

# *THE UNEMPLOYED AS A VULNERABLE GROUP IN THE REPUBLIC OF MOLDOVA: DATA ANALYSIS AND NEW SOCIAL PROTECTION MEASURES*

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## **Abstract**

*According to ILO forecasts, in 2022 the number of the world's unemployed will rise to 207 million, by 21 million more than in pre-pandemic 2019. Unemployment leads to mass poverty, reduces wages, and threatens social and political stability. In the article are analyzed the main trends in unemployment in the country as a whole and by gender and area. In recent years, the Republic of Moldova has seen a decline in official unemployment. The employment assistance and unemployment insurance in the country are analysed. Also, the article analyzes the recruitment of refugees from Ukraine to the Moldovan labor market, as 89,185 Ukrainian citizens remain in the country today, of which 45,000 are children, and according to the National Employment Agency, 355 Ukrainian citizens have found work and are working in our country, which is less than 1%: 278 women and 77 men. It is described a new government initiative like training vouchers for the unemployed, i.e. the unemployed in the Republic of Moldova will be able to choose a vocational training course based on the voucher system.*

**Key words:** *labour market, unemployment, social protection, recruitment, voucher system, refugees from Ukraine.*

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### **Introduction**

Unemployment is the presence in the country of people who are part of the economically active population and who are able and willing to work, but cannot find work.

Over the past three decades, unemployment has become one of the most significant problems, not only in developing but also in developed countries. Unemployment leads to mass poverty, reduces wages, and threatens social and political stability. Unemployed citizens are guaranteed social support, which consists of measures of material support aimed at compensating for the loss or lack of earnings of an unemployed citizen and at meeting the basic needs of the citizen.

It is impossible to elaborate a single way to combat unemployment, and any state has to use different methods to deal with the problem. The government of our country has proposed various measures and initiatives to reduce unemployment.

### **Global unemployment**

The latest International Labor Organization (ILO) Report was published in January 2022, that is, before the war in Ukraine, and predicts that the number of unemployed worldwide will rise to 207 million in 2022, that is 21 million more than in pre-pandemic year 2019. "Global unemployment is expected to remain above pre-pandemic levels until at least 2023." 186 million people could not find work in 2019 and 207 million today. The report

noted that earlier, more optimistic forecasts of a labor market recovery fell short because of the effects of the spread of recent Covid-19 variants such as delta and omicron, as well as uncertainty about how the virus will behave in the future.

"Without a comprehensive labor market recovery, the full impact of the pandemic cannot be fully addressed. Sustainable recovery can only be achieved through the principles of decent work, including job security, equality, social protection, and social dialogue."

Global unemployment is expected to remain above pre-crisis levels at least through the end of 2023.

It is likely that the damage to labor markets from the pandemic could become irreversible.

Today, there is an alarming increase in poverty and inequality. Many workers are being forced to switch to new forms of work, for example, by the prolonged downturn in international tourism.

The effects of the pandemic on labor markets are felt in every region of the world, although the pace of recovery is different everywhere. The most encouraging signs of recovery are in Europe and North America, and the least encouraging are in Southeast Asia, Latin America and the Caribbean.

The disproportionate impact of the pandemic has been on women's employment and will be felt for years to come. The closures of educational and training institutions will have dire long-term consequences for young people.

The report provides comprehensive labor market projections for the years 2022 and 2023. The report assesses the overall labour market recovery throughout the world and provides information about how different countries are dealing with the pandemic, as well as the consequences for different categories of workers and different sectors of their economies.

Experts note that in some cases, as in previous crises, temporary employment plays a kind of shock absorber in a pandemic. Many temporary jobs were closed during the crisis, but others were created, including for those who lost their permanent jobs. On average, the number of temporary jobs remained unchanged.

This Report provides recommendations for a comprehensive and people-centered recovery from the crisis, both nationally and internationally.

*The main trends of unemployment in the Republic of Moldova.* In recent years there has been a decrease in unemployment rate in the Republic of Moldova (Table 1).

**Table 1. The main trends of unemployment rate by gender and area, 2014-2018, 2019-2021**

		2014	2015	2016	2017	2018	2019	2020	2021
<b>Both sexes</b>	<b>Whole country</b>	3.7	4.7	4.0	3.9	2.9	5.1	3.8	3.2
	<b>Urban</b>	5.2	6.5	6.0	5.8	4.7	4.9	4.5	3.2
	<b>Rural</b>	2.6	3.4	2.5	2.5	1.8	5.3	3.3	3.2
<b>Men</b>	<b>Whole country</b>	4.5	5.9	5.2	4.5	3.4	5.8	4.3	3.8
	<b>Urban</b>	6.4	7.8	8.1	6.8	5.1	5.1	5.1	4.1
	<b>Rural</b>	3.1	4.6	3.1	3.0	2.4	6.4	3.7	3.6
<b>Women</b>	<b>Whole country</b>	2.9	3.4	2.7	3.2	2.4	4.4	3.2	2.5
	<b>Urban</b>	4.0	5.2	3.9	4.8	4.2	4.7	3.8	2.2
	<b>Rural</b>	2.1	2.1	1.9	2.0	1.2	4.1	2.8	2.8

*Source:* elaborated on the basis of NBS data, [www.statistica.md](http://www.statistica.md)

*In estimating the survey results, the usual resident population is used.*

*Starting with 2019, Labour force survey is carried out according to the new sampling plan and according to the revised definition of employment. Information is presented without the data on districts from the left side of the river Nistru and municipality Bender. Values smaller than 3,0 have a large sampling error and must be used with care.*

The year 2021 is expected to see a recovery in the employment rate and a decrease in the unemployment rate compared to 2020 in the country. The number of unemployed, defined according to the BIM, in 2021 was 28.2 thousand people, decreasing compared to the previous year by 4.9 thousand people or 14.8%. Unemployment was in a higher proportion among men - 63.0% of the total number of unemployed, as well as among rural people - 55.1%. The unemployment rate in the country in 2021 was 3.2%, 0.6 p.p. lower than in the previous year. The unemployment rate for men was 3.8%, and for women - 2.5%. The same unemployment rate was recorded in urban and rural areas (3.2%). Among people in the age group 15-24 the unemployment rate was 9.2% (lower in urban areas - 7.7% than in rural areas - 10.4%), and in the age group 15-29 it was 5.7% (higher for men - 6.8% than for women - 3.9%). The composite rate of underemployment and

unemployment at the country level in 2021 was 6.1%, lower by 2.5 p.p. compared to the previous year. The composite unemployment and potential labour force rate was 4.2%, down 0.7 p.p. from the previous year. The composite labour underutilisation indicator was 7.1%, 2.5 p.p. lower than the previous year.

According to the Single State Social Insurance Fund of the Transnistrian region, the number of officially registered citizens not employed at the end of 2021 was 2003 persons, 40.0% less than at the end of 2020. Of the total number of registered citizens, women accounted for 988 persons or 49.3%. In 2021 the territorial bodies of the Single State Social Insurance Fund registered 4662 pers. seeking employment, of which 2316 were women (49.7% of the total number of registered citizens). In 2021, 11224.2 thousand rubles were spent on unemployment benefits. Unemployment benefits were received by 1528 pers. The average size of unemployment benefits in the period of 2021 was 415.0 rubles or 26.2% of the minimum subsistence budget on average per capita. The need of the region's organizations for employees as of 01.01.2022 was 3180 pers. Thus, for one registered citizen who does not perform work there are 1.6 vacancies. Of the total number of vacancies, 61.0% are for employment of workers.

According to the database of the National Employment Agency on 28.03.2022 there were 9332 vacancies, which can be accessed by both women and men.

For people with higher and medium level of education 1692 vacancies are available, constituting about 18% of the total number of vacancies. For people with secondary vocational education and unskilled workers, the National Employment Agency offers 7640 jobs, which is 82% of the total number of vacancies, including for unskilled workers - 1204.

According to the statements of economic agents, job seekers about the highest paid job vacancies on the labour market on 15 April 2022. The highest paid job vacancy (40-45 thousand MDL) declared to ANOFM is for the position of head of the economic-financial department at the company Verum Management SRL operating in Chisinau municipality. The perfect candidate should have economic studies and work experience.

18-25 thousand MDL will be offered for a sector foreman responsible for electrical assembly and commissioning of objects. The job is vacant at the company Di&Trade Engineering SRL operating in Chisinau municipality.

The ranking of the most paid jobs is continued with the vacant positions of consultant at Asconi SRL and auto mechanic at Dromas-Cons SRL. The salary is 20 thousand MDL. The jobs are in Chisinau municipality and Ialoveni district.

Monthly salaries of 10-20 thousand MDL are offered for the positions of specialist in the field of software application testing, 3 welders and an ostrich worker in Chisinau municipality.

Two specialist doctors will be paid 14-19 thousand MDL per month to work at the Central Military Clinical Hospital in Chisinau municipality. Similarly, 15-18 thousand MDL will be offered to a physiopulmonologist from Cantemir district.

A salary of 15-18 thousand MDL will be offered to the director of the Trox BR SRL company in Briceni district. Similarly, the company is looking for a shift manager, quality controller, technologist and seamstress for whom the minimum salary will be 4000 MDL per month.

#### **Recruitment of refugees from Ukraine on Moldovan labour market**

Today 89,185 citizens of Ukraine remain on the territory of our country, of which 45,000 are children. According to the National Employment Agency, 355 citizens of Ukraine find the job and work in our country (which is less than 1%, namely 0.8%): 278 women and 77 men.

250 Ukrainian citizens work in Chisinau, 16 in Ungheni, 14 in Balti and 11 in Cahul. The rest are employed in Straseni, Vulcanesti, Soroca, Comrat, Stefan-Voda, Anenii Noi, Donduseni, Ialoveni, Orhei, Causeni, Briceni, Taraclia, Ceadir-Lunga, Calarasi, Falesti, Nisporeni, Ocnita and Leova.

Citizens of Ukraine are employed as programmers, engineers, seamstresses, salesmans, chefs, waiters, nurses, production operators, customer service agents, managers of various directions.

#### **Employment Assistance and Unemployment Insurance in the country**

In accordance with Act No. 105 of 14.06.2018 on Employment Assistance and Unemployment Insurance, starting from February 10, 2019, the amount of unemployment benefit and the monthly payment of the benefit are determined by the National Social Security Fund.

The amount of the unemployment benefit is determined according to the circumstances in which the person stopped working, as follows:

a) 50 percent of the average monthly insured income of the person for the last 12 months during the last 24 calendar months preceding the date of registration as unemployed - in case of termination of labor activity due to liquidation or termination of the employer, reduction in number or staff of employees, declaration dead or missing by a court decision of the employer-individual;

b) 40 percent of the average monthly insured income of the person for the last 12 months during the last 24 calendar months preceding the date of registration as unemployed - in case of termination of employment in circumstances not covered by paragraph a).

The average monthly insured income is determined by dividing by 12 the insured income received at all enterprises during the last 12 months during the last 24 calendar months preceding the date of registration as unemployed, from which social insurance contributions were accrued and paid.

The amount of monthly unemployment benefit cannot exceed the amount of the average monthly wage in the economy for the year preceding the date of establishing the right to unemployment benefit.

If the amount of monthly unemployment benefit exceeds the amount of the average monthly wage in the economy for the previous year, unemployment benefit is set at the amount of the average monthly wage in the economy for the previous year.

For unemployed with special status, the monthly unemployment benefit is set at 700 MDL.

The period of unemployment benefit payment is determined differentially, depending on the length of insurance experience, as follows:

(a) 5 calendar months, in case of insurance experience up to 10 years, but not less than 12 months.

(b) 7 calendar months in the case of length of insurance between 10 and 15 years.

(c) Nine calendar months if the length of insurance service is more than 15 years.

Unemployment benefits are paid by the payment method chosen by the recipient and available through the government's electronic payment service (MPay). Unemployment benefit payments are recorded by the National Social Insurance Office.

Unemployment benefit payments established and not received by the recipient for 12 consecutive months are suspended and paid retroactively for the three years preceding the month of application, but not before the month of suspension, based on an application submitted by the recipient to the National Social Insurance Office.

The amount of the unemployment benefit established but not paid due to the death of the beneficiary is paid, including for the month of death, to the spouse, parents or children, or in the absence thereof, to the person who proves to have incurred burial expenses.

#### **Training vouchers for the unemployed is a new government initiative**

One of the new measures to support unemployed people is proposed by the group of deputies from the Action and Solidarity Party (PAS). The unemployed in the Republic of Moldova will be able to choose a vocational training course based on the voucher system. The respective draft was prepared by a group of deputies from the Action and Solidarity Party and submitted to the Parliament. According to the authors, the draft simplifies access to professional development services.

The draft law on contracts, the subject of which is the provision of training services for the unemployed will not be subject to the provisions of the Law №131/2015 on public procurement - included for consideration on the agenda of several parliamentary committees.

The authors of the bill state that vocational training courses for the unemployed are organized by the National Employment Agency with the involvement of educational institutions of the Ministry of Education, training centers of other ministries and departments, associations of employers and trade unions; state economic entities, companies and non-profit organizations.

Vocational training is provided on the basis of contracts concluded between the agency and educational institutions - winners of public procurement procedures, but public procurement procedures are complicated and lengthy, and meeting all required conditions obliges potential providers of vocational training courses to provide additional personnel with experience in training specialists. These circumstances present real barriers to participation in the state procurement procedure, and, as a consequence,

narrow the pool of potential providers of training services for the unemployed.

The authors of the project believe that this will also increase the interest of foreign investors in qualified personnel, thereby reducing the number of unemployed in our country. In 2020, only 26.5% (183) of the total number of unemployed people who received training were able to attend courses near their place of residence and 73.6% (509) were trained in another locality. In 2021, in order to implement the measure of vocational training for the unemployed, the NEA concluded contracts with ten providers of such services.

According to the National Employment Agency, 50,000 people were registered as unemployed during 2020. Of the total number of unemployed, 83% did not have professional qualifications, 692 of them were trained, and 57% of the unemployed were employed.

Thus, the elimination of contracts for the provision of vocational training services to the unemployed will contribute to the involvement of a greater number of providers of these services, will ensure increased interest of the unemployed to take vocational courses and obtain qualifications, ensuring a reduction in the number of unemployed in the country.

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