage scale but to replace the single tariff system with sectoral wage scales better adapted to the activity of each sector. The wage scales that enterprises in the private sector would have to apply would be set through sectoral collective agreements. Negotiated sectoral wage rates adapted to the type of skills needed for specific activities of each sector will encourage better application. We have seen above that wage scales of this nature are very rare in the current collective agreements in the Republic of Moldova. Sectors where less than 60 per cent of employees actually receive the guaranteed minimum wage should be considered first.

CHAPTER II The Gender Pay Gap

As highlighted above, the Katz index is higher for women than men due to the fact that, on average, women are paid less than men. However, we have also seen that the employment ratio of women to men does not significantly impact the Katz index, albeit with a bigger tendency (though not a significant one) in the private sector than in the public. In this chapter, we analyze the earning differentials between men and women. The factors explaining the pay gap between the sexes are complex: women's skills may not be valued the same as men's; women's career progression may be slower; there is occupational segregation in the labour market; and women have an unfair share of domestic and care responsibilities - in essence the same issues that face working women to differing degrees everywhere. The available statistics in the Republic of Moldova do not allow for an in-depth analysis of these multifaceted causes, and consequently this chapter will focus primarily on presenting the facts of the gender pay gap.

1. The Private Sector

In the private sector, the average pay for women is MDL 3,643, whereas for men it is MDL 4,047 - a gender pay gap of approximately 10 per cent. Looking at average earnings of women and men by sectors, it appears that the lowest earnings are found in the agricultural sector for both sexes and the highest in high tech sectors like information technology, air transport, telecommunication and in public administration, defence and compulsory social security, (although it is recognised that the private sector is not well represented in the latter three sectors). Table 5 in the Annex 1 sets out the full list of average earnings by sector and sex in the private sector.

Overall there is a high correlation between earnings by sector and sex.

$$r = 0.90$$

The high correlation means that there is not a significant number of sectors where the earning differential between men and women is high enough nor low enough to make the sectorial ranking different between men and women. Therefore, sector per se does not explain the gender wage gap – it is relatively uniform across the board. A full list of the earning differentials between men and women by sector is set out in Table 6 in the Annex 1.

For the entire private sector, the average monthly earning differential is 0.90, meaning that on average women earn 10 per cent less than men, significantly below the average gender pay gap of European Union Member States, which stands at 16 per cent.¹⁶ It should also be noted that on average the differences between sectors are not very large as indicated by the standard deviation of earning differential among them.

¹⁶ The EU average is calculated using gross hourly earnings, whereas the data presented for Republic of Moldova refers to net monthly earnings. That being said, using gross monthly earning gives the same result (0.90). It is not specified whether the data includes part-time workers. The problem is overcome in the EU data by using the hourly rate. However, if part-time workers were included in the Republic of Moldova data the pay gap would be higher compared with the EU ratio.

earning differential average 0.90 ½ average: 0.45
 Standard deviation $\sigma = 0.0508$
 $\sigma = 0.0587 < 0.45$

Although the average pay gap does not vary much among sectors (as seen in Table 6 of the Annex 1), some sectors do display a significantly higher gap, with some sectors having a gender pay gap of more than 20 per cent. They are reproduced in the following table:

Table 10. Sectors with high differentials between men and women in the real economy

Sectors with high wage differential	Av. Earn. Women	Av. Earn. Men	Pay Gap
Publishing	3,812	6,988	0.55
Computer programming, consultancy and related activities	7,112	12,690	0.56
Financial service activities, except insurance and pension funding	5,395	9,400	0.57
Residential care activities	3,226	5,167	0.62
Air transport	7,020	10,703	0.66
Public administration and defence; compulsory social security	12,643	18,617	0.68
Scientific research and development	5,221	7,427	0.70
Manufacture of other transport equipment	4,724	6,632	0.71
Insurance, reinsurance and pension funding, except compulsory social security	5,849	7,908	0.74
Postal and courier services	3,041	4,090	0.74
Activities of head offices; management consultancy activities	6,968	9,039	0.77
Manufacture of chemicals and chemical products	3,341	4,238	0.79
Programming and broadcasting activities	4,080	5,107	0.80
Average of those sectors	6,041	8,989	0.68
Whole real economy	3,643	4,047	0.90

It is noteworthy that most of the sectors with the highest pay gap are those which provide the highest earnings in the economy overall, for both men and women alike. Sectors with more equal pay, or those few sectors where women earn more, are characterized by wage levels a little more than the average.

Table 11. Sectors with earning differentials equal to or in favour of women in the real economy

Sector with equal pay or a pay gap or in favour of women	Women	Men	Pay Gap
Land transport and transport via pipelines	3,051	3,062	1.00
Architectural and engineering services; technical testing and analysis	4,283	4,294	1.00
Transportation and Storage	3,568	3,555	1.00
Furniture making	2,998	2,944	1.02
Sewerage	5,125	5,031	1.02
Telecommunications	8,262	7,853	1.05
Administrative and Support Services	3,076	2,911	1.06
Fishing and aquaculture	2,153	2,006	1.07
Other Services	4,907	4,532	1.08
Warehousing and transport support services	5,773	5,244	1.10
Manufacture of leather and related products	3,390	3,066	1.11
Manufacture of basic pharmaceutical products and pharmaceutical preparations	5,928	5,350	1.11
Libraries, archives, museums and other cultural activities	5,963	5,223	1.14
Legal and accounting activities	5,908	5,098	1.16
Forestry and logging	3,937	3,330	1.18
Activities of membership organizations	6,335	5,296	1.20
Office administration, office support and other business support services	5,213	3,925	1.33
Average of those sector	4,600	4,200	1.1
Whole real economy	3,643	4,047	0.90

2. The Public Sector

In the public sector, women earn, on average, MDL 3,250. For men the figure is MDL 3,957, a gap of some 18 per cent (i.e. almost double the private sector). Overall wages are lower, for women and men alike, than in the private sector.

The number of sectors covered by the public sector is lower than for the private sector. The sectors displaying the lowest earnings are more heterogeneous than in the private sector but, as in the private sector, we also find the highest earnings in the high-tech sector. (Table 7 in the Annex 1 sets out the full list of average earnings by sector and sex in the public sector.) Consequently, as in the private sector the correlation between the earning rankings by sector is high:

$$r = 0.86$$

The high value of r means that there are a number of sectors where the pay gap

is not high or low enough to make the sectorial ranking different between men and women. Therefore, as for the real economy, sector per se does not favour men against women in the budgetary economy. Considering the earning differentials, the average for the whole public sector is 0.82, meaning that women on average earn 18 per cent per cent less than men and the public sector earning differentials are even higher than that in the private sector. This puts the Republic of Moldova at odds with general trends in the gender pay gap. In most countries it is significantly more pronounced in the private sector.

**Table 12. Gender pay gap in the public sector
(in increasing order)**

Sectors	Earnings Women/Men
Other professional, scientific and technical activities	0.61
Administrative and support services	0.64
Information and Communication	0.69
Information services	0.69
Sports and recreation activities	0.70
Human health services	0.74
Security and investigation services	0.78
Scientific research and development	0.82
ECONOMIC ACTIVITIES – TOTAL	0.82
Public administration and defence; compulsory social security	0.85
Professional, scientific and technical services	0.86
Human health and social work	0.87
Real estate activities	0.89
Libraries, archives, museums and other cultural activities	0.90
Waste collection, treatment and disposal services; materials recovery	0.92
Creative, arts and entertainment activities	0.98
Architectural and engineering services; technical testing and analysis	0.99
Accommodation	1.00
Building and landscape services	1.00
Residential care services	1.02
Legal and accounting activities	1.03
Veterinary services	1.07
Education	1.09
Water collection, treatment and supply	1.13
Social work (without accommodation)	1.15
Crop and animal production, hunting and related services	1.28
Forestry and logging	1.49

In contrast to the private sector, the differential between sectors is quite large as indicated by the standard deviation of earning differentials between the sectors (main sectors excluded):

Earn. differential average	0.82	1/2 average: 0. 41
Standard deviation	$\sigma = 0.41$	
	$\sigma = 0.41 = 1/2$ average 0.41	

This helps to explain why the wage gap is higher in the public sector than in the private sector even though more sectors display higher earnings for women. In essence, there are too few high earning women in these sectors to make up ground on the many women earning low wages in other sectors. As in the private sector, it is the technology oriented sectors such as professional, scientific and technical services or information services that have the largest gaps. This suggests that one cause of the gender pay gap could be differences in the selection of subjects between women and men in education. It thus becomes more an issue of education policy than labour market policy.

3. The gender pay gap and levels of education

The data on employment by level of education are provided by broad sectors and for the entire economy. Therefore, the data does not allow for any meaningful regression analysis. However, we can make use of the data that does exist to help appreciate the nature of the differentiation. The following table presents the pay gap between men and women by sector (where such data exists) and by level of education.

Table 13. Earning differentials and levels of education

	Wage W/M (1)	Higher Education			Secondary Education			Gymnasium, Primary, no Education			Total
		Emp. W/M (2)	per cent W/ Tot W (3)	per cent M/ Tot M (4)	Emp. W/M (5)	per cent W/ Tot W (6)	per cent M/ Tot M (7)	Emp. W/M (8)	per cent W/ Tot W (9)	per cent M/ Tot M (10)	Emp. W/M (11)
Economic activities – total	0.87	1.30	0.27	0.21	0.94	0.54	0.58	0.90	0.18	0.20	1.00
Agriculture, forestry and fisheries	0.90	0.78	0.04	0.04	0.74	0.59	0.60	0.88	0.40	0.35	0.76
Industry	0.80	0.76	0.19	0.21	0.78	0.64	0.67	1.33	0.18	0.11	0.81
Construction	0.89	0.42	0.50	0.11	0.07	0.50	0.65	0.00	0.00	0.22	0.10
Trade and tourism	0.89	1.20	0.22	0.28	1.70	0.66	0.57	1.20	0.11	0.14	1.48
Transportation and communications	0.93	0.92	0.48	0.28	0.39	0.48	0.66	0.33	0.04	0.06	0.54
Public administration; education; health and social work	0.81	2.05	0.45	0.54	2.82	0.47	0.40	3.00	0.08	0.06	2.42
Other	1.08	1.25	0.50	0.50	1.30	0.43	0.43	1.30	0.06	0.06	1.27

Considering the limited number of observations, it is not helpful to generalize too widely. However, taking the sectors where the wage gap is lowest (highest earning differentials, i.e. ‘Other’ and ‘Transportation and communications’), it appears that the percentage of women with higher levels of education is greater than, or equal to men (columns 3 and 4). Conversely, in the sectors where the earning differential is the highest (lower earning differential, i.e. industry and public administration and education, health and social work), the percentage of women with higher education is slightly lower than for men. The positive correlation between wage differentials and the percentage of women with higher education trends the same way.

$$r = 0.37$$

Even if not very high, it indicates that the more women are educated the more their earnings are closer to men’s.

It should be reiterated that the results should be interpreted with caution considering the small number of sectors where data is available. Going forward, it may be

necessary to obtain more sex-disaggregated data, particularly from the technology oriented sectors, where the pay gap is wider. However, from the data that was assessed, it does appear that women's lower levels of education have an impact on their earnings, and consequently on the gender pay gap.

4. Conclusion

The gender pay gap in the private sector in the Republic of Moldova is 10 per cent less than the EU average. Nevertheless, there is a wage gap of more than 20 per cent in some sectors, despite women actually earning more than men in others. It would therefore be interesting to better appreciate the extent and causes of the differentiation, to investigate further by getting more detailed data and through qualitative research assess whether other factors over and above levels of education are impacting on women's wages. This echoes the observation of the Committee of Experts on the Application of Conventions and Recommendations which encourages the government to "provide statistical data, disaggregated by sex, on workers' levels of remuneration across sectors and occupations, including in higher-level positions".¹⁷

¹⁷ International Labour Office: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13100:0::NO::P13100_COMMENT_ID:3298799

General conclusions and recommendations

Several observations and recommendations can be made.

Having two national guaranteed minimum wages with overlapping fields of application is problematic. In this regard, the new law of 2016 which has harmonized definitions about wage components is a positive development. Nevertheless, maintaining a national guaranteed minimum wage of MDL 2,380 in the private sector, with a national guaranteed minimum wage of MDL 1,000 (1,100 in October 2017) for the entire economy (in principle also including the private sector) is contradictory and confusing. In addition, this confusion may explain why the implementation of the guaranteed minimum wage is weak. Therefore, it is recommended to merge these two minimum wages into a single minimum wage.

Another source of confusion concerns the option open to enterprises to apply the tariff system for fixing wages. As discussed in Chapter One, this option has been integrated in many sectorial collective agreements. However, there is confusion as to which of the two national guaranteed minimum wages is to be used as the point of reference. Opting for the tariff system means an enterprise can justify a reference to the MDL 1,000 minimum wage (1,100 in October 2017). We understand that as a legacy of a centralised economy, the public and private sectors are very much interlinked. However, the tariff system is not necessarily adapted to sound sectorial wage regulation linked to skill requirements and specific economic constraints in the private sector.

Thus, it is recommended to discontinue the tariff system in the private sector and provide support to the social partners to elaborate sectoral agreements with specific provisions better fitted to the labour and economic characteristics of each sector. To do so the collective bargaining system needs to be better structured, defining the respective roles of national and sectoral agreements. In particular, specific wage scales could be elaborated at the sectoral level.

The objective is to bring enterprises and workers closer to a system of wage regulation where their interests are better and more specifically taken into account. Such an approach is likely to be better for employers and workers alike. At the same time, sound wage regulation at sectoral could also work towards reducing the gender pay gap, particularly in the high-tech sectors where the gap is highest.

It is therefore proposed in the second phase of the project, to work with the social partners who are already the stakeholders of two existing collective agreements, namely the Collective Agreement in Construction 2009 – 2013, and the Collective Agreement in Light Industry, 2012 – 2017 (Manufacture of textiles, leather and related products) to elaborate wage scales and procedures adapted to these two sectors. This could then be used as a benchmark for other sectoral level wage agreements.

Annex 1

Table 1. Unified tariff scale for remuneration of employees in budgetary units

Categories	Salaries (in MDL)
1	1100
2	1110
3	1120
4	1140
5	1170
6	1190
7	1210
8	1230
9	1250
10	1280
11	1300
12	1320
13	1340
14	1360
15	1400
16	1430
17	1480
18	1540
19	1610
20	1670
21	1760
22	1870
23	1980
24	2090
25	2200

Note: MDL 1,000 = USD 50, July 2017

**Table 2. Recommended coefficients of complexity
for the first category qualification
(Government Decision No. 743 from 11 June 2002)**

No.	Sectors	Coefficient of complexity
1	Agriculture, hunting and forestry	1.00
2	Fishing, fish farming	1.00
3	Mining and quarrying	1.50
4	Industry	
	Manufacturing industry:	
	food and beverages, tobacco products	1.15
	textiles, footwear, dressing and dyeing of fur, manufacture of leather, leather goods and footwear	1.15
	wood and wood articles, furniture, manufacture of articles of cork, straw and wicker	1.10
	paper and cardboard; publishing, printing and reproduction of recorded media	1.10
	chemical industry; production of rubber and plastic	1.15
	cement, lime, produced concrete, plaster, cement; cutting, shaping and finishing of stone; manufacture of ceramics	1.35
	Manufacture of glass and non-metallic mineral products	1.15
	Metallurgical industry	1.40
	manufacture of fabricated metal products, machinery and equipment	1.20
	Manufacture of computer and office supplies, the production of electrical machinery and apparatus, manufacture of machinery and equipment for radio, television and communication apparatus and producing medical instruments, precision optics and watches	1.25
	Production of road transport, other transport	1.20
	Jewellery and musical instruments	1.25
	Other manufacturing, recover recyclable materials	1.05
5	Electricity, gas and water:	
	production and distribution of electricity, gas and hot water	1.35
	collection, purification and distribution of water	1.30
6	Construction	1.30
7	Wholesale and retail trade, repair of motor vehicles, motorcycles, household goods and personal use	1.00
8	Hotels and restaurants	1.00
9	Transport and communications:	
	Transport by rail	1.50
	Transport trolleybus	1.30
	other urban and road transportation	1.10

	Via pipelines	1.20
	Water transportation	1.20
	Air transportation	1.50
	auxiliary transport activities and more; activities of travel agencies	1.00
	Post	1.10
	Telecommunications	1.30
10	Financial activities; insurance activities; auxiliary activities of financial institutions and insurance	1.00
11	Real estate transactions:	
	research and development	1.50
	computers and related activities	1.25
	Surveying services research	1.30
	activities in the field of architecture and civil engineering	1.20
	real estate, rental and other services for enterprises	1.00
12	Other community, social and personal:	
	Motion picture and video activities, radio and television; activities, performances, music and other genres of art	1.20
	other recreational activities, cultural and sports	1.10
	sanitation and waste removal; sanitation and similar activities	1.10
	associative activities	1.00
	individual services	1.00
13	Units with financial autonomy of the branches of the public sector (education, health and social assistance, public administration)	1.00

Note: Taking line 3 for example (Mining and Quarrying), the recommended minimum wage is one and a half times MDL 2,100 = MDL 3,150.

Table 3. Pay grades of the Unified Tariff Scale for Remuneration of employees

Position	Pay grade
1	2
Heads of large economic entities:	
a) 1,000 employees or above	20-22
b) up to 1,000 employees	18-20
Heads of small economic entities (up to 50 employees)	15-17
Deputies of the heads of entities; chief engineers, heads of subdivisions	14-20
Chief constructor, chief technologist, chief accountant, chief power engineer, chief agronomist, chief economist, other management level staff	14-19
Managers (heads, chiefs) of subdivisions (departments, sections, labs) specialized in production	13-18
Managers (heads, chiefs) of main functional services: economic and financial; sales and marketing; advertisement and public relations; technical and material supply; computer science; technical and scientific development	12-17
Managers (heads, chiefs) of ancillary functional services: administration; personnel, personnel training and other labour relations; legal; chancellery; guard services; labour protection; general supply and maintenance; other ancillary services	11-16
Head of office, lab, sector under department, section, lab	10-14
Head of section, unit, workshop	11-17
Senior construction site supervisor	12-14
Construction site supervisor, mechanic, power engineer (section level)	10-12
Head of sector (shift), team, group:	10-13
Senior: foreman, controller master, garage mechanic	10-13
Foreman, controller master, garage mechanic	9-12
Head of supply and maintenance section	8-10
Main researcher	19-20
Research coordinator	18-19
Senior research coordinator	16-18
Researcher	14-16
Low qualification researcher	12-14
Engineers: constructor, technologist, draftsman, environmentalist, electronic engineer; mathematician, designer, surveyor	
Coordinator	14-15
Group I	13-14
Group II	12-13
Group III	11-12
No group	9-10

Other types of engineers, economist, auditor, artist, geologist, geophysicist, mine topographer	
Coordinator	13-14
Group I	12-13
Group II	10-11
No group	8-9
Legal expert, psychologist, sociologist, psychologist, translator; editor, methodologist, other specialists with higher education:	
Group I	12-13
Group II	10-11
No group	8-9
Accountant	
Coordinator	13-14
Group I	12-13
Group II	10-11
higher education	9-10
short-term higher education	8-9
no short-term higher education	7-8
Veterinarian:	
Coordinator	15-16
Group I	14-15
Group II	12-13
No group	10-11
Agronomist, livestock expert, entomologist, toxicologist, bacteriologist, microbiologist, mycologist:	
Coordinator	14-15
Group I	12-13
Group II	10-11
No group	9-10
Veterinary assistant	
Group I	10-11
Group II	9-10
No group	7-8
Senior: dispatcher, merchandiser;	
higher education	10-11
short-term higher education	9-10
Dispatch reviewer, merchandiser; senior: inspector, lab technician	
higher education	9-10
short-term higher education	8-9
All types of technicians, scene-designer:	
Group I	9-10
Group II	7-8
No group	6-7
Inspector, lab technician	5-6

Head of guard service	7-9
Head of: chancellery, central warehouse, archives:	
higher education	8-9
short-term higher education	6-7
Heads of:	
typewriting service, ticket booth, audio records library	5-7
multiplication and copy making service, photo lab, rental service, laundry service, supply service, stylographic copy making service	
short-term higher education	5-6
High School	4-5
permits issuing office, dispatch office, information desk, storage room	4-5
securities broker, dealer	8-11
Insurer, real estate agent, travel agent, commercial agent, insurance valuator, action estimator, technical and commercial representative, bank desk operator, currency exchange desk operator	7-10
Stenographer:	
Group I	6-7
Group II	5-6
Senior: administrator, archive worker, cashier worker, cash collector	5-7
Statistician, draftsman-constructor, dispatch operator, caretaker of unit, building	5-7
Cashier, cash collector, administrator, archive worker, procurement officer, rater	4-6
Secretary to CEO, stenographer secretary, typewriter secretary	4-5
Consignor, elevator operator, senior timekeeper, caretaker	3-5
Facsimile, teletype, telex machine operator	4-5
Typewriter:	
foreign language	6-7
Group I	5-6
Group II	3-4
Supply agent, timekeeper, drawer, calculator, conductor, copy machine operator, court clerk, task assigner, salesman	3-4
Consignor, support staff at dorms, staff keeping duty at permit issuing offices, guardians, bodyguards, public guardians	2-3

Table 4. Katz index by sector - private sector, 2015**Katz Ratio = Guaranteed minimum wage (MDL 1,900) to average earnings**

Public administration and defence; compulsory social security	0.12
Computer programming, consultancy and related services	0.18
Air transport	0.20
Telecommunications	0.24
Activities of head offices; management consultancy activities	0.24
Insurance, reinsurance and pension funding, except compulsory social security	0.29
Financial service activities, except insurance and pension funding	0.29
Electricity, gas, steam and air conditioning services	0.29
Scientific research and development	0.29
Manufacture of transport equipment (excluding air transport)	0.31
Activities of membership organizations	0.32
Information services	0.33
Manufacture of basic pharmaceutical products	0.33
Advertising and market research	0.34
Legal and accounting services	0.34
Libraries, archives, museums and other cultural activities	0.34
Warehousing and support activities for transportation	0.35
Publishing	0.35
Sewerage services	0.38
Manufacture of electrical equipment	0.38
Employment services	0.40
Manufacture of computer, electronic and optical products	0.41
Office administration, office support and other business support services	0.41
Programming and broadcasting	0.41
Education	0.41
Manufacture of other non-metallic mineral products	0.42
Architectural and engineering services; technical testing and analysis	0.44
Manufacture of machinery and equipment n.e.c.	0.44
Repair and installation of machinery and equipment	0.45
Activities auxiliary to financial services and insurance activities	0.46
Waste collection, treatment and disposal activities; materials recovery	0.46
Civil engineering	0.47
Printing and reproduction of recorded media	0.47
Manufacture of chemicals and chemical products	0.48
Manufacture of textiles	0.49
Motion picture, video and television programme production, sound recording and music publishing activities	0.49
Manufacture of tobacco products	0.49
Human health activities	0.50

Other Mining and quarrying	0.50
Manufacture of motor vehicles, trailers and semi-trailers	0.50
Manufacture of basic metals	0.51
Residential care services	0.51
Accommodation	0.52
Production of beverages	0.53
Water collection, treatment and supply	0.53
Wholesale trade, except of motor vehicles and motorcycles	0.54
Food production	0.55
Manufacture of fabricated metal products, except machinery and equipment	0.55
Forestry and logging	0.56
Construction of buildings	0.56
Specialised construction activities	0.56
Sports activities and recreation activities	0.56
Creative arts and entertainment	0.56
Real estate services	0.57
Manufacture of leather and related products	0.57
Travel and tourism	0.58
Manufacture of paper and paper products	0.58
Postal and courier services	0.59
Garment production	0.60
Manufacture of rubber and plastic products	0.60
Manufacture of coke and refined petroleum products	0.61
Other professional, scientific and technical services	0.61
Other manufacturing	0.62
Land transport and transport via pipelines	0.62
Wholesale and retail trade and repair of motor vehicles and motorcycles	0.62
Retail trade (except of motor vehicles and motorcycles)	0.63
Repair of computers and personal and household goods	0.64
Furniture manufacturing	0.64
Rental and leasing activities	0.65
Manufacture of wood and wood and cork products (except furniture), manufacture of articles of straw and plaiting materials	0.65
Security and investigation services	0.73
Other personal services	0.77
Crop and animal production, hunting and related services	0.77
Food and beverage services	0.79
Buildings and landscape services	0.79
Gambling and betting	0.89
Veterinary services	0.91
Fishing and aquaculture	0.93

**Table 5. Average earnings by sector and by sex, Private sector
(in increasing order)**

Sector	Women	Sector	Men
75 Veterinary services	1,897	03 Fishing and aquaculture	2,006
92 Gambling and betting services	2,004	75 Veterinary services	2,188
03 Fishing and aquaculture	2,153	92 Gambling and betting services	2,365
80 Security and investigation services	2,174	01 Crop and animal production, hunting and related services	2,550
81 Building and landscape services	2,262	56 Food and beverage services	2,567
01 Crop and animal production, hunting and related service services	2,267	81 Buildings and landscape services	2,641
96 Other personal services	2,319	80 Security and investigation services	2,671
56 Food and beverage services	2,347	96 Other personal services	2,838
95 Repair of computers and personal and household goods	2,646	31 Furniture making	2,944
77 Rental and leasing services	2,648	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2,952
16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2,782	77 Rental and leasing services	3,039
74 Other professional, scientific and technical services	2,837	49 Land transport and transport via pipelines	3,062
19 Manufacture of coke and refined petroleum products	2,907	15 Manufacture of leather and related products	3,066
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	2,918	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	3,086
22 Manufacture of rubber and plastic products	2,923	95 Repair of computers and personal and household goods	3,127
47 Retail trade, except of motor vehicles and motorcycles	2,931	19 Manufacture of coke and refined petroleum products	3,187
31 Furniture making	2,998	47 Retail trade, except of motor vehicles and motorcycles	3,206
32 Other manufacturing	3,006	74 Other professional, scientific and technical services	3,217
43 Specialised construction services	3,030	32 Other manufacturing	3,228
53 Postal and courier services	3,041	22 Manufacture of rubber and plastic products	3,248

49 Land transport and transport via pipelines	3,051	17 Manufacture of paper and paper products	3,311
25 Manufacture of fabricated metal products, except machinery and equipment	3,052	02 Forestry and logging	3,330
68 Real estate services	3,109	41 Construction of buildings	3,464
14 Manufacture of clothes	3,113	90 Creative, arts and entertainment services	3,474
41 Construction	3,128	68 Real estate services	3,477
79 Travel agencies, tour operators, tourism and related services	3,136	43 Specialised construction services	3,482
17 Manufacture of paper and paper products	3,191	93 Sports and recreation services	3,564
11 Manufacture of beverages	3,195	25 Manufacture of fabricated metal products, except machinery and equipment	3,566
93 Sports and recreation services	3,196	46 Wholesale trade, except of motor vehicles and motorcycles	3,579
87 Residential care services	3,226	79 Travel agencies, tour operators, tourism and related services	3,602
90 Creative, arts and entertainment	3,250	36 Water collection, treatment and supply	3,616
10 Manufacture of food products	3,266	14 Manufacture of clothes	3,682
20 Manufacture of chemicals and chemical products	3,341	10 Manufacture of food products	3,688
24 Manufacture of basic metals	3,341	24 Manufacture of basic metals	3,808
15 Manufacture of leather and related products	3,390	08 Other mining and quarrying	3,865
55 Accommodation	3,396	11 Manufacture of beverages	3,883
46 Wholesale trade, except of motor vehicles and motorcycles	3,423	82 Office administration, office support and other business support services	3,925
36 Water collection, treatment and supply	3,465	59 Motion picture, video and television production, sound recording and music publishing services	3,936
12 Manufacture of tobacco products	3,488	55 Accommodation	3,992
29 Manufacture of motor vehicles, trailers and semi-trailers	3,514	0 ECONOMIC ACTIVITES – TOTAL	4,047
08 Other mining and quarrying	3,524	53 Postal and courier services	4,090
0 ECONOMIC ACTIVITES – TOTAL	3,643	42 Civil engineering	4,120
13 Manufacture of textiles	3,710	12 Manufacture of tobacco products	4,154

86 Human health services	3,732	86 Human health services	4,179
18 Printing and reproduction of recorded media	3,771	29 Manufacture of motor vehicles, trailers and semi-trailers	4,202
42 Civil engineering	3,785	20 Manufacture of chemicals and chemical products	4,238
38 Waste collection, treatment and disposal services; materials recovery	3,790	66 Services auxiliary to financial services and insurance services	4,246
59 Motion picture, video and television programme production, sound recording and music publishing services	3,811	33 Repair and installation of machinery and equipment	4,249
58 Publishing services	3,812	38 Waste collection, treatment and disposal services; materials recovery	4,252
28 Manufacture of machinery and equipment n.e.c.	3,846	71 Architectural and engineering services; technical testing and analysis	4,294
02 Forestry and logging	3,937	18 Printing and reproduction of recorded media	4,372
33 Repair and installation of machinery and equipment	4,076	28 Manufacture of machinery and equipment n.e.c.	4,464
60 Programming and broadcasting services	4,080	13 Manufacture of textiles	4,474
66 Services auxiliary to financial services and insurance services	4,099	23 Manufacture of other non-metallic mineral products	4,588
26 Manufacture of computer, electronic and optical products	4,145	78 Employment services	4,902
78 Employment services	4,154	26 Manufacture of computer, electronic and optical products	4,972
71 Architectural and engineering services; technical testing and analysis	4,283	37 Sewerage	5,031
85 Education	4,297	85 Education	5,058
23 Manufacture of other non-metallic mineral products	4,475	69 Legal and accounting services	5,098
27 Manufacture of electrical equipment	4,724	60 Programming and broadcasting services	5,107
30 Manufacture of other transport equipment	4,724	87 Residential care services	5,167
37 Sewerage	5,125	91 Libraries, archives, museums and other cultural activities	5,223
82 Office administrative, office support and other business support services	5,213	52 Warehousing and support services for transportation	5,244
72 Scientific research and development	5,221	94 Services of membership organizations	5,296

63 Information service services	5,224	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	5,350
73 Advertising and market research	5,292	27 Manufacture of electrical equipment	5,653
64 Financial service services, except insurance and pension funding	5,395	73 Advertising and market research	5,956
52 Warehousing and support services for transportation,	5,773	63 Information services	6,477
65 Insurance, reinsurance and pension funding, except compulsory social security	5,849	35 Electricity, gas, steam and air conditioning	6,549
69 Legal and accounting services	5,908	30 Manufacture of other transport equipment	6,632
21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	5,928	58 Publishing services	6,988
91 Libraries, archives, museums and other cultural services	5,963	72 Scientific research and development	7,427
94 Services of membership organizations	6,335	61 Telecommunications	7,853
35 Electricity, gas, steam and air conditioning supply	6,497	65 Insurance, reinsurance and pension funding, except compulsory social security	7,908
70 Services of head offices; management consultancy services	6,968	70 Services of head offices; management consultancy services	9,039
51 Air transport	7,020	64 Financial services, except insurance and pension funding	9,400
62 Computer programming, consultancy and related services	7,112	51 Air transport	10,703
61 Telecommunications	8,262	62 Computer programming, consultancy and related services	12,690
84 Public administration and defence, compulsory social security	12,643	84 Public administration and defence, compulsory social security	18,617

**Table 6. Earning differential women: men, Private sector
(in increasing order), 2015**

Sector	differential	Sector	Differential
Publishing	0.55	Advertising and market research	0.89
Computer programming, consultancy and related services	0.56	Crop and animal production, hunting and related services	0.89
Financial services, except insurance and pension funding	0.57	Waste collection, treatment and disposal; materials recovery	0.89
Residential care	0.62	Human health services	0.89
Air transport	0.66	Real estate services	0.89
Public administration and defence; compulsory social security	0.68	Sports activities and amusement and recreation	0.90
Scientific research and development	0.70	Manufacture of rubber and plastic products	0.90
Manufacture of other transport equipment	0.71	Construction	0.90
Insurance, reinsurance and pension funding, except compulsory social security	0.74	ECONOMIC ACTIVITIES – TOTAL	0.90
Postal and courier services	0.74	Other mining and quarrying	0.91
Activities of head offices; management consultancy services	0.77	Manufacture of coke and refined petroleum products	0.91
Manufacture of chemicals and chemical products	0.79	Retail trade, except of motor vehicles and motorcycles	0.91
Programming and broadcasting activities	0.80	Food and beverage services	0.91
Information services	0.81	Civil engineering	0.92
Security and investigation services	0.81	Other manufacturing	0.93
Other personal services	0.82	Creative, arts and entertainment	0.94
Manufacture of beverages	0.82	Manufacture of wood and cork products, except furniture; manufacture of articles of straw and plaiting materials	0.94
Manufacture of textiles	0.83	Wholesale and retail trade and repair of motor vehicles and motorcycles	0.95
Manufacture of computers, electronic and optical products	0.83	Wholesale trade, except motor vehicles and motorcycles	0.96
Manufacture of electrical equipment	0.84	Water collection, treatment and supply	0.96

Manufacture of motor vehicles, trailers and semi-trailers	0.84	Repair and installation of machinery and equipment	0.96
Manufacture of tobacco products	0.84	Manufacture of paper and paper products	0.96
Garment production	0.85	Activities auxiliary to financial and insurance services	0.97
Repair of computers and personal and household goods	0.85	Motion picture, video and television programme production, sound recording and music publishing activities	0.97
Gambling and betting	0.85	Manufacture of other non-metallic mineral products	0.98
Employment services	0.85	Electricity, gas, steam and air conditioning supply	0.99
Education	0.85	Land transport and transport via pipelines	1.00
Accommodation	0.85	Architectural and engineering services; technical testing and analysis	1.00
Manufacture of fabricated metal products, except machinery and equipment	0.86	Furniture making	1.02
Buildings and landscape services	0.86	Sewerage	1.02
Manufacture of machinery and equipment n.e.c.	0.86	Telecommunications	1.05
Printing and reproduction of recorded media	0.86	Fishing and aquaculture	1.07
Veterinary services	0.87	Warehousing and support services for transportation	1.10
Specialised construction services	0.87	Manufacture of leather and related products	1.11
Travel and tourism	0.87	Manufacture of basic pharmaceutical products and pharmaceutical preparations	1.11
Rental and leasing services	0.87	Libraries, archives, museums and other cultural activities	1.14
Manufacture of basic metals	0.88	Legal and accounting services	1.16
Other professional, scientific and technical services	0.88	Forestry and logging	1.18
Manufacture of food products	0.89	Activities of membership organizations	1.20
		Office administrative, office support and other business support services	1.33

**Table 7. Average earning by sector and sex, Public sector
(in increasing order)**

Sectors	WOMEN	Sectors	MEN
S OTHER SERVICES	1,069	No data for men	
96 Other personal services	1,069		
56 Food and beverage services	1,510		
36 Water collection, treatment and supply	1,517	36 Water collection, treatment and supply	1,339
81 Buildings and landscape services	1,737	02 Forestry and logging	1,556
90 Creative arts and entertainment	1,926	81 Buildings and landscape services	1,729
R ARTS, ENTERTAINMENT AND RECREATION	2,157	90 Creative arts and entertainment activities	1,972
L REAL ESTATE SERVICES	2,169	88 Social work services without accommodation	2,080
68 Real estate services	2,169	A AGRICULTURE, FORESTRY AND FISHING	2,126
I ACCOMMODATION AND FOOD SERVICES	2,190	01 Crop and animal production, hunting and related services	2,129
55 Accommodation	2,196	I ACCOMMODATION AND FOOD SERVICE SERVICES	2,206
91 Libraries, archives, museums and other cultural activities	2,301	55 Accommodation	2,206
02 Forestry and logging	2,322	R ARTS, ENTERTAINMENT AND RECREATION	2,372
N ADMINISTRATIVE AND SUPPORT SERVICES	2,370	L REAL ESTATE SERVICES	2,438
88 Social work services without accommodation	2,389	68 Real estate services	2,438
E WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION SERVICES	2,508	91 Libraries, archives, museums and other cultural activities	2,553
74 Other professional, scientific and technical services	2,565	E WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION SERVICES	2,583
38 Waste collection, treatment and disposal services; materials recovery	2,617	P EDUCATION	2,823
93 Sports and recreation activities	2,661	85 Education	2,823
A AGRICULTURE, FORESTRY AND FISHING	2,727	38 Waste collection, treatment and disposal services; materials recovery	2,832
01 Crop and animal production, hunting and related service services	2,731	87 Residential care services	3,229

Q HUMAN HEALTH AND SOCIAL WORK	2,824	Q HUMAN HEALTH AND SOCIAL WORK	3,261
P EDUCATION	3,072	N ADMINISTRATIVE AND SUPPORT SERVICES	3,704
85 Education	3,072	93 Sports and recreation activities	3,813
0 ECONOMIC ACTIVITIES – TOTAL	3,250	0 ECONOMIC ACTIVITES – TOTAL	3,957
87 Residential care services	3,295	71 Architectural and engineering services; technical testing and analysis	4,000
80 Security and investigation services	3,649	74 Other professional, scientific and technical services	4,231
J INFORMATION AND COMMUNICATION	3,752	75 Veterinary services	4,268
63 Information services	3,752	M PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES	4,463
72 Scientific research and development	3,836	80 Security and investigation services	4,671
M PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES	3,843	72 Scientific research and development	4,679
86 Human health services	3,905	O PUBLIC ADMINISTRATION AND DEFENCE, COMPULSORY SOCIAL SECURITY	4,962
71 Architectural and engineering services; technical testing and analysis	3,969	84 Public administration and defence; compulsory social security	4,962
O PUBLIC ADMINISTRATION AND DEFENCE, COMPULSORY SOCIAL SECURITY	4,236	86 Human health services	5,251
84 Public administration and defence, compulsory social security	4,236	J INFORMATION AND COMMUNICATION	5,399
75 Veterinary services	4,575	63 Information services	5,399
69 Legal and accounting services	5,707	69 Legal and accounting services	5,554

Annex 2

Industrial relations context in the Republic of Moldova¹⁸

Collective bargaining at the national level

At the beginning of 2003, after the adoption of the new Labour Law, the social partners negotiated collective agreements at the national level which covered separate aspects of labour relations¹⁹. Between 2003 and 2015, the social partners negotiated 15 collective agreements at the national level. Seven collective agreements have been signed together with eight amendments to some of those agreements.

List of the collective agreements at national level

1. Collective agreement No. 1 of 3 February 2004 on Remuneration of employees employed on individual employment contracts.
2. Collective agreement (national level) No. 2 of 9 July 2004 on Working time and rest time.
3. Collective agreement (national level) No. 3 of 25 July 2005 on the implementation of the Collective Agreement (national level) No. 2 of 9 July 2004 on Working time and Rest time
4. Collective agreement (national level) No. 4 of 25 July 2005 on individual employment contract model
5. Collective agreement (national level) No. 5 of 25 July 2005 amending the Collective agreement (national level) No. 1 of 03 February 2004 on Remuneration of employees employed on individual employment contracts
6. Collective agreement (national level) No. 6 of 11 July 2006 amending the Collective agreement (national level) No. 1 of 03 February 2004 on Remuneration of employees employed on individual employment contract
7. Collective agreement (national level) No. 7 of 11 July 2006 amending the Collective agreement (national level) No. 1 of 03.02.2004 on Remuneration of employees employed on individual employment contracts
8. Collective agreement (national level) No. 8 of 12 July 2007 on the Elimination of the Worst Forms of child labour

¹⁸ Source: Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Republic of Moldova By Cornel Ciurea*, <http://library.fes.de/pdf-files/bueros/belgrad/07859.pdf>

¹⁹ Collective agreements are elaborated in accordance with the requirements of the Labour Code, the Law No. 1129-XIV of 07 July 2000 on Trade Unions, International Labour Conventions No. 98 of 01.07. 1949 "on application of the principles of the right to organize and bargain collectively,"

9. Collective agreement (national level) No. 9 of 28 January 2010 on Minimum guaranteed salary/wage in the real sector
10. Collective agreement (national level) No. 10 of 10 August 2010 amending and completing the Collective agreement (national level) No. 2 of 9 July 2004 on Working and rest time
11. Collective agreement (national level) No. 11 of 28 March 2012 fixing the criteria for the mass reduction of jobs
12. Collective agreement (national level) No. 12 of 09 July 2012 on staffing form and the nominal permit access to work
13. Collective agreement (national level) No. 13 of 09 July 2012 on approving the implementation of the collective agreement (national level) No. 4 of 25 July 2005 on the individual employment contract model
14. Collective agreement (national level) No. 14 of 22 November 2013 on approving amendments and implementation of the collective agreement (national level) No. 8 of 12 July 2007 on the elimination of the worst forms of child labour
15. Collective agreement (national level) No. 15 of 09.06.2015 on approving the amendments and the implementation of the collective agreement (national level) No. 2 of 9 July 2004 on Working and rest time

Collective bargaining at the sectorial level

The Collective Agreements at sectorial level are elaborated in order to protect labour rights and professional interests of employers and employees, ensure social and economic minimum guarantees, regulate working conditions and safety, the regime of work and rest, wages, rights deriving from social relations work, and other conditions and safeguards for employees of companies and organizations, regardless of type of ownership and legal forms and requirements for business employees.

The sectorial collective agreements have been presented in the report. The main reasons for the absence of collective agreements in several sectors are the lack of viable employers' organizations and weak trade union organizations.

Collective bargaining at the enterprise level

The situation with regard to collective agreements at the enterprise level is not very dynamic either. The legal framework is adequate but it cannot ensure a rapid improvement. 2008 witnessed the most impressive number of collective agreements (1,015), comparable with the year 1997 (1,020). However, in 2009-2010 this number started to decrease, down to 781 in 2009 and to 677 in 2010. It should be

mentioned that these were generally long-term agreements, however, signed for a two to three-year period.

Trade unions

The National Trade Union Confederation of the Republic of Moldova (CNSM) is a national intersectoral trade union centre of confederal type, which meets on a voluntary basis at national / branch trade union centres and is independent of public authorities, parties and other socio-political organizations, employers' associations and public organizations and is not subject to their inspection or control.

The National Confederation of Trade Unions consists of 25 national trade union branch centres, comprising over 400,000 trade union members, as listed here:

1. Trade Union Federation of Education and Science of the Republic of Moldova
2. National Federation of Agricultural Trade Unions "Agroindsind"
3. Trade Union "Sanatatea"
4. Federation of Trade Unions of Public Services Employees „SINDASP"
5. The Union of Workers in Social Services and Production "Sindindcomservice"
6. Federation of Trade Unions in Communication
7. Trade Union Federation of Workers from Culture
8. Federation of Trade Unions of the Republic of Moldova "SINDLEX"
9. Federation of Trade Unions of Energy workers "SINDENERGO"
10. Federation of Trade Unions of Constructions and Industry of Construction Materials „SINDICONS"
11. Trade Union Federation of Railway Workers
12. Trade Union Federation of Chemical Industry and Energy Resources Workers
13. Trade Union Federation of Workers in Banking and Insurance Institutions
14. Trade Union Federation in the field of Consumer's Cooperative, Trade and Business "Moldsindcoopcomert"
15. Trade Union Federation of Workers from Light Industry
16. Trade Union Federation of Air Transport "SINDTRANSAERO"
17. Trade Union Federation of Machine and Devices Building and Vocational Education "SindRăutMaş"
18. Trade Union Federation of Transport and Road Workers
19. Trade Union Federation "Republic of Moldova-business-sind"
20. Trade Union Federation of Forestry "SINDSILVA"
21. Trade Union Federation of Energy and Industry
22. Trade Union Federation of Workers from Cadastre, Geology and Geodesy "SINDGEOCAD"
23. Trade Union of Workers of Trade, Public Catering, Consumer's Cooperatives, Services, Restaurants and Hotels "SindLUCAS"
24. Trade Union of Workers from Building Automobile and Agricultural Machinery Industry
25. Trade Union of Workers from Forestry and Environmental Protection Branches.

The National Confederation of Trade Unions is a full member of the General Confederation of Trade Unions in Moscow.

Since February 2010, CNSM is a member of the International Trade Union Confederation (ITUC), which includes 333 national trade union centres from 162 countries and regions covering 180 million members.

CNSM was established on 7 June 2007 as a result of a merging of two national-intersectoral trade union centres: the Confederation of Trade Unions of the Republic of Moldova and the Confederation of Free Trade Unions of the Republic of Moldova “Solidaritate”.

Employers’ organizations

In the Republic of Moldova, a high number of Employers’ and Professional Associations are registered but only a few of them are active. The most active and main social partner in social dialogue is the National Confederation of Employers of the Republic of Moldova (CNPM) which lists 22 members - 15 associations and 7 enterprises.

As well as CNPM, there are 39 active employers’ and professional associations involved in different working groups organized by the economic council of the Prime Minister, Ministry of Economy etc. These are:

1. Association of Entrepreneurs and Employers
2. Association of Entrepreneurs with Disabilities of the Republic of Moldova
3. Association of Advertising Agencies “AAPM”
4. Banks Association of the Republic of Moldova
5. European Business Association
6. Association of IT Companies of the Republic of Moldova
7. Association of Professional Accountants and Auditors of the Republic of Moldova
8. Foreign Investors Association
9. Association of small wine producers of the Republic of Moldova
10. National Association of Dairy and Dairy Products “LAPTE”
11. National Association of Beekeepers of the Republic of Moldova
12. National Association of Private Companies in Information and Communication Technologies
13. Republican Club of Business people “Timpul”
14. Business People’s Association of the Republic of Moldova
15. Employers’ Association “Union of Road Transport of the Republic of Moldova”
16. Employers’ Association of Entrepreneurs Medical Devices and Laboratory Equipment “Dismed”
17. Employers’ Association of Light Industry “APIUS”
18. Employers’ Association of broadcasting of the Republic of Moldova
19. Employers’ Association of Public Service

20. Employers' Association "National Association of Hotels and Restaurants in the Republic of Moldova"
21. Employers' Association in the field of Product Conformity in Republic of Moldova
22. Energy Employers' Association of Republic of Moldova
23. Employers' Association of professional metrology and quality of products from Republic of Moldova
24. Producers' Association of Pharmaceuticals and cosmeceuticals
25. Grape Producers' Association of Republic of Moldova
26. Chamber of Commerce and Industry
27. American Chamber of Commerce in the Republic of Moldova
28. Chamber of Commerce and Industry France-Republic of Moldova
29. Association of Women in Business of the Republic of Moldova
30. National Federation of Farmers of the Republic of Moldova "AGROinform"
31. National Federation of Employers in Agriculture and Food Industry
32. Employers' Federation of Construction, Road Workers and Building Material Producers "Condrumat"
33. Bankers League of the Republic of Moldova
34. Employers' Agencies of work placement
35. Meat Processing Industry Enterprises Employers
36. Union of Private medical institutions of the Republic of Moldova
37. Union of Furniture Manufacturers
38. Union of Sugar Producers
39. Winemakers' Association of Găgăuzia

The National Commission for consultations and collective bargaining

This is an autonomous tripartite public body which has been created to resolve issues related to labour and socio-economic problems and to develop social partnerships at national level. The National Commission has an advisory role in developing socio-economic strategies and policies and in the settlement of conflicts between the social partners at national level.

The objectives of the National Commission are:

- Arranging tripartite consultations between the social partners on issues related to labour and socio-economic problems of national interest and to promote social partnership at all levels;
- Maintaining cohesion, peace and social stability in the Republic of Moldova;
- Supporting the participation of civil society in promoting national policies.

The National Commission is composed of 18 permanent members and 12 substitute members, appointed for a term of three years by the Government and social partners (employers' organizations and trade unions) as follows:

- 6 permanent members and 4 substitute members appointed by the Government;
- 6 members and 4 substitute members, appointed jointly by the national employers' organizations;
- 6 members and 4 substitute members, appointed jointly by the national trade union confederations.

Financial, technical and material support to the National Commission's work is provided by the State budget.

Annex 3

DECISION No. 743 of 11.06.2002 on remuneration of employees in self-supporting entities



THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

DECISION No. 743
of 11.06.2002

on remuneration of employees in self-supporting entities

Published on 20.06.2002 in the Official Gazette No. 79-81, Art. No: 841

AMENDED BY:

GD#5 of 18.01.16, OM#13-19/22.01.16, Art.17

GD#5711 of 12.10.15, OM#291-295/23.10.15, Art.806

GD#5191 of 22.04.15, M98-101/24.04.05, Art.217

GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495

GD#5260 of 25.04.12, OM#88-91/11.05.12, Art.308

GD#5260 of 25.04.12, OM#82-84/27.04.12, Art.291

GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225

 GD#5896 of 07.08.06, OM#126-130/11.08.06, Art.938

 GD#51148 of 18.10.04, OM#189-192/22.10.04, Art.1322

 GD#5435 of 14.04.03, OM#76/22.04.03, Art.468

To improve the remuneration of employees in self-supporting entities, the Government of the Republic of Republic of Moldova DECIDES:

1. To approve:

The tariff scale recommended for workers in self-supporting entities (as per Annex 1), the skill levels and remuneration conditions for road transport workers, as per Annex 5.

[P.1 paragraph amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

Pay grades of the Unified Tariff Scale for Remuneration of employees (hereinafter - UTSR) recommended for the managerial, professional and executive staff in self-supporting entities (as per Annex 2), which apply pay systems based on the unified tariff scale for remuneration;

Complexity factors that can be applied when establishing the tariff wage for the skill level (pay grade) I by type of works and sectors of national economy, as per Annex 3;

[P.1 paragraph amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

Regulation on remuneration of apprentices during training, and remuneration of skilled workers and specialists involved in the training process, as per Annex 7.

[P.1 paragraph amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

The list of self-supporting regulatory, certification, supervision and control public authorities and institutions, as per Annex 8.

[P.1 paragraph inserted by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

2. To establish that the entities applying the tariff-based or other non-tariff pay systems shall establish the base salaries of employees and the main conditions for labour remuneration, the use of various types of incentives and compensations, procedure for determination of wage supplements and increases and other conditions of remuneration in accordance with the Law on wages.

However, when determining the specific base salaries, it shall be recommended to observe the correlation between wage levels for different categories of employees, according to multipliers specified in Annex 4 to this Decision.

[P.2 paragraph amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

3. Entities applying the tariff scales by using the tariff factors, hourly rates of pay shall be calculated based on the tariff wage for skill level I, defined for the entity, which cannot be lower than the tariff salary for the skill level defined at branch level. At the same time, the total monthly salary of an employee, calculated based on the tariff system of remuneration, cannot be lower than the minimum guaranteed salary in the real sector, established by the Government after consultation with social partners.

[P.3 paragraph amended by GD#5260 of 25.04.12, OM#88-91/11.05.12, Art.308]

[P.3 paragraph amended by GD#5260 of 25.04.12, OM#82-84/27.04.12, Art.291]

For employees covered by non-tariff pay systems, the salary size shall be determined on a monthly basis by the employer, according to the procedure of wage differentiation for the entity, by observing the minimum wage limit equal to the minimum guaranteed salary in the real sector.

The payment of wages to workers shall also be done based on monthly salaries or by agreement, negotiated in collective agreements or individual labour contracts, but not lower than the minimum guaranteed salary in the real sector.

For other categories of employees the official salaries shall be established based on skills, level of training and competences of the employee, the level of responsibility related to the works (duties) performed and their complexity.

The employer shall conduct the assessment of complexity of works and individual performance with a view to set the official salary proportionately to the minimum guaranteed salary in the real sector or the tariff wage for skill level I set for the entity.

[P.3 in the wording of GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

3¹. In entities applying the Unified tariff scale for remuneration of employees, the tariff wages and official wages for employees shall be determined by the pay grade set out in Annex 2 hereto and scales of official wages established for pay grades specified in the Annex 1 to the Law No. 355-XVI of 23 December 2005 on the pay system in the public sector, multiplied by the quotient obtained from the ratio of the tariff wage for the skill level I established in self-supporting entities and the minimum limit of the salary scale for the pay grade I specified in the above-named Annex for employees of public entities.

[P.3¹ inserted by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

4. The base salary, method and conditions of remuneration of managers of self-supporting entities (except those specified in para. 5 of this Decision) shall be determined by the authorities empowered to appoint such people and shall be specified in the agreement between the parties.

However, the official salary of the manager cannot serve as a basis for setting the salaries of other employees of the entity.

5. Base salaries and other salary rights for managers of state enterprises, managers of state-owned enterprises and managers of monopolistic enterprises shall be specified in the management contracts concluded between the founder of the state company or the board of the stock company and the respective managers.

The total amount of the monthly salary of managers of state enterprises, managers of state-owned enterprises and managers of monopolistic enterprises, except the managers of regulatory, certification, supervision and control public authorities and institutions specified in paragraph 5² hereto shall vary from three-fold to five-fold size of the average monthly wage for the whole entity managed from the beginning of the year to the end of reporting month, depending on the annual financial statements (reports) showing positive results.

The board of the state enterprise or stock company, based on economic and financial reports for the previous year, every year, in February, shall decide on the specific ceiling of the manager's salary that can be limited for the current year.

The assessment of economic and financial results of the entity shall be done taking into account the trends of key indicators: net profit and sales revenue as

compared to the same period of the previous year, and other indicators related to specific conditions of activity of the enterprise.

[P.5 in the wording of GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

[P.5 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

[P.5 amended by GD#5435 of 14.04.03, OM#76/22.04.03, Art.468]

5¹. The salaries of managers of state enterprises, managers of state-owned enterprises and managers of monopolistic enterprises who throughout their activity allowed (allow) for salary arrears shall not be increased unless all arrears are settled.

Before the complete settlement of arrears, these entity managers shall neither be entitled to receive bonuses, salary supplements or other incentive payments.

If, during the reporting year, the employees' salary arrears were settled, the manager's salary shall be recalculated to include all salary-related payments.

[P.5¹ amended by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

[P.5¹ inserted by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

5². The total amount of the monthly salary of managers of self-supporting regulatory, certification, supervision and control public authorities and institutions, including those with status of state-owned enterprise listed in Annex 8 hereto shall not exceed the three-fold size of the average monthly salary for the whole entity managed from the beginning of the year to the end of reporting month.

[P.5² inserted by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

5³. The total monthly salary of the manager, limited by the provisions of paragraphs 5 and 5² of this Decision shall not include the one-time bonuses awarded on personal or corporate anniversaries, on professional days, the annual bonus and other annual payments granted under paragraph 13³ of this Decision and the financial aid for treatment and rest provided to the manager.

[P.5³ inserted by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

6. The rewarding of employees shall be done in the manner and according to reward indicators established under the Regulation on rewarding of employees, developed jointly with trade union committees or employees' representatives and approved by the entity managers. For state and state-owned enterprises, the amount of bonuses paid out from the salary fund shall not exceed 100 per cent of the tariff and official salaries of staff, taking into account bonuses and supplements provided under the law.

At the same time, the amount of bonuses paid to a worker shall not be limited.

The managers of entities shall be entitled, under collective bargaining agreement, to provide additional reward to employees from the amount of benefits available to the entity.

7. Indexes, sizes and terms for the rewarding of managers of self-supporting entities shall be established by the employer or the senior management. The maximum size of the bonus for managers of monopolistic enterprises, state enterprises and

state-owned enterprises shall not exceed twelve monthly official salaries per year, taking into account bonuses and supplements provided for under the law.

The maximum amount of the bonus for financial and economic results for managers of companies that benefit from subsidies from the budget shall not exceed 50 percent of the monthly salary.

Managers of unprofitable enterprises shall be paid bonuses provided that they reduce losses compared with the same period of the previous year, and its annual amount shall not exceed 4.8 monthly base salaries.

[P.7 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

8. Official salaries for deputy managers of structural subdivisions of the entities shall be set at a discount of 10 to 30 percent of official salaries of the respective managers.

9. To approve the List of compensatory salary supplements and increments, established for employees of self-supporting entities under the employment agreement, and their minimum size, as per Annex 6.

Such entities shall be entitled to increase supplements and increments specified in Annex 6 and establish other compensatory supplements and increments, within their budgets (resources allocated) provided for these purposes in collective bargaining agreements.

[P.9 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

10. Employees who work at the entity in the same adverse conditions shall receive one-time compensatory bonuses, regardless of their skill level or size of the salary.

The specific size of the compensatory bonus for work in adverse conditions shall be determined by the degree of harm and within the limitations specified in the Collective convention (at national level) on Remuneration of employees employed under individual labour contracts.

[P.10 para.2) in the wording of GD#51148 of 18.10.04, OM#189-192/22.10.04, Art.1322]

When determining supplements to the base salaries for work performed in adverse conditions, the working conditions shall be assessed as prescribed by the legislation in force.

List of specific works, jobs and specific values of salary supplements for work performed in adverse conditions shall be prepared based on the attestation of jobs and is legalized in the collective bargaining agreement of the entity. Where the jobs are subsequently rationalized or the working conditions are improved, the supplements shall be reduced or cancelled entirely.

11. The management and specialists with scientific degrees of “Doctor Habilitat” or “Doctor of Science”, performing scientific and technical activities according to their specialty in such entities shall be entitled to increases in base salaries in the amount of at least 1.0 and 0.5, respectively, in the national minimum wage,

determined in the manner prescribed by the Law No. 1432-XIV of 28 December 2000 on the setting and review of the minimum wage.

12. Employees of entities (except workers) shall be entitled to basic salary supplements for high professional performance, work intensity and for fulfilment of very important or urgent tasks.

Supplements shall be established for a maximum period of one year and shall be reduced or cancelled in case of failure to perform the task, poor quality of work or breach of work discipline.

13. The supplement for seniority shall be set in the minimum amount of 5 per cent for three years and a maximum of 40 per cent of the base salary for over 20 years of relevant experience in the respective industry.

[P.13 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

[P.13 in the wording of GD#51148 of 18.10.04, OM#189-192/22.10.04, Art.1322]

13¹. In the event of termination of the individual employment contract concluded with the manager of the entity on the basis of an order (decision or judgment) of the relevant authority in the absence of culpable action or inaction, a manager shall be paid a compensation for the early termination of his/her individual employment contract in the amount stipulated in the agreement, but not less than three and no more than six average monthly salaries.

[P.13¹ inserted by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

13². Sizes of other payments that do not relate to salaries but can be provided in the individual employment contract or the collective agreement (financial aid, anniversary bonuses, professional days, etc.) shall be determined in every separate case, depending on available financial means.

At the same time, the amount of these payments, which shall be paid from remuneration savings granted to the manager of the state enterprise, state-owned enterprise and the monopolist enterprise during one year, shall not exceed three official salaries.

[P.13² amended by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

[P.13² inserted by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

13³. The size of the annual bonus (granted pursuant to Art. 138 of the Labour Code) and the size of other annual payments granted to the entity managers specified in paragraphs 5 or 5² to this Decision, as a share of the company's annual net profit shall not exceed the amount of six official monthly salaries per year, depending on the annual financial statements (reports) showing positive results.

[P.13³ inserted by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]

14. Upon entry into force of this Decision, the following shall be cancelled:

Government Decision of the Republic of Republic of Moldova No. 300 of 26 May, 1993 on improvement of remuneration of staff in self-supporting entities

(Official Gazette, 1993, No. 6, Art. 179);

Para. 4 of the Annex to the Government Decision No. 628 of 19 November, 1996 on approval of amendments and completions of some Republic of Moldovan Government decisions on remuneration (Official Gazette of the Republic of Republic of Moldova, 1997, No. 12, Art. 36);

Paragraph 2 of Section 3 and Annex to Government Decision No. 35 of 17 January, 2001 on setting the tariff wage for the skill level I of employees in the self-supporting entities (Official Gazette of the Republic of Republic of Moldova, 2001, No. 8 to 10, Art. 74).

PRIME MINISTER

OF THE REPUBLIC OF REPUBLIC OF MOLDOVA

Vasile TARLEV

Countersigned by:

Minister of Labour

and Social Protection

Valerian Revenco

Minister of Finance

Zinaida Grecianîi

Chisnau, 11 June 2002.

No. 743.

Annex 1

to the Government Decision

of the Republic of Republic of Moldova No. 743 of 11 June 2002

Recommended tariff scale for the employees of self-supporting entities

Skill levels	I	II	III	IV	V	VI	VII	VIII
Tariff factors	1.0	1.10- 1.26	1.20- 1.59	1.30- 1.81	1.40- 2.07	1.50- 2.36	1.60- 2.69	1.70- 3.07

Notes:

1. The tariff scale shall be used to set tariff wages at the entities that apply the tariff scale system, irrespective of the type of ownership and the form of legal organization.

2. The specific tariff scale shall be set at the entities through negotiations and shall be integral part of the collective employment agreement.

The tariff coefficients by qualification group shall be set as fixed amounts on a band of tariff coefficients set on a grid, as specified in the Annex, by qualification group.

At the same time, when a specific tariff scale shall be set, it will be sought to set for each following group a tariff coefficient that would be higher than the one set

for the preceding group, ensuring an even-paced or proportionate increase from one group to another.

3. Tariff wages shall differ by the approach to wage setting (by piecework or by time unit) and by industry.

4. The hourly or monthly tariff wage for the first qualification group shall be set by collective negotiations between the legal entities or individuals (employers) and the wage earners or their representatives, depending on the financial capacity of the employers and shall be specified in the collective employment agreements. The specific hourly or monthly tariff wage shall not be lower than the hourly or monthly tariff wage set for the first qualification group, which has been agreed upon through negotiations between the employers and the relevant trade unions, at the level of branch of economy or territorial unit, as the case might be.

Hourly or monthly tariff wages for other qualification groups shall be set by multiplying the hourly or monthly tariff wage (set for the first qualification group) by the corresponding tariff coefficient.

At the same time, when tariff wages (calculated as described here) for some qualification groups shall be lower than those set earlier, the current tariff wages shall continue to apply until the subsequent adjustment of the tariff wage (for the first qualification group) in amount that would ensure higher tariff wages (for the corresponding qualification groups) shall be calculated as specified in this Note.

[P.4 amended by GD#5260 of 25.04.12, OM#88-91/11.05.12, Art.308]

[P.4 amended by GD#5260 of 25.04.12, OM#82-84/27.04.12, Art.291]

5. Highly skilled employees engaged in particularly important work implying high responsibility may be set higher tariff wages, by increasing the tariff wage for the qualification group they belong to by 50-100 percent.

6. Monthly tariff wages shall be set by multiplying the hourly tariff wage by 169 hours.

[Annex 1 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

[Annex 1 amended by GD#5896 of 07.08.06, OM#126-130/11.08.06, Art.938]

Annex 2

to the Government Decision
of the Republic of Republic of Moldova
No. 743 of 11 June, 2002

Pay grades of the Unified Tariff Scale for Remuneration of employees (hereinafter - UTSR) recommended for the managerial, professional and executive staff in self-supporting entities

Position	Pay grade
1	2
Heads of large economic entities:	
a) 1,000 employees or above	20-22
b) up to 1,000 employees	18-20
Heads of small economic entities (up to 50 employees)	15-17
Deputies of the heads of entities; chief engineers, heads of subdivisions	14-20
Chief constructor, chief technologist, chief accountant, chief power engineer, chief agronomist, chief economist, other management level staff	14-19
Managers (heads, chiefs) of subdivisions (departments, sections, labs) specialized in production	13-18
Managers (heads, chiefs) of main functional services: economic and financial; sales and marketing; advertisement and public relations; technical and material supply; computer science; technical and scientific development	12-17
Managers (heads, chiefs) of ancillary functional services: administration; personnel, personnel training and other labour relations; legal; chancellery; guard services; labour protection; general supply and maintenance; other ancillary services	11-16
Head of office, lab, sector under department, section, lab	10-14
Head of section, unit, workshop	11-17
Senior construction site supervisor	12-14
Construction site supervisor, mechanic, power engineer (section level)	10-12
Head of sector (shift), team, group:	10-13
Senior: foreman, controller master, garage mechanic	10-13
Foreman, controller master, garage mechanic	9-12
Head of supply and maintenance section	8-10
Main researcher	19-20
Research coordinator	18-19
Senior research coordinator	16-18
Researcher	14-16
Low qualification researcher	12-14

Engineers: constructor, technologist, draftsman, environmentalist, electronic engineer; mathematician, designer, surveyor	
Coordinator	14-15
Group I	13-14
Group II	12-13
Group III	11-12
No group	9-10
Other types of engineers, economist, auditor, artist, geologist, geophysicist, mine topographer	
Coordinator	13-14
Group I	12-13
Group II	10-11
No group	8-9
Legal expert, psychologist, sociologist, translator; editor, methodologist, other specialists with higher education:	
Group I	12-13
Group II	10-11
No group	8-9
Accountant	
Coordinator	13-14
Group I	12-13
Group II	10-11
higher education	9-10
short-term higher education	8-9
no short-term higher education	7-8
Veterinarian:	
Coordinator	15-16
Group I	14-15
Group II	12-13
No group	10-11
Agronomist, livestock expert, entomologist, toxicologist, bacteriologist, microbiologist, mycologist:	
Coordinator	14-15
Group I	12-13
Group II	10-11
No group	9-10
Veterinary assistant	
Group I	10-11
Group II	9-10
No group	7-8
Senior: dispatcher, merchandiser;	
higher education	10-11
short-term higher education	9-10
Dispatch reviewer, merchandiser; senior: inspector, lab technician	

higher education	9-10
short-term higher education	8-9
All types of technicians, scene-designer:	
Group I	9-10
Group II	7-8
No group	6-7
Inspector, lab technician	5-6
Head of guard service	7-9
Head of: chancellery, central warehouse, archives:	
higher education	8-9
short-term higher education	6-7
Heads of:	
typewriting service, ticket booth, audio records library	5-7
multiplication and copy making service, photo lab, rental service, laundry service, supply service, stylographic copy making service	
short-term higher education	5-6
High School	4-5
permits issuing office, dispatch office, information desk, storage room	4-5
securities broker, dealer	8-11
Insurer, real estate agent, travel agent, commercial agent, insurance valuator, action estimator, technical and commercial representative, bank desk operator, currency exchange desk operator	7-10
Stenographer:	
Group I	6-7
Group II	5-6
Senior: administrator, archive worker, cashier worker, cash collector	5-7
Statistician, draftsman-constructor, dispatch operator, caretaker of unit, building	5-7
Cashier, cash collector, administrator, archive worker, procurement officer, rater	4-6
Secretary to CEO, stenographer secretary, typewriter secretary	4-5
Consignor, elevator operator, senior timekeeper, caretaker	3-5
Facsimile, teletype, telex machine operator	4-5
Typewriter:	
foreign language	6-7
Group I	5-6
Group II	3-4
Supply agent, timekeeper, drawer, calculator, conductor, copy machine operator, court clerk, task assigner, salesman	3-4
Consignor, support staff at dorms, staff keeping duty at permit issuing offices, guardians, bodyguards, public guardians	2-3

Notes:

1. Pay grades set using the UTSR blend with the skill levels when it comes to

workers; as for support staff and maintenance service providers that shall not fit in a skill level and shall be paid monthly tariff wages, the pay grades shall be established at the level of the wages set for the corresponding occupation in the public sector.

2. The specific function wages set in line with the assigned pay grade shall be set within the band set for the group in the UTSR that applies to the employees of the public sector.

3. Whenever the tariff wage for the first skill level set at the entity is higher than that set for the first pay grade in the UTSR, the corresponding tariff scales for the pay grades included in the UTSR are recalculated by applying a coefficient equal to the ratio between the tariff wage for the first skill level set at the entity and the tariff wage for the first skill level set in the UTSR, rounding the result up to tens.

4. Whenever there are certain functions at the entity that are not specified in the Table in this Annex, the pay grades for those functions shall be set by identifying them with the equivalent functions in the Table, judging by the level of professional training and complexity of work.

5. Whenever there are functions at the entity that are similar to other functions in the public sector (doctors, teachers, researchers, artists, etc.) the pay grades specified for such functions in the normative acts used in the public sector shall apply to such functions.

6. Depending on financial capacity, the entities shall develop and apply to the Unified Tariff Scale for Remuneration specific tariff scales or multiplication coefficients that are several times higher than the tariff wage for the first skill level set at the entity, which differ from those set in the Unified Tariff Scale for Remuneration that applies to the employees of the public sector.

[Annex 2 amended by GD#5435 of 14.04.03, OM#76/22.04.03, Art.468]

Annex 3

to the Government Decision
of the Republic of Republic of Moldova
No. 743 of 11 June 2002

Complexity factors that can be applied when establishing the tariff wage for the skill level (pay grade) I by type of works and sectors of national economy

No.	Branch	Ceiling for the complexity factor
1	2	3
1	Agriculture, hunting and forestry	1.00
2	Fishing, fisheries	1.00
3	Mining and quarrying	1.50
4	Industry	
	Processing industry	
	Food and drinks industry, tobacco production	1.15

	textile, footwear production, fur processing and dyeing, leather, haberdashery and footwear manufacturing	1.15
	timber processing and wooden item production, furniture production, cork products manufacturing, twigs and straw goods manufacturing	1.10
	paper and cardboard production; publishing houses, printing houses and reprinting of information materials	1.10
	chemical industry; production of rubber and plastic items	1.15
	production of cement, lime, concrete, gypsum and cement items; stone cutting, shaping and finishing;	1.35
	production of glass and other non-metallic mineral goods	1.15
	metallurgical industry	1.40
	manufacturing of finished metal goods, manufacturing of machinery and equipment	1.20
	Manufacturing of computer hardware and office supplies, electronic machinery and devices, radio, TV and telecommunication equipment and devices, medical, precision, optical devices and instruments, and watches.	1.25
	Production of motor vehicles, other transportation means	1.20
	Manufacturing of jewellery and musical instruments	1.25
	Other industrial activities; recovery of waste and recyclable materials remnants	1.05
5	Power and heating, gas and water supply:	
	production and distribution of power and heating, gas and hot water	1.35
	water collection, treatment and distribution	1.30
6	Construction	1.30
7	Wholesale and retail trade, repair of motor vehicles, motorcycles, household and personal appliances	1.00
8	Hotels and restaurants	1.00
9	Transportation and communication:	
	railway transportation	1.50
	trolleybus transportation	1.30
	other urban and road transport	1.10
	pipeline transportation	1.20
	water transportation	1.20
	air transportation	1.50
	ancillary and additional transportation activities; activities of travel agencies	1.00
	Postal service	1.10
	Telecommunication	1.30
10	Financial activities; insurance activities; ancillary activities of financial and insurance institutions	1.00
11	Real estate transactions:	
	Research and development	1.50

	computer hardware and related activities	1.25
	geodesy research services	1.30
	architecture and civil construction activities	1.20
	real estate transactions, rental and other services provided to enterprises	1.00
12	Other collective, social or individual services:	
	cinema and video, radio and TV activities; theatre performances, musical performances and other types of arts	1.20
	other recreation, cultural and sports activities	1.10
	waste rehabilitation waste disposal; sanitation and similar activities	1.10
	associative activities	1.00
	individual services delivery	1.00
13	Self-supporting entities in public sectors (education, health care and social assistance, public administration)	1.00

Notes:

1. Economic entities shall be assigned to specific subdivisions of economic branches in line with the National Classification of Economic Activities approved by Republic of Moldova standart by Resolution No. 694-ST of February 9, 2000.

2. The complexity factors shall not be mandatory and shall be used as guidelines for negotiations on setting the tariff wage for the first skill level at the level of economic branch or economic entity.

[Annex 3 amended by GD#5896 of 07.08.06, OM#126-130/11.08.06, Art.938]

Annex 4

to the Government Decision of the Republic of Republic of Moldova
No. 743 of 11 June 2002

Multipliers recommended to establish official salaries of the staff employed in that do not apply pay systems based on the Unified Tariff Scale for Remuneration (UTSR)

Categories of employees	Range of multipliers in the multiple amount of the tariff wage for skill level I set by the enterprise
Administrative employees	1.15-2.00
Short-term specialists with higher education:	
category I	1.70-3.00
category II	1.60-2.70
without category	1.50-2.40
Specialists with higher education:	
Coordinators:	2.50-4.50

category I	2.20-4.00
category II	2.00-3.50
category III	1.90-3.20
without category	1.80-3.00
Scientific staff	2.5-8.0
Leaders (managers, heads) of internal subdivisions (sectors, bureaus, sections, workshops, services, etc.), specialist heads	2.00-6.00
Specialist heads (who have staff under their subordination), heads of subdivisions and branches, deputy-heads of entities	3.00-7.00
Head of Entity	4.00-8.00

Notes:

1. Assignment of categories to the staff shall be done according to the Classification of Occupations in Republic of Moldova (CRM 006-97).

2. Differentiation of the official salaries for specialists according to the set skill levels, as well as those of managers, according to the hierarchy shall be done by the entities themselves, within the range set for the corresponding category of staff. At the same time, specific official salaries shall not be set in amounts smaller than those calculated for the respective categories of employees, based on the minimal multiplier and the minimal guaranteed wage in the real sector.

[Annex 4 amended by GD#51105 of 06.12.10, OM#241-246/10.12.10, Art.1225]

[Annex 4 amended by GD#5435 of 14.04.03, OM#76/22.04.03, Art.468]

[Annex 4 amended by GD#5896 of 07.08.06, OM#126-130/11.08.06, Art.938]

Annex 5

to the Government Decision
of the Republic of Republic of Moldova No. 743
of 11 June, 2002

Skill levels and remuneration conditions for road transport workers of self-supporting entities

	Skill level
1. Drivers of general purpose lorries and vans, with maximal load (tones): up to 3	3
from 3 to 10	4
from 10 to 40	5
over 40	6
2. Drivers of cars, including special and sanitary cars (except emergency cars)	4
3. Drivers of emergency cars and operative cars with special sound signal, as well as special and emergency busses	5

4. Drivers of busses, including special and sanitary busses (except emergency busses), with the size (in meters): up to 7	4
from 7 to 12	5
from 12 to 15	6
over 15	7
5. Drivers of motorcycles and scooters	3

Notes:

1. Depending on the type of transportation means driven, when determining the amount of the tariff wage per time unit or the monthly wages for drivers, the following tariff level factors shall be applied, based on the complexity of the works conducted:

general purpose lorries and vans;
cars (including special cars) 1.15
specialized and special cars: dumpers; tanks; vans; refrigerators; cars for transporting containers; firefighting cars; cars for street technical assistance, snow cleaning, washing, spraying, and sweeping;
cranes, tractors, loaders, etc.;
sanitary cars (except emergency cars) 1.20
busses, including special busses 1.25
emergency cars and operative cars with special sound signal (as well as special and emergency busses),
with the cylinder capacity of the engine:
up to 3.5 liters 1.25
over 3.5 liters 1.30
lorries for transportation of cement, toxic chemicals, corpses, anhydrous ammonia liquor, decayed waste, manure 1.30

2. The tariff wage for the drivers of cars with trailers, remunerated by time unit, shall be increased up to 20 per cent per cent.

[Annex 5 inserted by GD#5435 of 14.04.03, OM#76/22.04.03, Art.468; Annexes 5-6 become Annexes 6-7]

Annex 6
to the Government Decision
of the Republic of Republic of Moldova
No. 743 of 11 June, 2002

List

of compensatory salary supplements and increments provided to employees and their minimum size

Name of compensatory salary supplements and increments	Minimal size of base salary supplements and increments
1	2
For intensive work at conveyors, flow lines and automated lines	30 percent of the tariff wage

For work provided within the work schedule, with division of the work days in parts and breaks of at least 2 hours between them	30 percent of the tariff wage
For work in different shifts:	
for work in the 2 nd shift	20 percent of the tariff wage
for work in the 3 rd shift	40 percent of the tariff wage
For cumulating professions (positions)	Depending on the volume of work performed, the entire amount of the savings on wages as a result of staff redundancy may be used
For expansion of the service areas or increase of the volume of works performed	Depending on the volume of work performed, the entire amount of the savings on wages as a result of staff redundancy may be used
For fulfilling the job duties of the temporarily missing workers	Depending on the volume of work performed, the entire amount of the savings on wages as a result of staff redundancy may be used
To workers who perform works designed for staff with lower skill level	The difference between the tariff wage of the worker according to the tariff category assigned, and the tariff wage for the work actually performed
For work performed at some construction sites and in areas where exceptional circumstances might arise	30 percent of the tariff wage
To foremen from among the workers, who are not exempted of their basic work, and who lead the work crew (team)	Up to 15 per cent of the base wage, for leading a crew of up to 10 employees, and up to 25 per cent – for leading a crew of more than 10 employees. For the team leaders – 50 per cent of the increment percentage set for the foreman.
To lorry, car and bus drivers – for the skill levels	10 per cent of the tariff wage for the 2 nd category drivers, and 25 per cent - for the 1 st category drivers, for the time worked as a driver
To drivers of company cars – for labour intensity	Up to 25 per cent of the tariff wage
To workers transferred to a less paid job, upon initiative of the administration, for production needs	The difference between the actual remuneration for the time worked, and the average remuneration at the previous workplace.

Note:

The heads of entities, their alternates and assistants, the chief engineer, the

chief accountant, other chief specialists, the heads of sections and the managers of specialised structural subdivisions shall not be allowed to cumulate positions during the working hours, while other persons with a leading position shall not be allowed to cumulate two leading/management positions.

[Annex 6 amended by GD#51148 of 18.10.04, OM#189-192/22.10.04, Art.1322]

Annex 7

to the Government Decision of the Republic of Republic of Moldova No. 743 of 11 June, 2002

Regulation on remuneration of apprentices during training, and remuneration of skilled workers and specialists involved in the training process

1. For the purpose of training, self-supported entities shall hire apprentices and shall organize for them one-on-one sessions in brigade, within courses, and other forms of on-the-job training funded by the entities concerned.

2. The theoretical course and on-the-job training of apprentices shall be conducted within the timeframe stipulated in the Labour Law for the workers of the specific age, professions and production; the maximal training period shall not exceed six months.

3. The work off apprentices during the professional training and that of workers during the refresher courses or the courses for learning a new profession on-the-job shall be remunerated per time unit, regardless of the form of training (one-on-one or in brigade). At the same time, the guaranteed salary in all cases shall be calculated based on the amount of the tariff wage per hour for the skill level I of the employees in the respective branch, legalised in the collective labour agreement (branch level) (hereinafter referred to as "tariff wage for the skill level I").

4. Remuneration of apprentices in case of one-to-one training in the professions workers remunerated based on the piece wage system shall be done as follows:

- for the first month of training – 75 per cent of the tariff wage for the skill level I;
- for the second month - 60 per cent of the tariff wage for the skill level I;
- for the third month - 40 per cent of the tariff wage for the skill level I;
- for the fourth and the following training months – 20 per cent of the tariff wage for the skill level I;

Apart from this, for the useful production manufactured by the apprentices, they shall receive a wage calculated according to the rules and tariffs existing at the enterprise.

5. Remuneration of apprentices in case of on-on-one training in the professions of workers remunerated per time unit shall be done as follows:

- for the first and the second month of training - 75 per cent of the tariff wage for the skill level I;
- for the third and the fourth months - 80 per cent of the tariff wage for the

skill level I;

– for the following months before expiry of the training term planned – 90 per cent of the tariff wage for the skill level I.

Apprentices occupied with the works remunerated based on the piece wage system shall be remunerated in the same way, if the on-the-job training shall be conducted at the equipment occupied by the workers in charge with the training.

6. Remuneration of apprentices in case of training within the brigade shall be done in the way and the size indicated in Section 4 of this Regulation.

Aside from this, starting with the second month of training, apprentices shall be paid additionally the difference to 100 per cent per cent from the tariff wage for the skill level I, from the piece wage of the brigade. Where the apprentices shall be included in brigades the members of which are paid per time unit, their work shall be paid in the way and the amounts set in Section 5 of this Regulation.

7. Skilled workers and specialists involved in the training, refresher courses, learning of some related professions and increasing the level of qualification of workers on-the-job shall be provided a monthly pay supplement of 5 per cent of the tariff or job function pay, set for each trained apprentice or worker, from the means planned for labour remuneration. At the same time, to ensure higher quality of the on-the-job training, it is recommended for a skilled worker or a specialist to train maximum 2 to 3 persons (apprentices) at a time.

Depending on the complexity of the profession, the number of people trained at the same time, the labour conditions, the level of qualification of the staff conducting the on-the-job training, the enterprises may increase the amount of the said pay supplement, within the limits of the means available for labour remuneration.

Annex 8 to the Government Decision No. 743 of 11 June, 2002

LIST of self-supporting regulatory, certification, supervision and control public authorities and institutions

1. Ministry of Economy:

National Accreditation Centre of Republic of Moldova (MOLDAC);
State Energy Inspectorate.

2. Ministry of Agriculture and Food Industry:

State Inspectorate for Technical Supervision „Intehagro”;
S.E. „Centre for Standardization and Testing of Quality of Canned Products”;
S.E. „State Centre for Certification and Approval of Plant Protection Products and Fertilizers”;
S.E. „Centre of Economic and Industrial Developments”;
S.E. „National Centre for Testing the Quality of Alcoholic Beverages”;
S.E. „National Centre for Testing and Certification of Plant Products and Soil”;

3. Ministry of Regional Development and Construction

S.E. „State Service for Verification and Review of Projects and Constructions”.

4. Ministry of Transport and Road Infrastructure

National Agency for Road Transport.

5. Ministry of Justice:

S.E. „State Registration Chamber”.

6. Civil Aviation Authority.**7. Agency for Land Relations and Cadastre:**

S.E. „Cadastru”.

8. National Agency for Quality Assurance in Vocational Education.**9. Ministry of Health:**

National Committee for Ethical Review of Clinical Studies.

[Annex 8 amended by GD#55 of 18.01.16, OM#13-19/22.01.16, Art.17]

[Annex 8 amended by GD#5711 of 12.10.15, OM#291-295/23.10.15, Art.806]

[Annex 8 amended by GD#5191 of 22.04.15, M98-101/24.04.05, Art.217]

[Annex 8 inserted by GD#5463 of 16.06.14, OM#160-166/20.06.14, Art.495]