

A Case-Study

**Reducing the pay gap:
the value of women's and men's work in
education and police in the Republic of Moldova**

CONTENTS

1. Goal and object of the study
2. Methodology
3. Comparative analysis of budgeting the costs for maintenance of municipal police and lyceum through gender lenses

General data on Taraclia rayon

a) Gender analysis of allocated expenditures for the municipal police

b) Gender analysis of lyceum maintenance costs

c) Comparative analysis of maintenance expenditures for municipal police and lyceum through gender lenses

4. Conclusions and Recommendations

- 5 Annexes

Annex 1. Number of employees at the end of 2006

Annex 2. Staff turnover in 2006

Annex 3. Average monthly wage level

Annex 4. Dynamics of the monthly average wage per employee, for whole population, by sex, 2002-2007

Annex 5. Comparative analysis of average monthly wages, by sex, 2005-2006, %

Annex 6. Structure of expenditures for maintenance of municipal police, th.lei

Annex 7. Actual expenditures for maintenance of municipal police, by sex

Annex 8. Structure of expenditures for maintenance of Lyceum #2 of Taraclia

Annex 9. Actual expenditures for maintenance of Lyceum #2 of Taraclia, by sex

Annex 10. Normative acts governing labour remuneration in education and municipal police sectors

Annex 11. Bibliography

In 1994, the Republic of Moldova ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Since then the Republic of Moldova has undertaken a series of legislative reforms to support gender equality, including in labour relations and remuneration, etc.

A working group composed of six persons – researchers and specialists from the Institute of Economy, Finance and Statistics, financial institutions and other organizations in Taraclia rayon within the framework of the UNIFEM project “Gender-responsive budgeting in the Republic of Moldova” under the Ministry of Social Protection, Family and Child assessed the budget process of Taraclia rayon through gender lenses.

1. Goal and object of the study

The main *goal* of this study was to discuss the budget process on the example of Taraclia rayon and develop recommendations on mainstreaming gender into the budget cycle, as a mandatory factor of budgeting at all levels.

Special attention was paid to using the social technology of distributing government resources in favour of those who lag behind in their rights and need the government’s attention, for prevention and elimination of any discrimination on the labour market, including reducing the pay gap for equivalent labour.

Two sectors were selected as objects of analysis – theoretical lyceum No. 2 and the authority ensuring public order – the municipal police, as the composition of these two sectors illustrates best of all segregation by sex (more women are traditionally employed in education and respectively, men – in police), and level of labour remuneration.

This is one of the first studies regarding gender aspects of budgeting in such important sectors as education and public order. As the experience shows the gender budgeting process, as well as budget monitoring contribute to increasing the responsibility of administrative bodies and drawing public attention to the issue of fair and efficient distribution of financial resources.

2. Methodology

Considering budget as allocation of funds to different institutions to achieve their objectives, gender responsive budget represents a set of different tools, mechanisms and institutes, all having a single aim – making gender approach in managing economy a national policy must. This study is mainly focused on policies determining distribution of financial resources for labour remuneration in the two public sectors having the most impact on the social position of women/men.

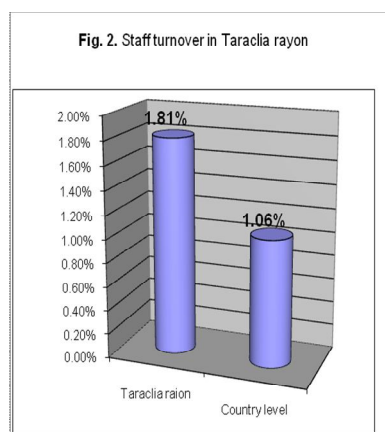
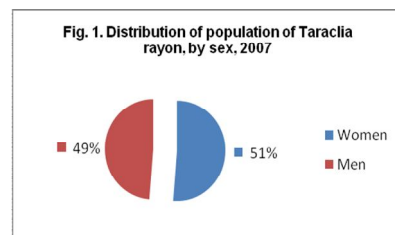
Gender analysis of local budgeting was carried out keeping account of functional, organizational and economic classification of budget expenditures based on legislation governing the activity of the chosen sectors and current regulations (on staffing, nutrition norms, pharmaceuticals, didactic materials, business trips, equipment, clothing, etc); medium term expenditures framework (MTEF) approved by the Government; excerpts from financial reports; data of the National Bureau of Statistics for 2004 -2007 for the entire country and Taraclia rayon.

The local budget gender analysis employed the following methods: *historical, analytical, comparative and statistical*. A round table was organized for the staff, managers and chief accountants of the institutions covered by the study, allowing to provide practical advice on the abovementioned issues and give an in-depth consideration to the existing gender inequality issues.

3. Comparative analysis of budgeting the costs for maintenance of municipal police and lyceum through gender lenses

General data on Taraclia rayon

Taraclia rayon is situated in the South of the Republic of Moldova, most population being involved in agricultural activities. According to data of the National Bureau of Statistics (hereinafter – NBS) the population of this rayon is 43154 persons, of which 51.3% are women and 48.7% - men.



The level of unemployment and staff turnover is higher than the average per country and labour remuneration is lower than the average per country (see Annexes 1, 2, 3, 4, 5).

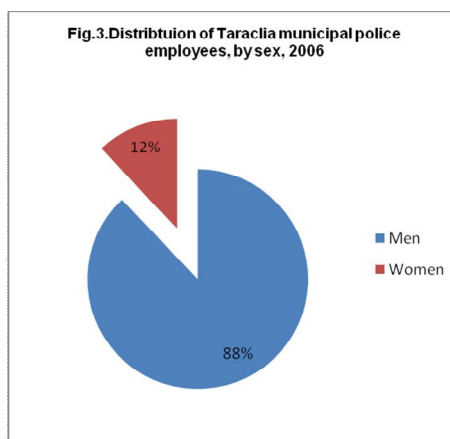
Women's employment rate is lower than men's: women accounted for 65.2% of the total number of the unemployed in Taraclia rayon in 2006, which is by 12.2% higher than average per country.

Women are preponderantly employed in lower paid sectors: preponderantly public administration, education, health care and social assistance, commerce, hotels and public catering business, agriculture.

Despite the progress in promoting women in the political system of the Republic of Moldova, there is a disparity between men and women holding managerial positions in Taraclia rayon, women being insufficiently represented practically on all decision making levels – they hold only 3 seats of 27 in the Rayon Council (11%), and there are only 4 female mayors.

a) Gender analysis of allocated expenditures for the municipal police

General data. The payroll staff of the municipal police in 2006 was 58 persons, including 51 certified (paramilitary) staff, and 7 civilian personnel. Of the total number of staff there are only 7 women.



Source: Payroll list of municipal police employees.

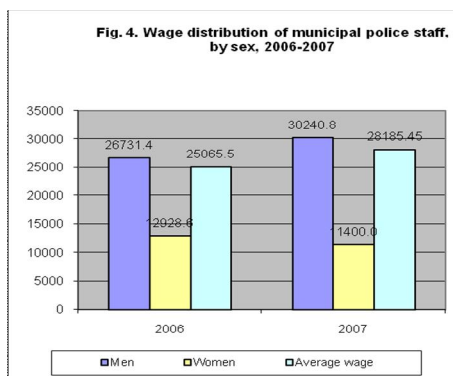
The amount of expenditures for maintenance of municipal police in 2006 and 2007 (Annex 6), as well as actual costs per one payroll unit in gender aspect (Annex 7), were calculated based on the existing *method of calculating the expenditures for maintenance of municipal police*.

The results of the analysis of the amount and structure of allocated expenditures showed that wages, which are the main source of income for employees, represent the biggest share in the structure of actual costs of the municipal police (76% of total costs in 2006 and 74% in 2007), as per Structure of expenditures for maintaining municipal police. Besides, contributions to social and mandatory health

insurance funds, procurement of uniforms, monetary compensation for food package, per diems can be regarded as additional income of employees (8.6% in 2006, 7.8% in 2007).

Gender analysis of expenditures related to maintenance of municipal police revealed gender disparities. So, out of the total number of personnel (58 persons) - 51 are men (certified staff) and 7 women - civilian employees. There is a considerable pay gap for military and civil employees, meaning that there is a considerable gender pay gap in municipal police.

So, in 2006-2007 the average wage per employee (men) was respectively 26731.4 lei and 30240.8 lei, whilst for women - 2928.6 lei and 11400.00 lei per year.



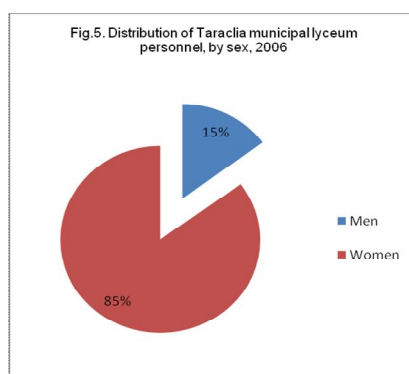
Source: Statistica report on labor remuneration, 2006-2007

Having analyzed the actual expenditures in 2006 and 2007 one can conclude that *wage increase* leads to a *bigger pay gap*: if in 2006, men's wage was 2.1 times higher, then in 2007, after wage increase, it became 2,6 times higher than women's wages.

Also, it has to be taken into account that military personnel (men) receive the uniform, monetary compensation in exchange for food package, employment related transportation, meaning that the share of budget expenditures for men is even higher.

b) Gender analysis of lyceum maintenance costs

General data. The total payroll staff of Lyceum Nr. 2 is 101 persons, of which in 2006, 86 persons were women and 15 - men.



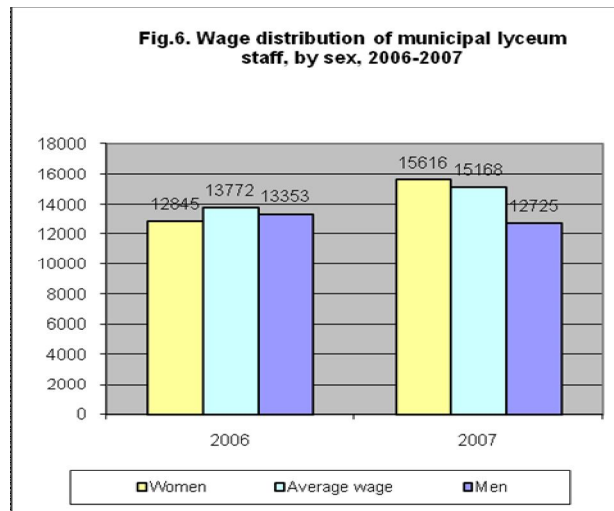
Source: Payroll list of municipal lyceum employees

The amount of expenditures for maintenance of Lyceum Nr. 2 in 2006 and 2007 (Annex 8), as well as actual costs per one payroll unit in gender aspect (Annex 9), were calculated based on the existing *method of calculating the expenditures for maintenance of educational institutions*.

The results of the analysis of the lyceum's costs structure by types of expenditures revealed that the biggest share of costs are wages - 60% of the total costs in 2006 and 60,7% in 2007. Such expenditure items as contributions to social and health insurance mandatory funds, which can be regarded as additional income of staff, accounted for 16.4% of total expenditures in 2006 and 15.5% in 2007.

The analysis also showed considerable gender discrepancy among employees. So, in 2006 of the total number of 101 employees – 86 were women and 15 – men. The annual wage analysis per employee

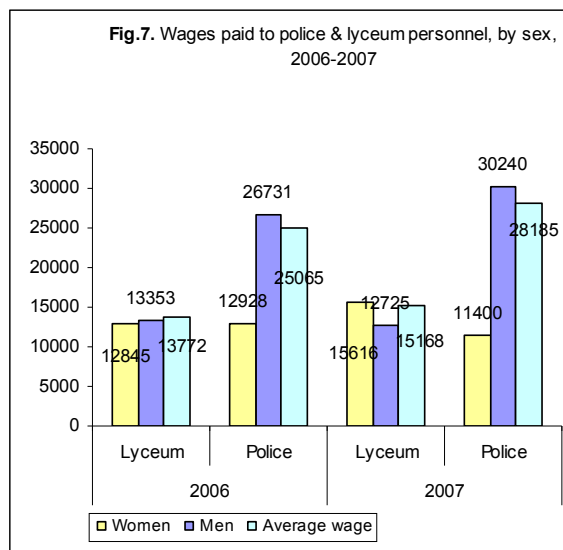
revealed a gender pay gap, though not so significant as among the police employees. The average wage of one male employee in 2006 and 2007 was respectively 13 353 lei and 12 725 lei, and for female employees for the same period – 12 845 and respectively, 15 616 lei.



Source: Statistic report on labor remuneration for 2006 and 2007

c) Comparative analysis of maintenance expenditures for municipal police and lyceum through gender lenses

This study revealed significant gender gap in employment and wage, both inside the organizations under review, and between the sectors, in general.



Source: Statistical reports of organizations on labor remuneration, by sex, 2006-2007

The inter-sectoral differences in wages are accompanied by firm, intra-sectoral segregation by professions and positions, which are traditionally regarded as “male” and “female”.

This happens due to the specific budgeting approach taking into account functional classification of costs based on the specifics of the activity of these two organizations and relevant professions, regulated by legislation.

Considerable gender pay gap generate professional segregation, when women labour is concentrated in certain sectors (education, health, services, etc.), in less prestigious or qualified types of works, and discrepancy in the male and female remuneration for equal by quantity and quality labour.

Both sectors are important for the Republic of Moldova. Consequently, the gender budgeting issue has to reflect not only sustainable over time stereotypes, but also contribute to development and ensuring values

most significant for social integrity and development. Gender budgeting approach vividly demonstrates these priorities and increases the effectiveness of using public finance.

One can not say that education and upbringing of new generation is less important than crime control and ensuring public order, and vice versa. Adopting a more fair remuneration principle in budget sector, keeping account of gender budgeting approach, makes it possible to achieve gender balance both in education, and public order sectors, which in its turn will allow to improve quality of education, in gender aspect inclusively (boys-girls), to decrease the level of crime and public expenditures for police maintenance.

4. Conclusions and Recommendations

Having analyzed the budgeting process of first and second levels in the Republic of Moldova, it should be mentioned that the budget cycle is gender blind. However, the importance of gender responsive budgeting is unquestionable because the mechanisms of government regulation of financial resources will contribute to promoting gender equality between men and women.

The study has revealed that besides the fact that the budgeting regulatory basis is gender blind, the executive authorities of the first and second level, non-government organizations are poorly involved, or can not influence the budgeting process so that it keeps account of gender aspect, because of different specifics of the process or short timelines for project consideration, etc.

Thus, legislative, legal equality, in fact does not mean really equal opportunities. Among the factors that determine the desired gender equality of rights and opportunities the most important place is played by the economic system, implying independent income of women - equal pay for equal work.

Based on the results of the analytical research, the expert group suggested the following **recommendations**:

- To take gender aspect into account on all stages of the budget process, including the early stage.
- To apply gender responsive budgeting at all levels taking into account the gender factor, and to include the following phases:
 - problem consideration and gender analysis;
 - gender responsive budget planning;
 - gender audit of the budget;
 - planning of funds and effectiveness from a gender prospective;
 - identification of funding programs and articles through gender lens;
 - monitoring of allocation and destination of budget funds from a gender prospective.
- To enhance transparency of the state budgeting process and use of financial resources, by expanding participation of various civil society groups at different stages of the budget process
- To increase budget allocations for maintenance of educational institutions, as a tool for further improvement of labour conditions, labour payment based on gender equality for equal work, as well as procurement of equipment needed to enhance effectiveness and quality of teaching and learning, thus in turn contributing to improvement of social condition in raion, including reduced delinquency.
- To increase effectiveness and improve targeting of budget allocations through gender lens.

5. Annexes

Annex 1: Number of employees at the end of 2006

	Total number of employees	of which:	
		Employees working for economic entities with a staff of 20 and more persons	Employees working for economic entities with a staff of 1 to 19 persons
Country total, persons.	767431	641483	125948
%	100,0	83,6	16,4
Taraclia, persons	10602	9751	851
%	100,0	92,0	8,0
<i>NBS data</i>			

Annex 2: Staff turnover in 2006

	Employees recruited during the year		Employees dismissed during the year	
	thousand of persons	as % of average number of employed per year	thousand of persons	as % of average number of employed per year
<i>Country total</i>	164,0	25,4	173,6	26,9
Ratio of dismissed persons to recruited 1,06%				
Taraclia	1,6	15,5	2,9	28,0
Ratio of dismissed persons to recruited 1,81%				
<i>NBS data</i>				

Annex 3: Average monthly wage level

	2004	2005	2006	% of average monthly wage in the country		
				2004	2005	2006
National average	1103,1	1318,7	1697,1	100,0	100,0	100,0
Taraclia average	829,2	932,1	1158,8	75,2	70,7	68,3
<i>NBS data</i>						

Annex 4: Dynamics of the average monthly wage per employee, for whole population, by sex, 2002-2007

	2002	2003	2004	2005	2006	2007
average monthly wage in national economy, lei	733,9	938,4	1121,9	1341,9	1799,8	2129,7
average monthly wage of women, lei	637,6	791,2	943,3	1138,6	1472,7	1808,6
average monthly wage of men, lei	842,0	1100,1	1322,5	1568,0	2162,6	2489,9
average monthly wage in national economy, %	100,0	100,0	100,0	100,0	100,0	100,0
Ratio of average monthly wage of women and men compared to the average monthly wage in national economy, including:						
- women, %	86,9	84,3	84,1	84,9	81,8	84,9
- men, %	114,7	117,2	11,9	116,9	120,2	116,9
Ratio of average monthly wage of women to average monthly wage of men in %	75,7	71,9	71,3	72,6	68,1	72,6
<i>NBS data</i>						

Annex 5: Comparative analysis of average monthly wages, by sex, 2005-2006, %

	2005	2006
Total	72,6	68,1
Agriculture, Hunting	83,7	82,3
Industry	77,5	75,7
Construction	78,2	74,1
Wholesale and retail trade	78,1	79,6
Hotel and public catering	78,9	75,1
Transport and communication	86,7	82,5
Trust funds	72,4	85,6
Public administration	93,7	61,0
Education	81,8	86,1
Healthcare and social protection	71,9	73,4
Sports, culture etc.	71,6	75,1
<i>Source: NBS</i>		

Annex 6: Structure of expenditures for maintaining municipal police, th.lei

	2006			2007		
	planned	cash	effective expenses	planned	cash	effective expenses
Total expenditures	1238.2	1801.2	1905.5	2110.5	2112	2098.8
Including:						
Labour remuneration	726.7	1354.6	1453.8	1581.6	1568.8	1550.2
Social security payments	18.2	22.6	24.2	21.3	25.2	24.2
Payment for goods and services	485.9	413.3	418.1	495.3	424.4	430.5
Electricity	20.9	24.9	23.3	21.9	20.9	25.9
Natural gas	20.4	27.4	20.5	33.6	5.5	12.5
Stationeries, office supplies	32.9	13.2	12.3	34.2	15.2	15.6
Books and periodicals	3	3	3	4	4	4
Meals	36.9	35.4	30.1	36.9	15.1	11.8
Medication and consumables	4		0.9	3	3	1.1
Communication and courier services	24	17.3	14.5	27.1	22.7	22.9
Rent and maintenance of transportation	192.5	152.5	170	188.5	180.3	175.8
Soft goods and uniforms	56.3	54.7	170.4	51.8	51.8	46.6
State and local insignia			53		2.7	2.7
Professional training						8.8
Acquisition and setup of meters					0.3	0.3
IT and computer works					1.5	1.7
Water and sewerage	9.9	7.2	8.7	10.6	19.5	19.4
Monetary compensation replacing food allowance	83.7	77.1	77.8	83.7	81.8	81.4
Business trips within the country	6	9	7.5	10.2	8.8	9.2
Compulsory medical insurance contributions	1.4	1.7	1.9	2.1	2.7	2.5
Capital repairs					82.3	82.1
Other current expenses		0.6	0.6		0.1	0.1

Annex 7: Actual expenditures for maintenance of municipal police, by sex

	2006			2007		
	Total	W	M	Total	W	M
Number of payroll staff	58	7	51	55	6	49
Expenses – total, th.lei Including:	1905,5	109,1	1796,4	2098,8	95,2	2003,6
Wages	1453,8	90,5	1363,3	1550,2	68,4	1481,8
Social security payments	24,2	2,9	21,3	24,2	2,6	21,6
Payment of goods and services	418,1	14,6	403,5	430,5	13,9	416,6
Compulsory medical insurance payments	1,9	0,2	1,7	2,5	0,3	2,2
Business trips	7,5	0,9	6,6	9,2	1,0	8,2
Capital repairs				82,2	9,0	73,2
Expenses per 1 employee (lei)	32853,45	15585,7	35223,53	38160,00	15866,7	40889,8
Average yearly wage per employee (lei)	25065,5	12928,6	26731,4	28185,45	11400,00	30240,8

Note.

The expenditures for maintaining municipal police are determined based on the number of personnel and average cost per employee. The costs approved for the previous year are taken as baseline, and supplemented according to indexation of expenditures for goods and services and average wage increase, including the norms for payment of contributions to social and health insurance funds. The following factors influence the tendencies in the increase of average norms used to assess the expenditures: growth of wages; growth of payments to mandatory funds; indexation of expenditures for goods and services.

Annex 8: Structure of expenses for maintenance of lyceum #2 of Taraclia

	2006		2007		% of growth of actual expenses	share of expenses in total expenses
	planned	actual expenses	planned	actual expenses		
Expenses – total	2386,9	2317,6	2639,2	2523,1	8,9	
Including:						
Wages	1364,9	1391	1507,2	1531	10,1	60,7
Social security payments	331,5	353,5	347,8	355,8	0,7	14,1
Payments to compulsory medical insurance	24,8	25,7	34,4	35,6	30,5	1,4
Payments for goods and services	554,7	436,4	653,5	503,6	15,4	20,0
of which:						
Electricity	55,8	55,5	55,7	55,7		
Natural gas	0,8	4,1	1,3	1,5		
Heating	85,7	119,36	253,4	164,8		
Books and periodicals	8,4	10,8	6,3	3,8		
Meals	78,6	36,5	77,7	61		
Coal	174,1	94,4	150,9	108,4		
Business trips	3,3	3,3	2,1	2,1		
Capital repairs	107,7	107,7	87,6	87,5		
Procurement of equipment			6,6	6,6		
Professional training	13,8	13,8	17,6	17,6		

Note.

Calculation of expenditures for maintaining the lyceum. Education expenditures per capita (lei/students) differ among educational institutions. Calculation of the lyceum costs is based on the amount of costs per previous planned year adjusted according to indexation of costs for goods and services, increases in wages and wage related costs, established norms for payments to social and health insurance funds.

Annex 9: Actual expenses for maintenance of Lyceum #2 of Taraclia, by sex

	2006			2007		
	Total	W	M	Total	W	M
Number of payroll staff	101	86	15	101	85	16
Expenses – total, th.lei including:	2318	1982	336	2523	2173	351
Wages	1391	1191	200	1531	1327	204
Social security payments	354	303	51	356	309	47
Payment for goods and services	436	372	65	505	425	80
Payments to compulsory medical insurance	26	22	4	36	31	5
Business trips	3	3	1	2	1	0
Capital repairs	108	92	16	88	74	14
Procurement of equipment				7	6	1
Expenses per 1 employee (lei)	22946	23040	22407	24981	25559	21912
Average yearly wage per employee (lei)	13772	12845	13353	15168	15616	12725

Annex 10. List of normative acts governing labour remuneration in education and municipal police

1. Law “On Public Sector Pay System“ no.355-XVI of December 23, 2005 with subsequent amendments and additions;
2. Decree of the Government of the Republic of Moldova no.381 of July 13, 2006 “On labour remuneration for public sector employees on the basis of a Single Tariff Rate”, with subsequent amendments and additions;
3. Decree of the Government of the Republic of Moldova no.650 from June 12, 2006 “On labour remuneration for military personnel, national defence, state security, public order and law enforcement bodies”, with subsequent amendments and additions;
4. Decree of the Government of the Republic of Moldova no.1000 from August 28, 2006 “On labour remuneration for civilian employees (non-military), except for government employees and staff providing technical services to national defence, state security and public order bodies”, with subsequent amendments and additions.

Annex 11: Bibliography

1. World conference on human rights. Vienna Declaration and Programme of Action.
2. Volgin N.A. Gender budgets in social policies – training book, “Prospect” ed., Moscow 2006.
3. UN Human Development Report of the Republic of Moldova, Moldova, Chisinau, 2006.
4. Women and Men in the Republic of Moldova, Statistics, Chisinau, 2005.
5. Convention on the Elimination of all Forms of Discrimination against Women (CEDAW-1979).
6. ILO Convention #122 of 9 July 1964 on employment policy (1996).
7. Convention 111 of 25 June 1958 on Discrimination in respect of Employment and Occupation (1996).
8. Convention 100 of 29 June 1951 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value года о равном вознагражде (2000).
9. Ржаницына Л.С. Гендерное измерение бюджета – Российский опыт, учебное пособие, изд.»ПРОСПЕКТ», Москва, 2006.
10. Report on CEDAW assessment tool for Moldova, American Bar Association, August 2006.
11. Revised European Social Chart (2001)
12. Women and Equality Unit: http://www.womenandequalityunit.gov.uk/public_life/parliament.htm, Women’s Representation in Politics, p.4 - 5