



# POLICIES FOR THE DESIRED FERTILITY:

## NATIONAL CRECHE FUND TO SUPPORT PARENTS



MINISTERUL MUNCII  
ȘI PROTECȚIEI SOCIALE

**Expanding  
Choices** through  
Family-Friendly Policies



With funding from  
 Austrian  
Development  
Cooperation



**AUTHORS:**

*Alexei BUZU*

*Rodica IVAȘCU*

*Veronica SIREȚEANU*

*Alina ANDRONACHE*

*Veaceslav BĂTRÎNESCU*

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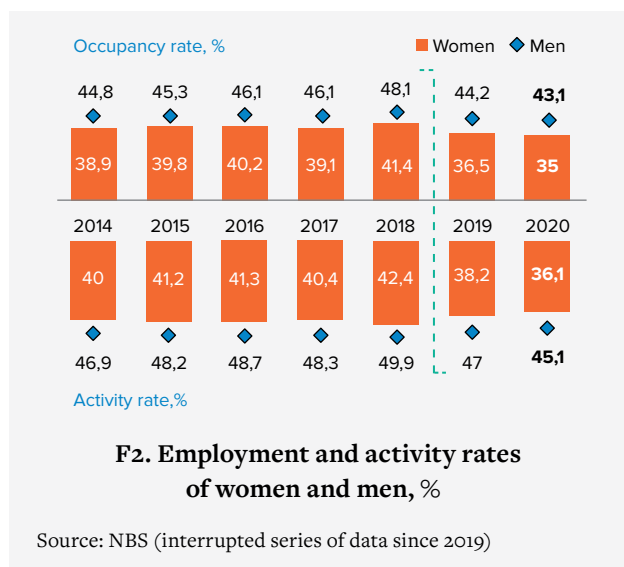
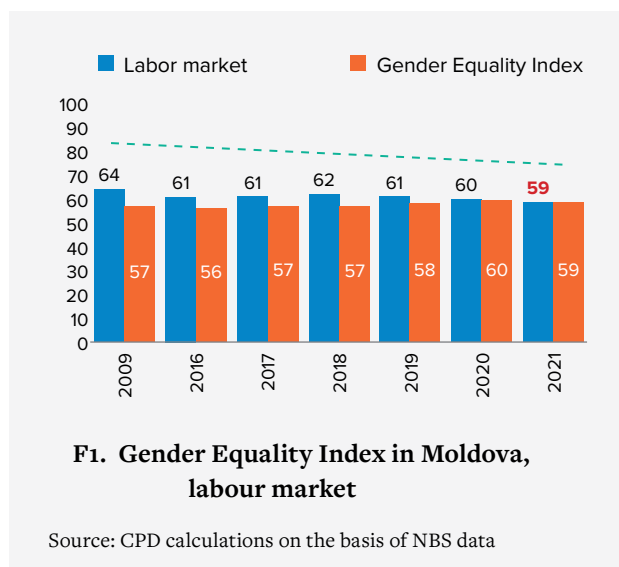


# Need for creche services



*In Moldova, the labour market is a field in which significant gender gaps are registered, which mainly have a negative impact on women.* Gender Equality Index in Moldova is a tool that allows identifying the level of gender equality for 6 key activity areas, including the labour market. The Index values may range from 0 – total inequality between women and men to 100 – presence of gender equality. Thus, in 2021, the value for the ‘labour market’ area was estimated at 59 points out of a maximum of 100, which represents pronounced gender inequalities, which in most cases, have a negative impact on women’s well-being and financial independence.<sup>1</sup> The dynamics registered over the past years do not reveal any favourable change in achieving gender balance in this area, but rather a slight deterioration of the situation (see Figure 1).

*Activity and employment rates of women are much lower compared to those of men.* The NBS data reveal that in 2020, the activity rate of women was 9pp lower compared with the situation of men (see Figure 2). The employment rate is roughly the same for women – 35% and 43.1% for men. The analysis of data trends for the past years reveals a worsened gender gap both in terms of employment and activity, due to the fact that many women withdrew from the labour market.

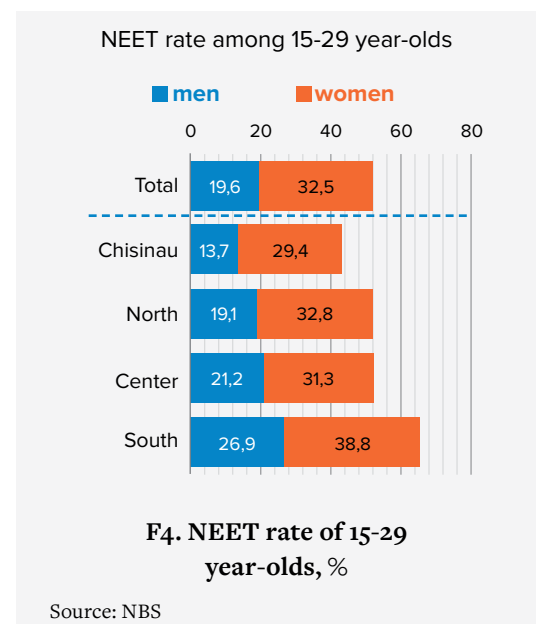
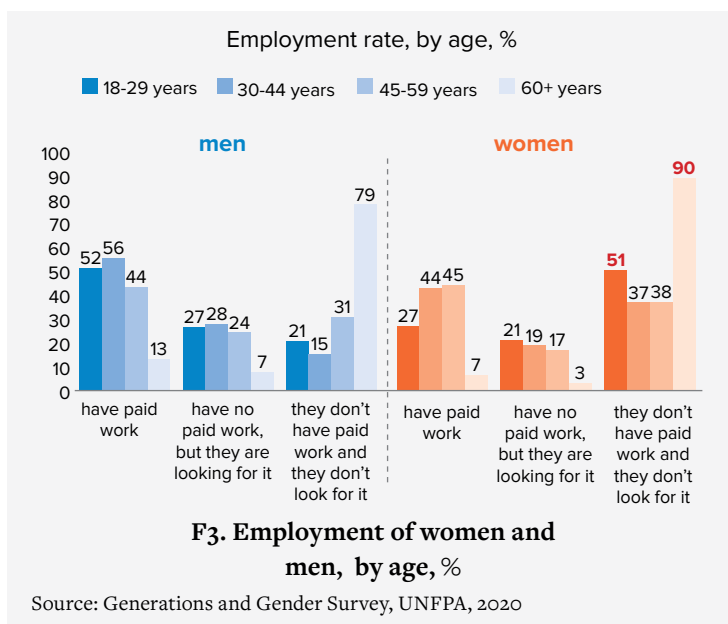


<sup>1</sup> The analysed indicators for the ‘labour market’ area include: (i) employment rate of women and men, (ii) employment rate of women and men aged 25-49 years with children aged 0-6 years, (iii) horizontal and vertical segregation and (iv) share of people employed in non-formal agricultural sector. Annual data provided by NBS are used to identify the level of gender equality for the ‘labour market’ area.



*In addition to gender, age is another criterion that influences the withdrawal of a larger number of women from the labour market.* The analysis of the data generated by 2020 Generations and Gender Survey revealed the main gender and age inequalities when the situation of women and men was assessed in terms of their occupational profile. Thus, it was noticed that the share of women who do not have a paid job and are not interested to get employed is much higher than of men (see Figure 3). The greatest inequalities are noticed for the age categories 18-29 and 60+. Since the 18-29 age group is associated with the period when new families are established, and the 60+ age group with retirement, it is not excluded that this situation is mainly determined by women's engagement in the child (grandchild) and/or household and family care responsibilities.

*At the same time, many young women are in the NEET group and are outside the employment opportunities.* The NEET indicator<sup>2</sup> (illustrated in the figure below) reveals the percentage of women and men who are not in employment, education or training. We notice that in Chisinau, the region with the most educational and employment opportunities, about one third of women aged 15-29 are not in employment, education or training. In the southern region of Moldova, the NEET share among women is even higher – about 39%.



*Withdrawal of women from the labour market is determined both by the structural causes and by the perpetuation of certain obsolete social 'norms'.* Here we refer in particular to (i) unequal engagement of women and men in performing the unpaid work (taking care of children, family members, household, etc.) due to certain gender stereotypes concerning the role of women and men in society and (ii) limited availability of early education public institutions (creches), particularly in more populous towns, which decreases the possibility of parents (mainly of women) to come back to/integrate into the labour market as fast as possible.

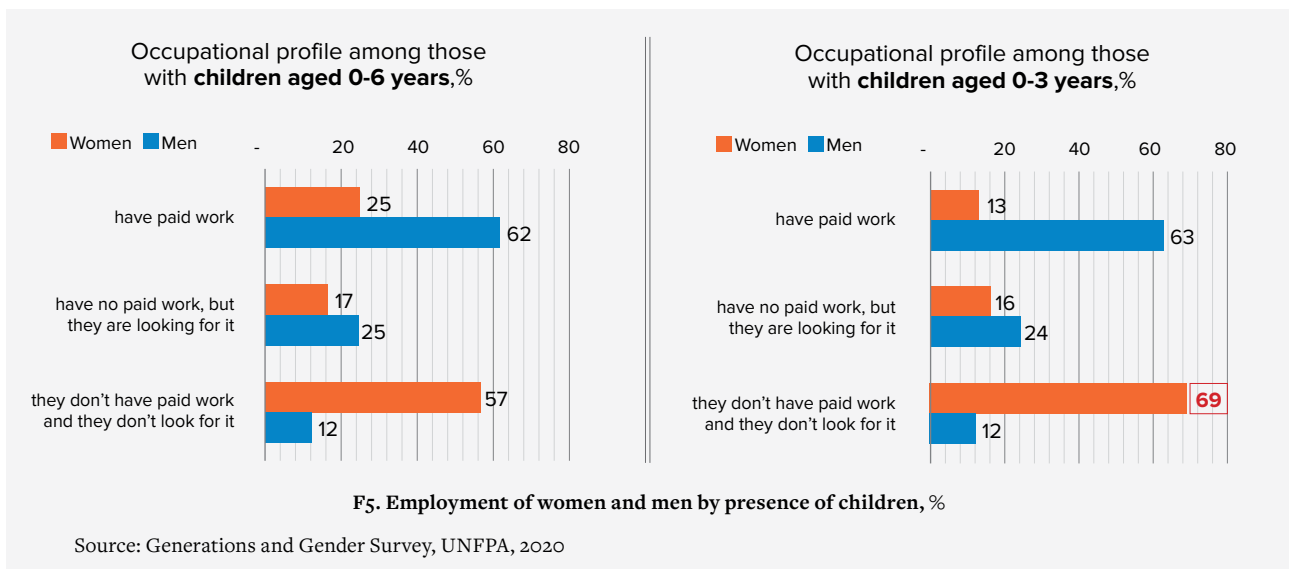
<sup>2</sup> NEET – (English: Not in Education, Employment, or Training) – young people that are neither in education, employment or training.

**(i) Unfair division of care responsibilities leads to a lower employment rate among mothers.**

The Gender and Generations Survey identified that care responsibilities are defined by traditional gender roles. When a child gets ill, in 67.7% of the households, women are most often in charge of taking care of the child and only in 2.7% of the households, this is the responsibility of men. The NBS data concerning the employment rate of people aged 25-49 years who have children up to the age of 6, allow us to identify a quite pronounced gender gap. In this case, the gender gap for 2020 was calculated to 28.5pp (employment rate of women with children aged 0-6 is 35.5%, compared with 64% in the case of men with the same status). In the case of employed persons who do not have children of this age, the share of women is higher – 61.8% versus 55.3% in the case of men. The previously developed notes<sup>3</sup>, aiming to address the problem of low employment rates among women, revealed once more the unfair division of care tasks, women being the ones who in most cases, bear these responsibilities.

**(ii) Limited access to early education public institutions has direct and significant impact on the employment of women, particularly of those who have children aged 0-3.**

The interpretation of the 2020 Gender and Generations Survey data by gender, employment status and presence of children up to 6 years old (reflected in the figure below), reveals clearly a much lower involvement of mothers in paid work. Particularly, the difference is much more significant in the case of those who have children of ante-preschool age (up to 3 years). Thus, we found the existence of a double inequality, both from the perspective of the presence of children among women and of the age of children. In this context, in addition to the perpetuation of gender stereotypes regarding the need for greater involvement of mothers in the upbringing and care of children, we do not exclude the fact that a decisive cause of this inequality may be considered the limited availability of public creches.

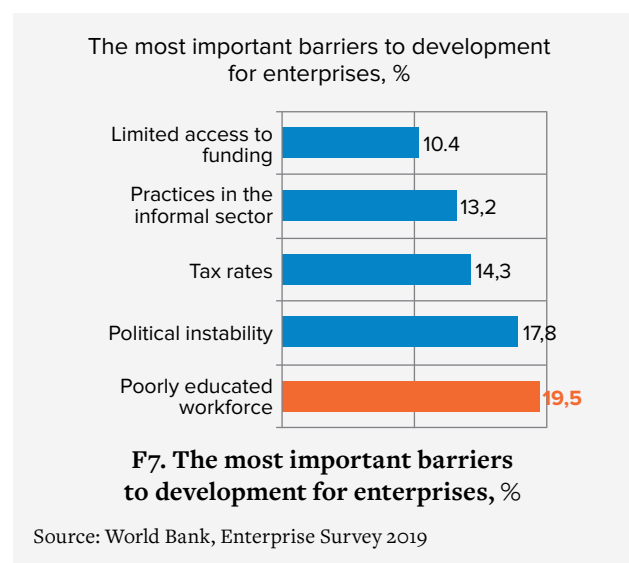
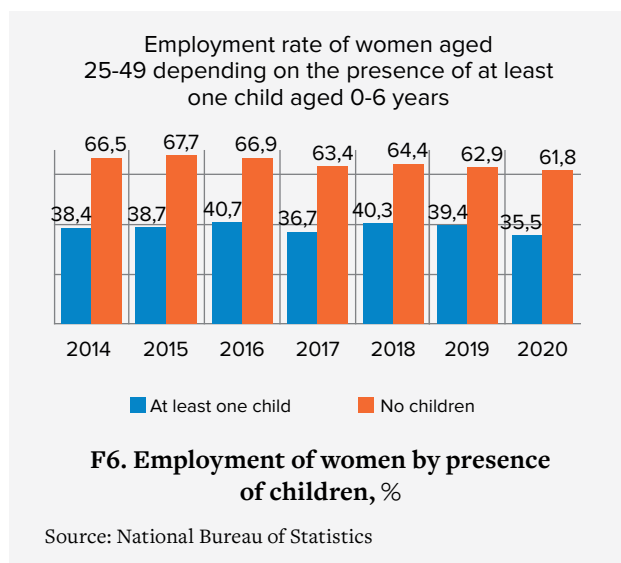


<sup>3</sup> This includes:

- 'How do we stimulate the equitable engagement of parents in child's growth and care? Policy recommendations' Study, 2021 <https://progen.md/cum-stimulam-implicarea-echitabila-a-parintilor-in-cresterea-si-ingrijirea-copilor/>
- 'Expanding working arrangements: Public policy recommendations for efficient work-life balance' Study, 2021 <https://progen.md/extinderea-aranjamentelor-de-munca/>

*The presence of a child of preschool age increases the employment inequality, including among women.* As with the GGS data, the National Bureau of Statistics data reveal a quite significant difference between the employment rate among women without children of preschool age (61.8% in 2020) and of women who have at least one child of preschool age (35.5%). Thus, in 2020, this employment gap accounted for 26.2 percentage points. Over the past years, the level of this inequality registered a slight decrease from 29 percentage points in 2015 to 23.5 p.p. in 2019 (see the figure below). The pandemic crisis and the pressure faced by the education and care institutions interrupted this positive trend.

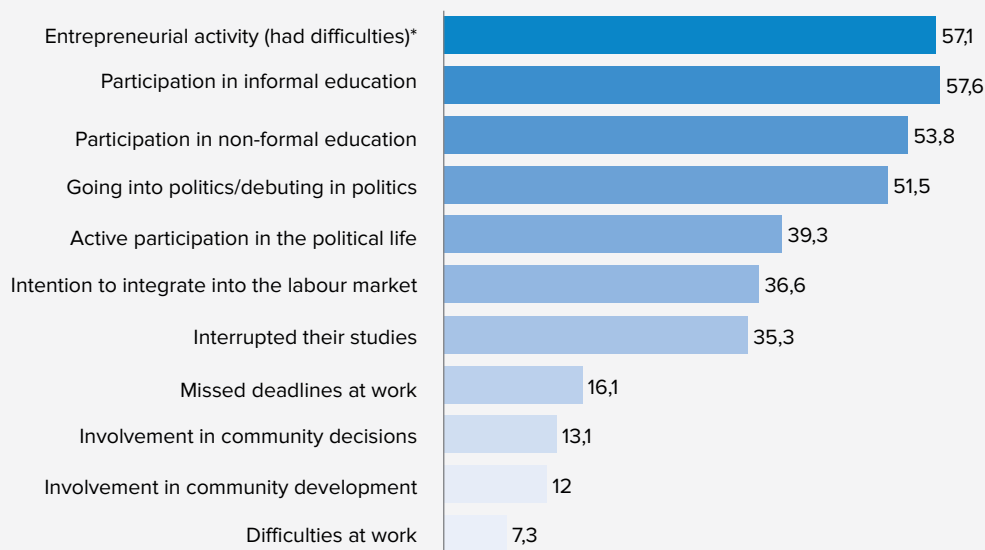
*Low possibilities to combine work and family life affect also the employers.* In 2020, about 124 thousand women aged 25-44 were inactive in the labour market because they had care responsibilities. About 74.6 thousand of them had post-secondary education. For comparison, according to NBS data, for the same age group, both for men and women, the number of those who were inactive due to migration was 83,5 thousand. Although policy-makers are concerned a lot about attracting the diaspora and the Moldovan emigrants to the labour market, they are not concerned about returning to the labour market a potentially much higher number of women. Both public policy goals are difficult and need investments and a sound commitment, but the one concerning the reintegration of women on the labour market seems to be more feasible. Such a situation is rather strange given that for a significant share of employers the identification of qualified employees is the most important development barrier (see the figure below).



*Care responsibilities represent a significant barrier to women's empowerment in Moldova.* The data from various studies and analyses carried out over the past decade (see the figure below) show that in the case of a significant proportion of women in Moldova, care responsibilities hampered or discouraged them to engage actively in economic, political and civil life. These concerns definitely got worse during the pandemic. Thus, any public policy measures aimed to facilitate the reconciliation of these goals with the women's concerns related to family and child's upbringing will have multilateral positive effects. A share of this mix of interventions should definitely target the expansion of the access to quality creche services.



**Family responsibilities hampered or discouraged women's participation in:**

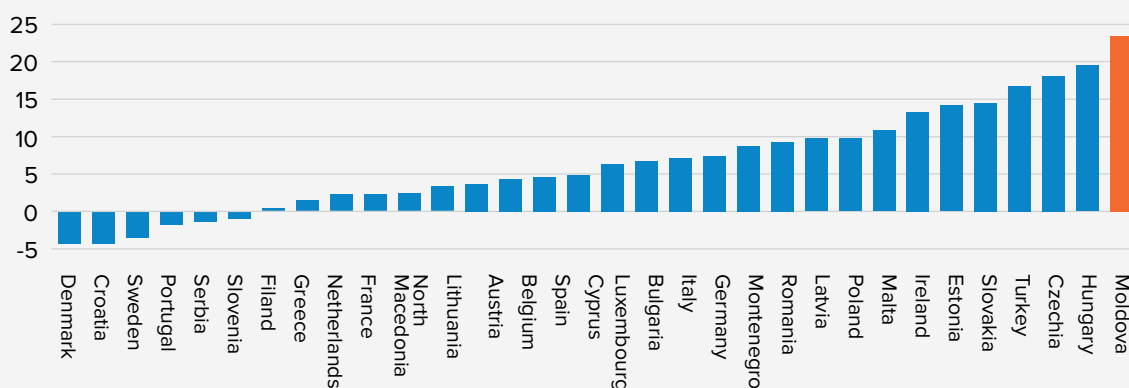


**F8. Share of women, whose participation/involvement was obstructed by family responsibilities**

Source: NBS 2015/2019, Gender Barometer 2016, CPD Survey 2019, 2020, 2021

*In the regional context, employment opportunities for women with children in Moldova are the lowest.* Even if before the pandemic, we noticed an improving trend as regards the possibilities to achieve the work-life balance, we note that compared to countries in the region, in Moldova, the gap between the employment rate of women without children of preschool age and of women with children of preschool age is the largest.

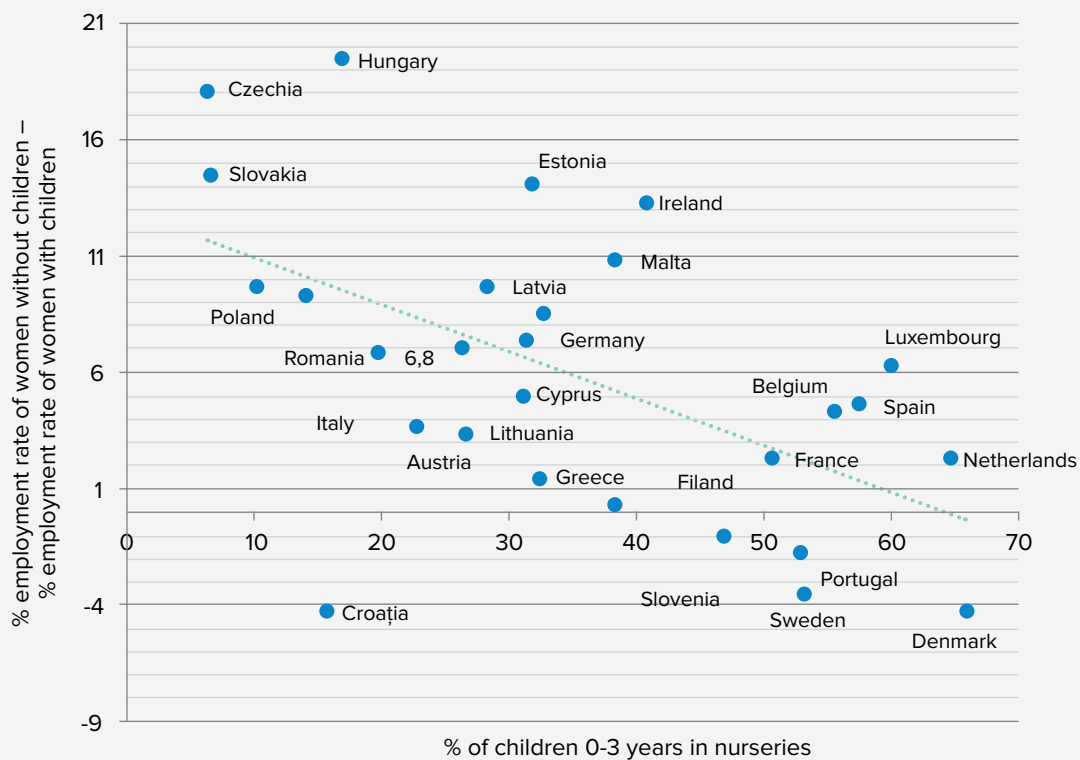
The difference between the employment rate of women 25-49 years without children 0-6 years and the employment rate of women 25-49 years with at least one child 0-6 years, 2019



**F9. The gap between the employment rate of women aged 25-49 without children aged 0-6 and the employment rate of women aged 25-49 with at least one child aged 0-6, 2019**

Source: EUROSTAT, NBS

*Limited access to creche services explains to a certain extent the inactivity of women with children in the labour market.* The figure below illustrates the relationship between the level of access to creche services (both to services of up to 30 hours per week and services of over 30 hours per week) and the gap between the employment rate of women without preschool children and of those with children of this age. We can notice that with some minor exceptions (such as Croatia), the gap decreases once the level of access to creche services increases – the relationship is negative. A simple linear estimate shows that the level of access to creches explains at least one third of the gap between the employment rates and that if the level of access to creches would increase by 5%, the gap between the employment rates would drop by 1%. These simple estimates are based on the context of EU countries, most likely, the increase in the level of access to creche services in Moldova would have a much more significant contribution.



**F10. Relationship between the level of access to creches and employment rates of women with and without children of preschool age**

Source: EUROSTAT

# Impact of the current policies



*The national legal framework has been adjusted in recent years to facilitate parents' employment or return to the labour market.* Specifically, we mean the Law on allowances for temporary work disability and the Code of Education. Thus, by amendments made to the Law on allowances for temporary work disability and other social security benefits (No 289/2004), the formula for providing the child allowance was modified (Article 18). Thus, the person who is on childcare leave is entitled to a monthly allowance according to one out of two options: (a) starting with the date when the childcare leave was granted and until the date when the child reaches the age of 3 years, with a monthly amount of 30% of the basic amount, reflected in Article 7 of the cited law; (b) since the beginning of the childcare leave and until the child reaches the age of 2 years and 2 months, with the application of the following formula for the provision of the amount of the allowance: 60% of the basic amount until the child turns 1 year and 30% of the basic amount established from the day after the child's first birthday and until the child reaches the age of 2 years and 2 months (after the child reaches the age of 2 years and 2 months and until the child turns 3 years, the child allowance shall not be granted). As regards the Education Code, the approved adjustments changed the children's age of enrollment in creches (0-2 years) and kindergartens (2-6/7 years), and decided that the Government would develop and approve the Creche Service Extension Program, by 2020.

*The creche is a service of local, public or private interest, which has the mission to provide, during the day, integrated care, surveillance and early education services to children of ante-preschool age (0-3 years). Thus, creches are the units that provide ante-preschool early education services, or, where appropriate, the kindergarten or the day centre when ante-preschool groups are created in these units.*

*Despite these legal amendments, parents still cannot fully benefit from the new amendments.* Although they have the option to select the period for the childcare leave, with the total amount of allowance not influenced by the chosen period, there is also no increase in the number of leaves of up to 2.2 years taken by parents, who could then return to the labour market more quickly. The presence of a few institutions that would provide ante-preschool education services that meet the health and child education standards makes the selection of the option that provides for a smaller period of leave more difficult.

*The establishment of creche services is a recent public policy priority.* The key governmental regulatory act concerning the development of creche services is the [2030 Moldova Strategy](#), which includes a direct commitment towards the preschool education, compared to the previous National Development Strategy (Moldova 2020). The Strategy took over the concept of the European Union on measuring the quality of life on 10 dimensions and represent the contribution of Moldova to the implementation of the UN 2030 Agenda for Sustainable Development. Strategic measures include ensuring that all families have access to early childhood education and care services and preschool education. This is an essential precondition for women's economic empowerment and for reducing the major psychological and financial pressures on families with children.

**In terms of competences and functionalities**, the central role is played by the **Ministry of Education and Research**, which determines the value of earmarked transfers allocated to each LPA to fund the early education institutions according to the methodology of **the Ministry of Finance** and to a cost formula approved annually by the Government (cost per child multiplied by the adjusted coefficient). The Ministry of Finance, in its turn, allocates earmarked transfers to each level-one LPA, according to the provisions of the annual budget law. **Level-two LPAs** collect the budget proposals from early education institutions under level-one LPAs and negotiates with the Ministry of Finance the annual budget of each preschool education institution, and **the level-one LPAs** finance the early education institutions within the limit of allocated resources.

*Although it is a stringent priority, currently there is no public budget line dedicated to creches, as they are included in the budget line for early education institutions (kindergartens).* The funding is carried out directly from the state budget through earmarked transfers, which according to the Law No 397/2003 on Local Public Finances, are financial means allocated according to the legal provisions, in absolute amount, on conditional basis, from the state budget and/or from other budgets to local budgets in order to ensure the performance of public positions or for other special purposes.

*Currently, there is no clear formula for calculating and planning the current costs for early education services.* According to the provisions of the Education Code No 152/2014 (Article 145), the budgetary funding of education shall be conducted through standard cost per child/pupil/student and adjusting coefficients. At the same time, there is no calculation formula developed by the Ministry of Education and Research, respectively, early education institutions (kindergartens) [...] are funded on the basis of past data. To estimate the annual budget of those institutions, the Ministry of Finance applies general budgeting rules, taking into account the expenditures approved during the previous year adjusted to the cost of measures and to the policies that are to be implemented this year.

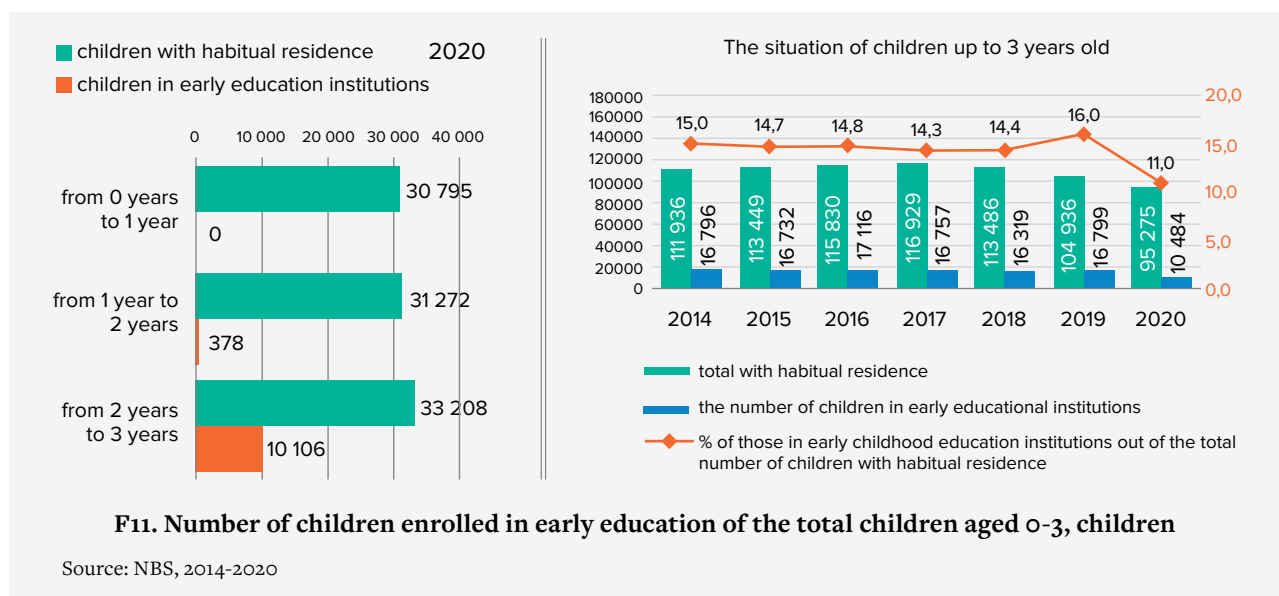


**Table 1. Dynamics of state and local funding of early education institutions (kindergartens) (thousand MDL)**

	2018	2019	2020
State funding	50.348,7	8.772,1	43.096,5
Funding from local budgets (from all the sources, including from earmarked transfers)	2.820.819,5	3.413.541	2.985.470,1

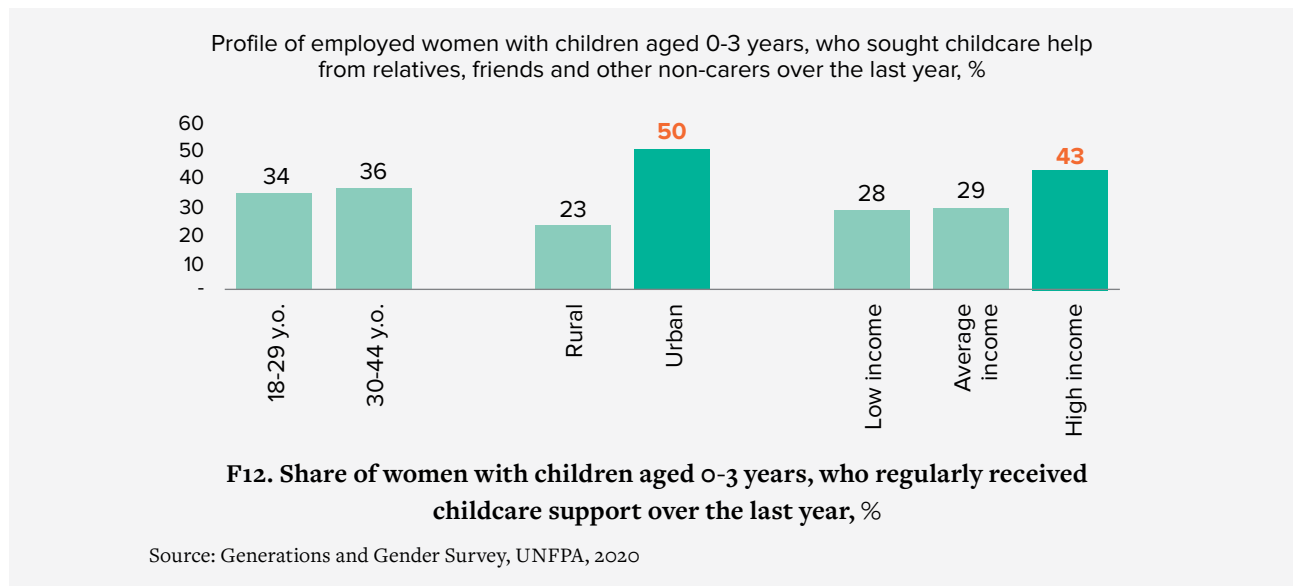
Source: Developed on the basis of data provided by the Ministry of Finance

*In 2020, on average, only 11% of the total number of children under the age of three were enrolled in early education institutions.* The low rate of access to ante-preschool education services is determined by the limited number of places in creches - kindergartens, the working conditions of these institutions, the territorial distribution, etc., which makes it difficult for parents to get a job or to come back to work, particularly for mothers. Compared to the situation in the previous years, we note a negative trend in terms of enrolling children in ante-preschool institutions (see Figure 11). It is not excluded that in 2020, one of the causes that would explain such a low rate is the declaration of the pandemic, a circumstance that affected both the work of education institutions and the employment status of parents.

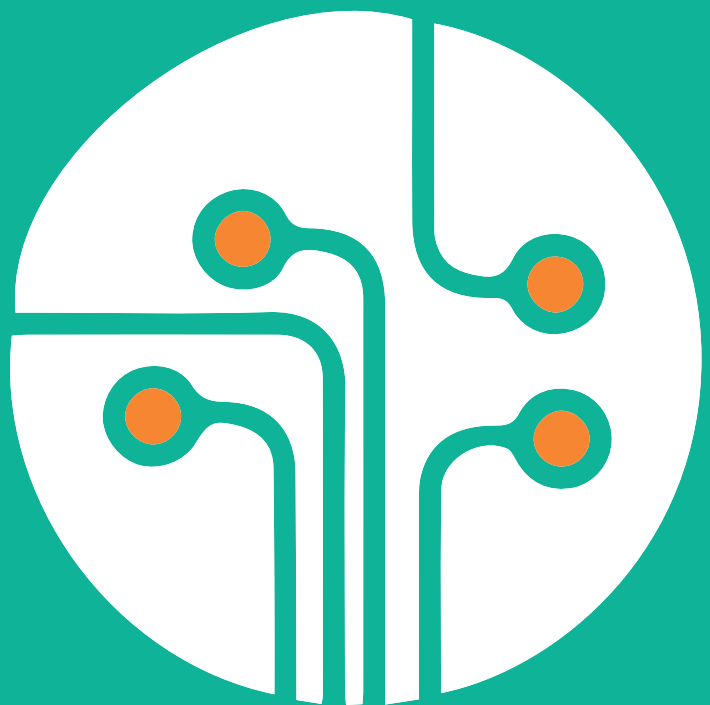


*At the same time, an extremely small number of creches were open and made available to the population in the areas with children of appropriate age, particularly, creches funded (co-funded) from the state budget* or local budgets. Thus, even if parents have the possibility to return more quickly to work, the adjustment and the expansion of the infrastructure that is necessary in order to ensure the children aged between 2 and 3 years with places in creches lags behind. According to the NBS data, the number of creches decreased over the past 5 years – from 840 to 810 units.

*The restricted access to public creches determines mothers, particularly those employed in the urban area, to search for regular support from relatives or friends to take care of the youngest child.* The data presented below show that during 2019, 36% of women with children under 3 years old and who are employed had to seek help with childcare from people who do not work in these areas (relatives, friends, acquaintances, etc.). This share exceeds by 9.7 - 11.6pp the shares specific to the situation of unemployed mothers. At the same time, the disaggregation of data by socio-demographic criteria such as age, living environment and income of employed mothers with children aged 0-3 years, revealed a significantly larger share of women in urban areas (50.5%) and of those who are financially advantaged (43.1%). This could mean a greater need for this category to benefit from additional care services in order to succeed in fulfilling the work responsibilities. The restricted access to educational institutions (in this case, creches), particularly in towns, that would fully meet the needs of employed mothers and of mothers who have children under 3 years old, could explain this situation.



# Recommendations



*To create more creches, central authorities should allocate more resources in this regard.* The allocation of resources should cover both the costs for the establishment, expansion and improvement of creche services, as well as their maintenance. In this respect, we recommend that the Government should achieve an enrolment rate of children in creche services of at least 30% by 2026. This would mean that 15 thousand more children aged 0-3 years will have access to such services – the share of children aged 2-3 years enrolled in these services would grow from about 30% to 60% and the share of children aged 1-2 years enrolled in creche services would grow up to 30%.

*We recommend using the already existing financial infrastructure, particularly if the aim is to create/reanimate an appropriate creche system, funded from the budget and from external sources, with a predefined destination, through an already existing specialised fund (MSIF).* One of the programs managed by MSIF is the Program of technical and financial assistance provided by the Romanian Government for preschool institutions in the Republic of Moldova. In compliance with the Government Decision No 436/2014 on the implementation of the Program of technical and financial assistance provided by the Romanian Government for preschool institutions in the Republic of Moldova, 797 preschool institutions are beneficiaries of this program, which was further prolonged by the Government Decision No 28/2019 on the implementation of 2018 Cooperation Program between the Government of the Republic of Moldova and the Government of Romania, concluded by exchange of letters, on 18 December 2018 for the purpose of the Article 1, para. 2 of the Agreement between the Government of the Republic of Moldova and the Government of Romania on the implementation of technical and financial assistance program on the basis of the financial aid worth 100 million euros granted by Romania to the Republic of Moldova, signed in Bucharest on 27 April 2010.

*MSIF experience proved to be a successful one.* Under the ‘Increasing the access and participation of children in early education in the Republic of Moldova’ project, 89 preschool institutions were renovated/built and endowed with equipment and goods to increase the access and the quality of education services. According to MSIF, thanks to this project, about 6,818 children benefited directly from improved education services (10,500 children benefited indirectly).

*A Creche Fund is an efficient approach because it allows redirecting the resources at request, where they are most relevant.* Thus, level-one LPAs are to develop project proposals to benefit from financial support. The requirement according to which 10%-15% of the investments should be co-funded will be an additional indicator in determining the need and the willingness of local authorities to implement such a project in their communities.

*MSIF experience should be extended.* This means that the Government should allocate a much larger amount of resources compared with the budget of the previous project managed by MSIF.<sup>4</sup> A much greater financial envelope is explained by: (i) a much more ambitious target in terms of children who are to benefit from creche services – compared with the previous project, the target will triple; (ii) the nature of costs will be different because the focus will be put on the renovation and expansion of physical premises in order to create an additional capacity to provide creche services. Thus, we may anticipate an investment of at least EUR 15 million between 2023 and 2026.

*The Government will have to increase the earmarked transfers to cover the maintenance costs.* If the number of children enrolled in creche services will raise up to 30%, we could anticipate a growth (in real terms) of about 10% – 8.5% of earmarked transfers for early education (see Annex 1). Because the number of children enrolled in creche services will grow gradually, the relative growth will be even smaller, particularly during the first years of implementation. Because we anticipate that most LPAs that will benefit during the first stage will be from urban areas, they will have a relatively better financial capacity compared with rural LPAs and will be able to make investments and cover a share of the maintenance

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<sup>4</sup> The total amount of the grant for the period 01.01.2015 – 30.06.2018 was EUR 3,015,400.56



**Scenario I:** *By 2025, the number of children enrolled in early education will increase by 15,000 (10,000 children aged 2-3 years and 5,000 children under to 2 years)*

	Year	Expenditures, MDL million	No of children enrolled in early education	Expenditures per child/ per year, MDL*	Rate of increase in the budget allocated for early education
Current data	2018	2 763,50	142 950	19 332,20	
	2019	2 721,10	152 125	17 886,90	
	2020	3 323,50	152 167	21 841,10	
	2021	3 536,50	151 013	23 400,00	
	2022	3 840,80	144 975	26 500,00	
Forecast	2023	4 317,91	149 975	28 790,83	11,05
	2024	4 726,77	154 975	30 500,20	8,65
	2025	5 169,11	159 975	32 311,96	8,56

**Scenario II:** *By 2025, the number of children enrolled in early education will increase by 10,000 (7,000 children aged 2-3 years and 3,000 children under 2 years)*

	Year	Expenditures, MDL million	No of children enrolled in early education	Expenditures per child/per year, MDL*	Rate of increase in the budget allocated for early education
Current data	2018	2 763,50	142 950	19 332,20	
	2019	2 721,10	152 125	17 886,90	
	2020	3 323,50	152 167	21 841,10	
	2021	3 536,50	151 013	23 400,00	
	2022	3 840,80	144 975	26 500,00	
Forecast	2023	4 268,96	148 275	28 790,83	10,03
	2024	4 623,07	151 575	30 500,20	7,66
		5 007,55	154 975	32 311,96	7,68

\* Between 2023 and 2025, the expenditures per child/per year were raised by 6% compared to the previous year, which accounts for the average annual growth of amounts allocated over the past 5 years. Also, the amounts were adjusted to the inflation rate on the basis of CPI, as follows: for 2022 according to NBM forecasts, and between 2023 and 2025 – to the rate of 5% – inflation target.

