

Republic of Moldova: social protections and old age pensions



Key points

- In the Republic of Moldova, women live longer than men (8.8 years more in 2018), oftentimes alone in financial deprivation and insecurity.
- In 2018, the proportion of women among the total population receiving any pension and receiving an old-age pension accounted for 64.5% and 70.6%, respectively.
- In 2018, old-age pension replacement rates for women (26.2%) and men (28.6%) were less than the minimum level required by the International Labour Organization (ILO) Social Security (Minimum Standards) Convention (Convention No. 102) (at least 40%). The gender gap in the old-age pension replacement rate was more prominent among women and men aged 60–64 (2.6 percentage points) and the largest in districts in the southern part of the country.
- Seniors aged 75 and over rely significantly more on pensions as a main income source (96.6% for women and 97.6% for men) than the “younger” old, aged 60–65 (79.8% for women and 46.9% for men).
- The proportion of women receiving the “minimum amount” of old age pension decreased from 72.1% in 2017 to 52.4% in 2018 after a Government decision to adjust the minimum amount of the pension to the same level as the minimum income level guaranteed by the State.
- In 2018, women represented around half (50.3%) of pensioners with disabilities receiving disability pensions and slightly more than half (52.7%) of those receiving the minimum amount of disability pensions. Men represented 73% of those receiving the minimum amount of severe disability pensions.
- The rapid aging of Moldova's population and the high migration rates among its working-age population have put pressure on the pension system. In 2017, emigration rates reached a peak of 121 per 1,000 for men aged 25–29 and 87 per 1,000 for women aged 20–24.

Background

The main purpose of State social protection systems is to offer social guarantees to the national population, both individuals and groups. Social protections provide non-discriminatory treatment and equal opportunities for all members of society, reducing the risk of poverty and social exclusion.¹ From the human rights perspective, social protection systems help to ensure an adequate standard of living, as well as necessary services and goods, providing dignity, autonomy, equality and non-discrimination, including gender equality.² For most older people, not all of whom are able to supplement their income through paid work, social protections are often the main means of ensuring economic security, helping them to meet essential needs.³

Women live longer and are more exposed to the risks of poverty and social exclusion than men at older ages

Women in the Republic of Moldova live 8.8 years longer than men,⁴ on average (2018). From both economic and social dimensions, women aged 60 and over are recognized as one of the most vulnerable groups because of their exposure, over a longer time span than men, to the risk of poverty and social exclusion.⁵ The larger share of women among the elderly population, owing to their higher life expectancy, means that they are likely to live more years in financial deprivation and insecurity.

The gender gap in the standard retirement age in the Republic of Moldova was about 5 years until 1 July 2017 (age 57 for women and age 62 for men). Retirement ages are being raised annually and the age gap will be closed by 2028, after which time the retirement age will be 63 for both women and men.⁶

More women than men are beneficiaries of old-age social benefits

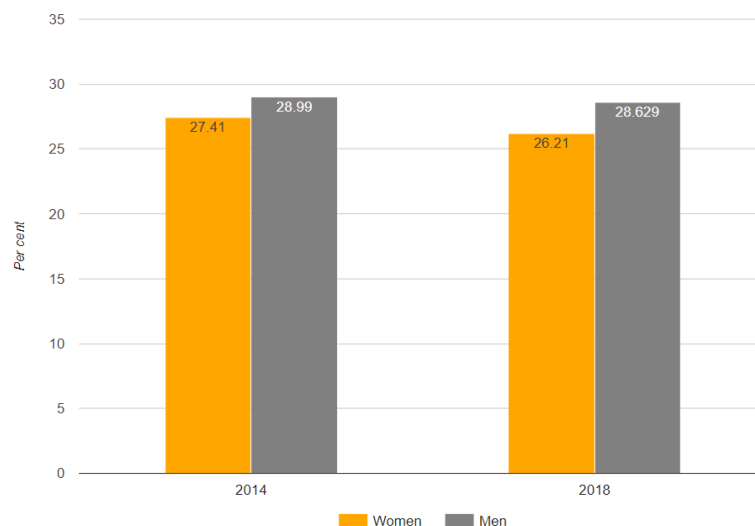
In 2018, the share of women receiving "any" pension⁷ among total pensioners was 64.5% and their share among those receiving "old-age" pensions⁸ was 70.6% (see figure VII b). While women were less likely than men to fulfil the eligibility requirements to obtain a State social assurance pension, they represented 65.1% of those benefiting from an elderly social allowance⁹ in 2018.

Women have a lower gross old-age pension replacement rate than men

The public pension system does not fully substitute for lost salary as people get older, and the low level of pensions exposes them to a higher risk of poverty; furthermore, there is a weak link between the level of income from the active period of individuals' lives with that in their post-retirement period.

The gross old-age pension replacement rate¹⁰ (26.2% for women and 28.6% for men) is less than the minimum level required under the ILO Social Security (Minimum Standards) Convention (Convention No. 102) (at least 40% for both men and women).¹¹ Older women often have shorter careers and lower wages than men, resulting in lower benefit entitlements. The difference in old-age pension replacement rates of men and women increased in the last 5 years, from 1.6 percentage points in 2014 to 2.4 percentage points in 2018, in favour of men, and this gap is more evident among men and women aged 60–64 (see figure I).

Figure I: Old-age pension replacement rate by sex: 2014 and 2018

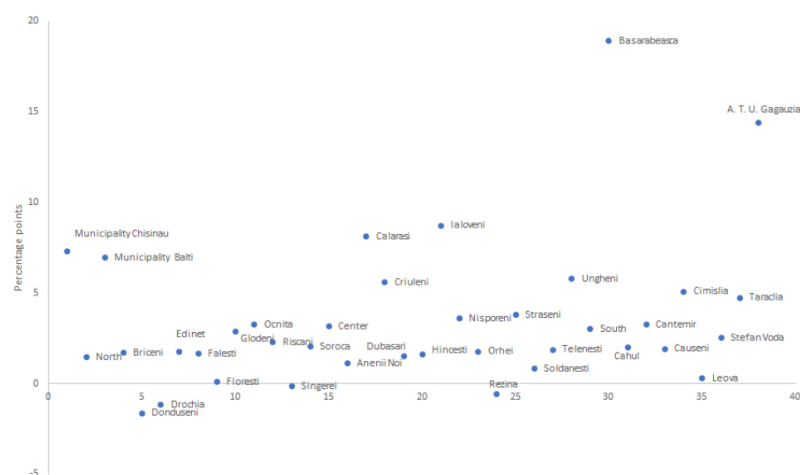


Source: National Insurance House, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

Note: The old-age pension replacement rate refers to the percentage of an individual's monthly salary earnings that is replaced by retirement income when they retire.

Across regions in the country, the biggest gender gap in the old-age pension replacement rate is registered in the southern part of the country (Basarabasca, Autonomous Territorial Unit Gagauzia), as well as in the two most developed municipalities of the country (Bălţi and Chişinău) and districts in the central region (Ialoveni and Călăraşi) (see figure II).

Figure II: Gender gap in old-age pension replacement rate by region and district: 2018 (Percentage point)



Source: National Social Insurance House, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

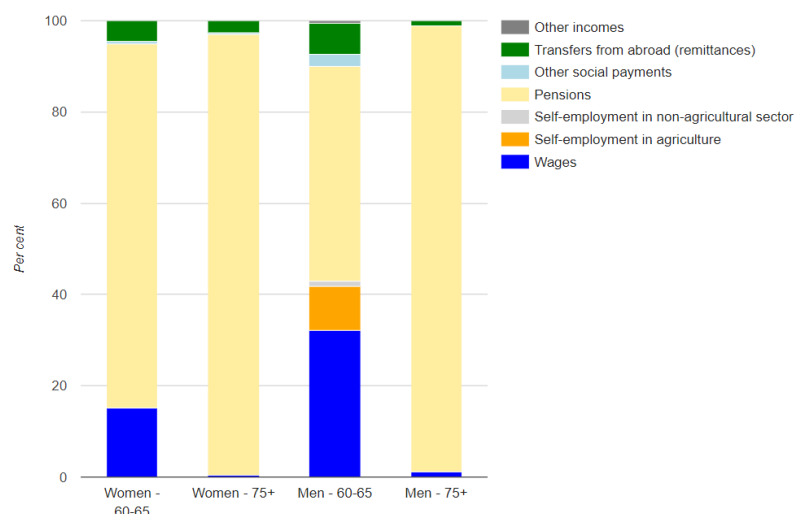
Note: The old-age pension replacement rate refers to the percentage of an individual's monthly salary earnings that is replaced by retirement income when they retire. The gender gap is calculated as the difference between the replacement rates of men and women. X-axis represents the districts and regions of development in the country (see <https://moldova.md/en/content/administrative-territorial-organization-moldova>). Y-axis represents the gender gap in old age pension replacement rate.

People aged 75 and over have a significantly lower income than the younger; old, ages 60–65

Level of income represents an important factor that determines, inter alia, quality of life, including the ability of individuals to pursue or take part in a range of activities. Income inequality is pronounced among older persons, correlated with age, sex, health conditions, living conditions and area of residence (whether urban or rural).¹²

Pensions are the main income source for people aged 60 and over, representing 89.1% of the total income of women and 72.4% of men, which resulted, in 2018, in a gender difference of 16.7 percentage points. However, further disaggregation by age shows that pensions represent a lower share of main income for the “younger” old population, ages 60–65: 79.8% for women and 46.9% for men. Furthermore, in this age group, 15.1% of women have salary earnings compared to 32.2% of men. The most disadvantaged group in terms of income are people over the age of 75 who are solely reliant on a pension as their main source of income (96.6% of women compared to 97.6% of men) (see figure III). In the “younger” old age group, men generally have a larger number of income sources than women, who have fewer options in terms of income streams (pensions, wages or remittances), while “senior” old people, both women and men, mostly rely on their own resources and State support.

Figure III: Distribution of old population by main income sources, sex and age group: 2018 (Percentage)



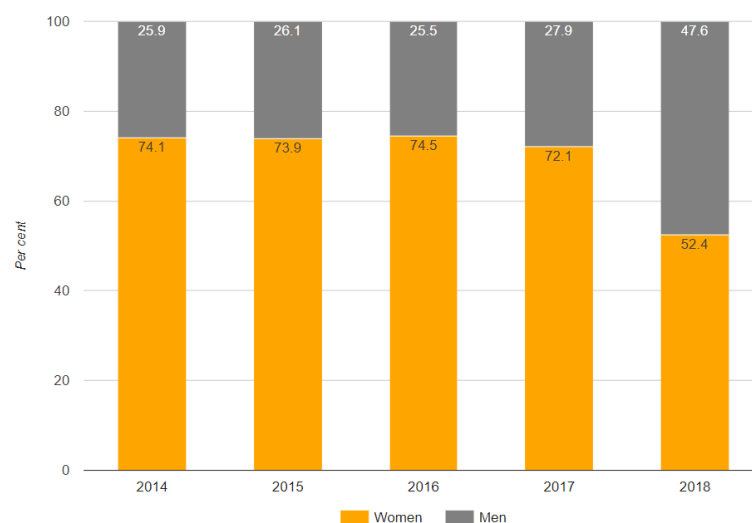
Source: National Bureau of Statistics, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

Women's old-age pensions do not cover their minimum subsistence levels

The ability of older persons to live self-sufficient lives on their own resources can be measured by the ratio of the average monthly old-age pension to the minimum subsistence level¹³ for pensioners (which is the same for women and men). While the amount of the old age pension has doubled for both women and men since 2008, the average amount of the old age pension for women is still not sufficient (96.6%) to cover basic needs relative to the minimum subsistence level for old-age pensioners; the average amount of the old-age pension for men exceeds the minimum subsistence level by 23.2%.

The most vulnerable pensioners are those receiving the "minimum" amount¹⁴ of old-age pension, which covers 65% of the minimum subsistence level. During the period 2014–2017, women were more likely to receive the minimum amount of old-age pension than men (they represented over 70% of beneficiaries). Nevertheless, in 2018, in line with a Government decision, the minimum amount of the pension was adjusted to the same level as the minimum subsistence level guaranteed by the State, and the proportion of women among those receiving the minimum amount of old age pension decreased to 52.4%, compared to 47.6% for men (see figure IV).

Figure IV: Percentage of women among pensioners receiving the minimum amount of old-age pension: 2014–2018

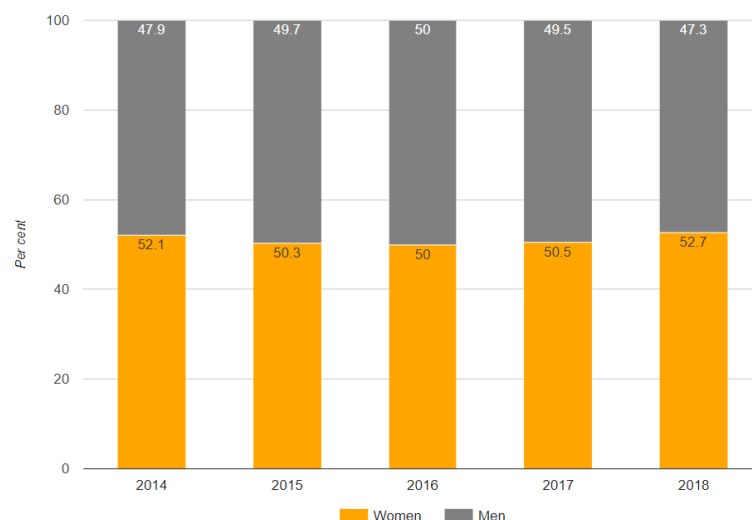


Source: National Social Insurance House, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

Women with disabilities receive lower pensions and are more exposed to risks

Women represented around half (50.3%) of pensioners receiving disability pensions in 2018, and 52.7% of all those receiving the minimum amount of disability pension (see figure V). The average amount of women's disability pension covered 77.9% of the minimum subsistence level for old-age pensioners in 2018; for men, that percentage was 84.7%.

Figure V: Percentage of women among pensioners receiving the minimum amount of disability pension: 2014–2018

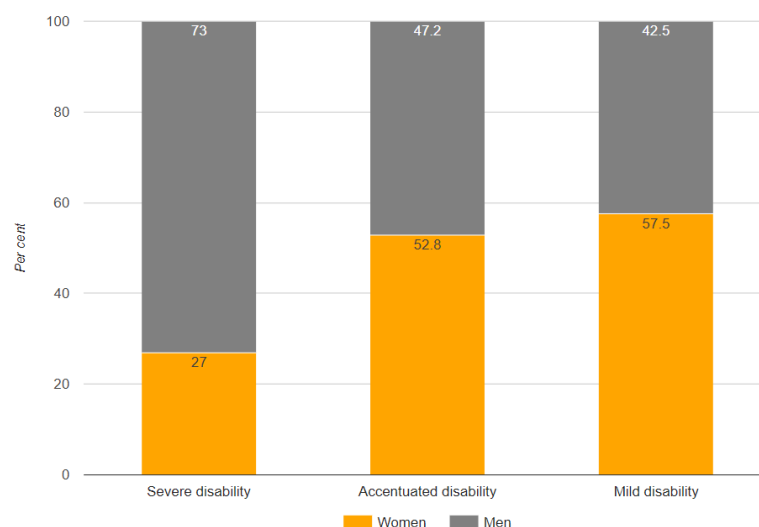


Source: National Social Insurance House, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

Women were more likely than men to receive the minimum amount of accentuated (52.8%) and mild disability (57.5%) pensions, while men were more likely (73%) than women (27%) to receive the minimum amount of the severe disability

pension (see figure VI).

Figure VI: Percentage of women among beneficiaries of the minimum amount of disability pension by type of disability: 2018



Source: National Social Insurance House, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

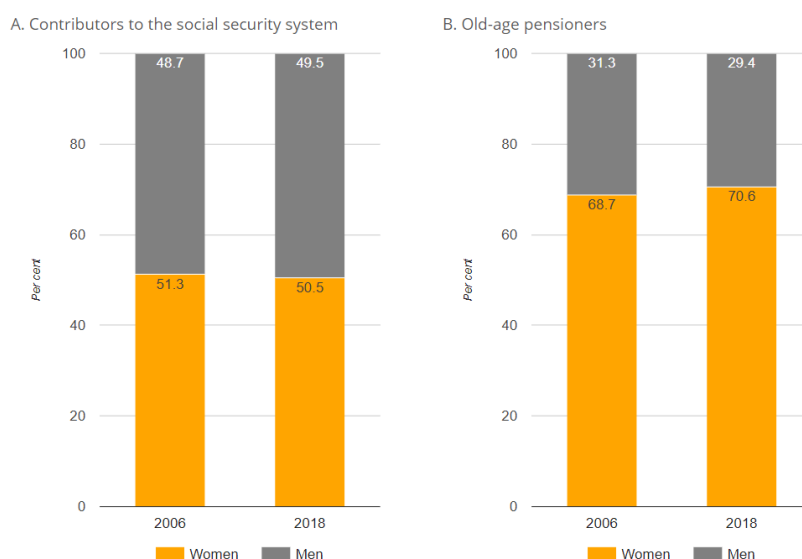
The livelihoods of older persons is insecure because of the low efficiency of the pension system

In 2019, social protection expenditures accounted for 11.1% of gross domestic product (GDP) and 33.6% of national public budget expenditures. Around 64% of social protection expenditures were spent on social protections for older people.

The Republic of Moldova is facing a weakness in terms of the sustainability of the social protection system, as evidenced in the continuous increase in the number of beneficiaries of pensions (an increase of 8.8% from 2010 to 2018), with a slight parallel increase in the number of contributors to the system (an increase of 5.4% from 2010 to 2018). Overall, the reduced financial capacity of the national social protection system has become more serious with the lowering of the ratio of its contributors to the number of pensioners (any type) benefitting from it (dropping from 1.34 in 2010 to 1.29 in 2018). The minimum required ratio, according to international practices, is 4 contributors per 1 pensioner.

Since 2006, women have become more dependent than men on the sustainability of the social protection system. While their contributions represent just over half of total contributions (50.5% for women and 49.5% for men), women comprise the majority of beneficiaries of old-age pensions (70.6% of women compared to 29.4% of men) (see figure VII).

Figure VII: Percentage of women among contributors to the social security system and among old age pensioners: 2006 and 2018



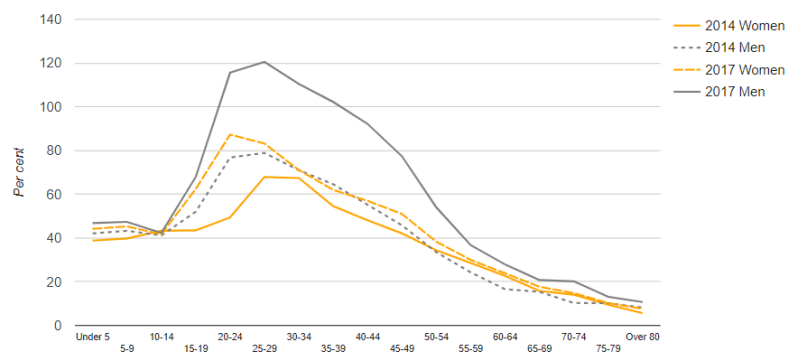
High levels of migration weaken the actual and potential capacity of the social protection system

The high migration rate among the working-age population is an additional factor having a negative impact on the actual and potential capacity of the national social protection system, affecting people left behind and making it more difficult for migrants to access social security protections when returning home.

In the Republic of Moldova, migration, in general, and international migration in particular, have a distinctive age pattern. There are high migration rates among young-adults along with young children. During the period 2014–2017, migration rates (in both directions, immigration and emigration) increased: from 43 to 58 per 1,000, while there was a lower rate of increase in immigration, from 35 to 40 per 1,000, resulting in a yearly net negative migration balance, which increased from minus 9 per 1,000 in 2014 to minus 18 per 1,000 in 2017. In 2017, emigration rates reached a peak of 121 per 1,000 for men aged 25–29 and 87 per 1,000 for women aged 20–24.¹⁵

These high migration rates were also significant among young adults: in 2017, men aged 20–24 showed a negative migratory balance of minus 60 per 1,000 and women minus 45 per 1,000, meaning that the country lost about 6% of the male and 4.5% of the female population aged 20–24 in a single year (see figure VIII).

As a consequence, the financial stability of the public pension system has continued to erode, affecting confidence in the system.

Figure VIII: Emigration rates for women and men: 2014—2017

Source: Republic of Moldova, National Bureau of Statistics, 2020 (correspondence with National Bureau of Statistics on 30 May 2020).

About the data

Definitions

- **Gross old-age pension replacement rate**, calculated as the gross pension entitlement divided by gross salary earnings, measures how effectively a pension system provides a retirement income to replace earnings, the main source of income before retirement. The rate refers to the percentage of an individual's monthly salary that is replaced by retirement income when they retire.¹⁶

Coverage and availability

Women and men, in particular older persons and people with disabilities, living in the Republic of Moldova (excluding districts from the east side of the Nistru river and Bender municipality).¹⁷

Footnotes

1. United Nations Development Fund for Women (UNIFEM), United Nations Development Programme (UNDP) and National Bureau of Statistics of the Republic of Moldova, *Approaches to social exclusion in the Republic of Moldova: Methodological and analytical aspects*, Chişinău, 2010.
2. Dávalos, M.E. et al., *A human-rights based approach to the economic security of older people in Moldova*, World Bank Group, Chişinău, 2017.
3. International Committee of the Red Cross, « What is economic security ? », June 2015.
4. The trend of women outliving men is often referred to as the feminization of aging.
5. United Nations Development Fund for Women (UNIFEM), United Nations Development Programme (UNDP) and National Bureau of Statistics of the Republic of Moldova *Profile of elderly women*, Chişinău, 2016.
6. Republic of Moldova, national law on the public pension system (No.156, 1998), chap. V, Pension ages and contributions.
7. Ibid.: in the national public pension system the following categories of pensions are granted: (a) old-age (retirement) pension; (b) disability pension; (c) survivor's pension; (d) special pension (public pension established and paid according to the provisions of other laws); and (e) early retirement pension.
8. The right to an old-age (retirement) pension is granted if the conditions provided in national law No. 156 regarding standard retirement ages and the minimum contribution period of 15 years are met.
9. The right to an elderly allowance is granted by national law No. 499, 1999: a person who, upon reaching the standard retirement age, does not have the minimum contribution period required for an old-age (retirement) pension has the right to an elderly allowance.
10. Old-age pension replacement rate refers to the percentage of an individual's monthly salary earnings that is replaced by retirement income when they retire.
11. United Nations Development Fund for Women (UNIFEM), United Nations Development Programme (UNDP) and National Bureau of Statistics of the Republic of Moldova, *Approaches to social exclusion in the Republic of Moldova: Methodological and analytical aspects*, Chişinău, 2010. This indicator is calculated based on ILO Convention No. 102 on the minimum social security norms, which specifies that the minimum level of replacement of salary income by pension should not be less than 40%, for both women and men. For the economically developed countries, through ILO Convention No. 128, this replacement rate was raised to 45%, and subsequently, by ILO Recommendation 131, to 55%.
12. United Nations Development Fund for Women (UNIFEM), United Nations Development Programme (UNDP) and National Bureau of Statistics of the Republic of Moldova *Profile of elderly women*, Chişinău, 2016.
13. Minimum subsistence level represents the minimum cost of material goods and services necessary to satisfy basic needs, that is, those required to support health and maintain life. It is calculated by adding up the value of the food basket, expenditures for industrial goods and services, as well as mandatory medical and social contributions. The subsistence level is calculated for the main sociodemographic groups: children, working women and men and old-age pensioners, by place of residence (Law No. 152, 2012).
14. The minimum amount of pensions is established by the Government through the annual indexation of pensions for the following categories of pensions: old-age pension, severe disability pension, accentuated disability pension and mild disability pension (without differences by sex).
15. National Bureau of Statistics of the Republic of Moldova, *informational note on revised population of the Republic of Moldova, including international migration*, Chişinău, 2019. Emigration rates: emigrants departing the country of origin per 1,000 population in a given year.
16. Organization for Economic Cooperation and Development (OECD), *OECD Data, Gross pension replacement rates, 2020* (last accessed on 15 September 2020).
17. Indicators herein are calculated using the proportion of the population with usual residence: usual residence refers to the place where a person has lived continuously for the majority of the last 12 months, not including temporary absences (inter alia, for purposes of recreation, holidays, visits to friends and relatives, business or medical treatments).