

The reform of the childcare leave for children aged 0-3/ 3-6 years in Moldova: shorter, better paid, followed by good childcare services.

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■ Executive Summary

This study includes an analysis of the Moldovan legal framework in the field of labor legislation and policies aimed to support families with children – and more specifically in the framework of childcare leave for children aged 0-3/ 3-6 years, as well as recommendations of policies and legislation in this area. This study includes the impact analysis not only on insured parents (who have a work place), but also on those uninsured (ex. full time students, unemployed etc.), as well as the way children, families, as well as employers, are affected. The amount of the allowances provided at present is analyzed compared with the existence minimum amounts required for an adult and a child, including an assessment of the current length of granting this allowance (1,5 or 3 years), which varies depending on various categories of beneficiaries (insured/ noninsured status). This study makes an analysis especially from the point of view of social policies and the poverty risks for families with children. Although the study is not specifically focused on gender policies, still the identified proposals contribute significantly to a better partnership between women and men in sharing their parental responsibilities.

In order to identify the set of synergetic proposals, in this study the existing social policy is studied along with the Labor Code provisions and the evolutions in the new in the childcare services for preschool children, particularly some new provisions in the Education Code approved in 2014. The recommendations are important, taking into account the differences between the supply of state childcare services in rural versus urban regions (the most complicated situation being in Chisinau, in terms of insufficiency of places, the minimum age of children accepted, the degree of overpopulation and breaking of the norms of maximum number of children accepted in one preschool class – as well as the difficult situation in those rural areas without a kindergarten).

Certainly one of the most important finding of this study is that the current provisions for the childcare leave do not allow families to have more choice, as there is currently just one scheme (for insured parents the leave is for 3 years at 30% average monthly salary pay, while the noninsured will receive a fixed allowance of 400 lei during a maximum 1,5 years), and the minimum allowance levels are below the needed minimum existence levels. The relevant examples from the region identified for this study include the experience of Lithuania and Romania, each of these countries offering 2 options of leave, with varying length and amounts (schemes for 1 and 2 years stay). One of the biggest identified problems in the current situation is that **in the Republic of Moldova there are 64,5% of children aged 0-3 years who have uninsured parents and receive the allowance only until the age of 1,5 years, therefore these families with children in the period between 1,5-3 years will be outside any state funding: no monthly allowance, and no funding in kindergartens according to the new version of the new Code of Education.** It seems that at the moment of approving this new law, the current situation was not taken into account.

The recommendations in this study are made, taking into account the financial-economic situation and the public budgetary constraints in 2015/2016 in the Republic of Moldova – therefore there have been selected mainly the realistic recommendations and a gradual implementation plan – to ensure avoiding the shocks both for beneficiaries, and the state budget and the employers. For a successful reform it is necessary to implement simultaneously several steps, therefore it is very important to have a strong inter-ministerial coordination in this area, as well as a

synchronization of actions made by the Government and the Parliament, these being described in this study.

The key recommendations (a synchronized implementation is recommended):

- **Immediate correction (autumn 2015) of the new provisions of the Education Code approved in 2014 in the part of early and preschool education** (detailed in the study), so that there is developed the current state funding and supply of childcare services **to cover children as of 2 years old** whose parents need these services (and not from 3 years old, as in the current reading of the law, articles 23-24). This should be completed by higher level obligations for the local public administrations/ cities in particular to organize also childcare services for 1-2 years (already in the formula of financial local autonomy). It is also recommended to provide special monitoring for Chisinau, as well as rural regions which have high differences compared with the average country situation, in terms of real offer of preschool childcare services.
- **Offering now, with entry into force as of January 2017, of the option for every parent to choose one of the 2 options of leave to care for children under 3 – the classic scheme of 3 years paid at 30% average monthly salary OR the new scheme: of 2 years with 60% salary in year one and 30% in year two**, with the right for unpaid leave remaining for the 3rd year (the chosen option cannot be modified later on). Additionally, in the long term and with the condition of making the suggested amendments to the Education Code and extending the real supply of preschool childcare services, authorities can then examine the gradual reduction of the unpaid leave for children 3-6 years (details in the study, chapter 3 with recommendations) until 4 years old. Further to piloting the policy of offering a choice between 2 schemes (3 or 2 years of partial pay, at different %), and after a period of public payments adjustment – later can be examined also the scheme of leave of choosing also the 3rd option – a single year at 90% pay, with years two and three remaining with the right for unpaid leave.
- **Extending the duration of the allowance for uninsured persons, from 0-1,5 years until 2 years (recommended as approval in autumn 2015, with entry into force on 01 January 2017)** - so that this allowance stops at the exact age when the Education Code allows the inclusion of children in state funded childcare services (in the new recommended version it would be for children as of 2 years old). Additionally, it is recommended to complement the criteria of eligibility for insured persons, so that part of the persons defined today in Moldova as uninsured and not eligible for the 3 years scheme – to become eligible (ex. parents in full time education, unemployed etc. – with details on other countries' experience on this detailed in chapter 2), while an estimate of additional budgetary costs required for the extra 6 months extension included in the annex nr.10.

- **Increasing the minim granted for the year 1 of the childcare leave (for all beneficiaries) from the minimum 400 lei until the VMLG indicator of 765 MDL described in the law on social aid (amount set for 2015, this indicator being increased periodically),** while in medium term there will be increased gradually the allowance for year 1 to come closer to the minimum existence levels of an adult, who in this leave temporarily gives up his main professional activity in order to care for a child. The year 2 should be corrected annually according to the inflation index or ideally set up as a % from the VMLG indicator (in this way it will have the advantage of being adjusted automatically every year).
- **Other proposals regarding families with children, detailed in chapter 3 in this study –** ex. in short term there can be made a significant increase of the annual income tax exemption offered for every child an employee has (the current levels are symbolic, and allow keeping only 30 MDL extra after taxes). Additionally, examining the introduction of new allowances for children, perfecting the legislation regarding social help for families with children aged 3-7 years from rural regions without kindergarten services, as well as other recommendations detailed in the last chapter of this study.