Maria Vremis is an analyst and expert on social statistics at the Centre of Sociological Research and Marketing CBS-AXA S.R.L. She specializes in research in the social sphere including: the analysis of quality of life, social exclusion, migration, gender equality and the rural population. Maria is the author of a number of analytical works, including the National Human Development Report; Extended Migration Profile; Assessment of the Impact of Social Policy on Poverty; and Analysis of the Effectiveness of State Benefits and Social Assistance for Targeted Groups. Since 2000, Maria has worked with various UN agencies and has been involved in projects for UNDP, UNICEF, IOM, ILO and the World Bank.

**BASIC GENDER CHARACTERISTICS AND SOCIAL PROTECTION OF THE RURAL POPULATION IN MOLDOVA**

In 2015, the population of the Republic of Moldova was 3,555,000 people; 51.9 percent of the population were women and 48.1 percent were men. The share of the rural population accounted for 57.6 percent of the total population. Women represented 51.1 percent of the rural population, and rural men 48.9 percent.¹

Men are better represented in the age group 0–15 years and in the working-age population (52 percent of men, compared with 48 percent of women).² In the groups above working-age, there are twice as many women as there are men (69.0 percent). Similar trends are observable in rural areas where the proportions of women and men are 68.6 percent and 31.4 percent respectively.

Women in Moldova live 7.9 years longer than men, and the average life expectancy at birth is 75.4 years for women and 67.5 for men. This gap can be explained by the high level of premature mortality among men, especially of working-age men. The mortality rate depends on place of residence and this underpins some of the differences found in the average life expectancies of the rural and urban populations. On average, the urban population lives longer than the rural population; for women the gap is 3.5 years and for men it is 4.5 years.³

The birth rate in Moldova is 10.9, and the mortality rate is 11.1; these figures differ significantly depending on place of residence. In urban areas, these rates are equal to 9.3 and 8.7, and in rural areas, they are equal to 12.0 and 12.9. Therefore, there is a negative natural increase in rural areas, in spite of a higher birth rate.⁴

A progressive ageing process is taking place within the country. In the early 1990s, the ageing index exceeded the critical value of 13.0 percent, and in recent years it reached a very large value (for example, 16.2 percent in 2014). In rural areas, the ageing index is 16.4 percent and among women it is 19.4 percent.⁵

11.4 percent of the population in Moldova live below the official poverty line and the rural poverty rate is much higher than the urban rate (16.4 percent in rural areas and 5.0 percent in urban areas). The poverty rate among residents of small cities is 8.4 percent, and in large cities (Chisinau and Balti) it is 2.2 percent. However, the level of poverty in Moldova is steadily decreasing; in particular, migrant remittances from abroad, which account for about one-third of total income per rural household member, have had a major impact on poverty reduction.⁶

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² Working age for women is defined as 16 to 56 years and for men, 16 to 61 years.
⁶ According to the official methodology for measuring poverty in Moldova, a person is considered poor if the sum of monthly consumption expenditure is below the absolute poverty threshold. In 2014, this amounted to 1,257.0 MDL (89.5 USD) at the average exchange rate of the National Bank of Moldova.
It is worth noting that there is a high level of migration in the country. According to the Labour Force Survey, in 2014, approximately 340,000 people worked abroad; of these, 64 percent were men and 36 percent were women. Rural migrants represent 72 percent of the total number of migrants. Migrant workers are often young: 56.6 percent are in the age group below 34 years, and in villages this percentage is even higher at 60.4 percent. Migration is also shaped by level of education: 11 percent of migrants have higher education, and among women, this percentage is higher (14.5 percent).

There is also internal rural to urban migration in Moldova. While the total population has been declining in recent years, the urban population has been steadily growing, especially in the capital. The population of Chisinau represents approximately one-fifth of the total population and 45 percent of the urban population. Internal migration to Chisinau offers more opportunities than in other settlements, as well as a relatively higher quality of life.

It is well established that after graduating from high school, a significant proportion of the young people who go to school in the city do not return to rural areas. In the last five years, there has been a higher concentration of young people in cities, especially in the age group 25–29 years. At the same time, over the past five years the rural population has decreased by 32,376 people, and the urban population has grown by 26,315 people, which demonstrates a stable trend of demographic redistribution between rural and urban areas. More than 90 percent of internal migrants are persons of working age (20–49 years), of whom 58 percent are women and 42 percent are men. About two-thirds of people who changed their place of residence in 2014 were residents from rural areas.

The average nominal wage in 2014 was 4,172 MDL (267 USD) and in agriculture it was 2,774 MDL (178 USD). The wages of women amounted to 88 percent of men’s wages. The average old-age pension was 1,114.7 MDL (71 USD). The old-age pension in Moldova amounted to 83 percent of the subsistence minimum and in agriculture to 70.6 percent.

In 2015, retirees represented 690,300 or 19.4 percent of the total population, of whom 669,900 were registered with social protection institutions. The share of old-age pensioners in the total number of pensioners was 75.7 percent; in the non-agricultural sector this was 46 percent and in the agricultural sector, 29.7 percent. 29.5 percent of the total number of pensioners were older men and 70.5 percent were older women.


In accordance with the law, the state system includes the following types of pensions: old-age pension, disability pension and the survivor pension.

Pensions for agricultural workers are provided in accordance with the terms set out by the general system of social security, and there are no distinct social insurance schemes for this category of the population. In accordance with the Law on pensions, the categories of agricultural workers include: (i) owners and / or tenants of agricultural land; (ii) members of agricultural or other forms of association in agriculture; (iii) persons carrying out agricultural activity within a household, or within an agricultural association.

The amount of the allocated pension is based on duration of employment, the size of insured income (wage), the size of contributions to state social insurance and other factors that are established in the legislation.

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7 National Bureau of Statistics of the Republic of Moldova (e).
10 The exchange rate set by the National Bank on 31 December 2014: 100 USD = 1,561.52 MDL.
The legal framework includes provisions to protect low-income retirees, mostly farmers and the self-employed. In accordance with the Law, “On State Social Insurance Pensions”, if the retirement pension amount (calculated in accordance with the law) is less than the minimum old-age pension, then the minimum pension is allocated.

In 2003, the law\textsuperscript{12} established a procedure for the indexation of pensions, calculated as the average between the annual growth rate of consumer prices and the annual growth of average wages in the country for the previous year. The indexation rate is set annually by the government, and the indexation of pensions is only carried out for all types of pensions paid from the State Social Insurance Budget. The minimum pension is indexed annually.

The social insurance system generally covers all residents of the Republic of Moldova. For farmers, there are specific provisions in the legislation in relation to social security contributions and benefits.

The size of social security contributions is differentiated by category of payer: employers, employees and self-employed. In 2015, the rates of contribution to compulsory state social insurance were established by the Law, “On State Social Insurance Budget”\textsuperscript{13}, and are presented in Table 1.

<table>
<thead>
<tr>
<th>Category of payer</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employer – payer for persons employed in agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>16%+</td>
<td>16%+</td>
</tr>
<tr>
<td>State</td>
<td>6%+</td>
<td>6%+</td>
</tr>
<tr>
<td>Employee</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>The employer – payer for persons employed on an individual employment contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>23%+</td>
<td>23%+</td>
</tr>
<tr>
<td>Employee</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Owners of land without employees (annual voluntary insurance)</td>
<td>1 428 MLD</td>
<td>1 584 MLD</td>
</tr>
<tr>
<td>Self-employed persons (individual entrepreneurs)</td>
<td>5 748 MLD</td>
<td>6 372 MLD</td>
</tr>
<tr>
<td>Individuals who do not belong to any category (voluntary insurance)</td>
<td>5 748 MLD</td>
<td>6 372 MLD</td>
</tr>
</tbody>
</table>


In accordance with the law, the social insurance contributions of an employer engaged exclusively in agricultural activities, for persons employed under an individual labour agreement or other agreements relating to the performance of works or rendering of services, are calculated at 22 percent of payroll and other earnings. Out of the calculated amount, 16 percent is paid by the company, and the remaining six percent is subsidized by the state budget.

The social insurance contributions of an employer engaged in non-agricultural activity are calculated at 23 percent of payroll. Furthermore, it should be noted that agricultural employers who pay a rate of 16 percent for social insurance contributions, benefit from a six percent grant from the state. These advantages also apply to corporate agricultural enterprises, which employ only 12 percent of persons working in agriculture. It is important to recognize that tax incentives do not always stimulate growth in a sector and may in fact slow down the structural transformation of the economy, exerting a negative influence on entrepreneurs’ decisions to work in other sectors of the economy.

Since 2009, individual land owners and tenants who work on an individual basis have not been included in the list of the mandatory insured. They have the option to make voluntary insurance payments by signing an individual state contract with the National Social Insurance Office and by paying 1 584 MDL per year (101 USD\textsuperscript{14}), and not less than one-twelfth of this amount monthly. This type of insurance contribution is four times lower than the amount paid by others.

\textsuperscript{13} Law No. 73 of 12 April 2015.
\textsuperscript{14} The exchange rate set by the National Bank on 31 December 2014: 100 USD = 1 561.52 MDL.
Another legal provision aimed at owners or tenants of agricultural lands, is the opportunity for retrospective social insurance. This involves annual social insurance contribution payments of 1,584 MDL, which provide the person with the right to a certain amount of social security (a minimum retirement pension and a burial allowance).

Although they receive more favourable conditions within the social security system, farmers, especially women, receive the lowest pension compared with other population groups. From 01 April 2016, the minimum old-age pension for agricultural workers is 767.22 MDL (49 USD); for other recipients of the old-age pension it is 861.80 MDL (55 USD). In 2014, the value of the average old-age pension for women in the agricultural sector was approximately 60 USD, which represented 94 percent of the average male pension in this sector, and 83 percent of the average female pension in the non-agricultural sector. The share of women in the total number of pensioners in the agricultural sector (by age) was 67.7 percent, and the share of men was 32.3 percent.

The legal framework also contains discriminatory elements that have a direct impact on the amount of state social insurance pension for farmers, which directly depends on the length of contribution. The legal provisions concerning the possibility of retroactive insurance are differentiated for owners and tenants of agricultural lands and other persons. The owners and tenants of agricultural land can be insured retroactively from 2009 and others from 1999.

Although these pensions are low, the low rate of social insurance contributions for employers, and for individuals working on their own land, leads to the significant redistribution of funds for pension payments in favour of pensioners in the agricultural sector, who account for approximately 40 percent of the total number of old-age pensioners. Additionally, the percentage of contributions by agricultural employers in the total amount of deposits transferred to the state social insurance budget, is around four percent, while the share of financing provided for the payment of pensions for these categories of workers represents over 30 percent of the total resources for the payment of pensions.

Factors that cause this imbalance include a significant reduction in the number of taxpayers and the introduction of the principle of voluntary insurance for farmers in 2009, at a time when approximately 30 percent of the working population was employed in agriculture, and only 12 percent of workers in agriculture were employed in enterprises, while others worked in their own households engaged in the production of agricultural goods for exclusive self-consumption, or were owners / tenants of agricultural land working independently. Consequently, the wage replacement rate in agriculture in 2014 amounted to 34 percent, compared with an average wage replacement rate of 27 percent for the whole economy. This distribution of pension system funds may result in various side effects, such as distrust in the pension system and evasion of social insurance contribution payments. This will significantly affect the sustainability of the social security system.

Minimum pension policy is aimed at protecting poor, older women and men to ensure a minimum standard of living. At the same time, it weakens the link between contributions and size of pension and, consequently, devalues the contributions. In addition, the annual indexation of minimum pensions undermines the financial sustainability of the pension system. The absence of an incentive mechanism for contributions to the social insurance fund is one of the main reasons for the declining number of investors in agriculture.

In this context, the introduction of a payment incentive might be the solution for maintaining the stability of the system. It is important to strengthen the link between social contributions and benefits at the individual level, in accordance with the principle of "equal contributions – equal pension". At the same time, in order to solve the pension problems of the agricultural sector, examples from other

18 From 200 000 in 2008 to 2 000 000 in 2012.
19 In 2013, only 39 500 were employed in agricultural enterprises, out of a total of 337 900 people employed in agriculture as a whole.
20 The ratio between average retirement pension and average salary. According to the European Code of Social Security (Art. 65), the recommended level for this indicator is 40 percent.
countries should be considered where agricultural workers are included in a separate system. This would stimulate an increase in the wage replacement rate in the economy and ensure financial security in old age for both women and men farmers.

References


