

**Comparative research on challenges  
for public sector human resource  
development in economic downturn**

**The case of Moldova**

Tamara Gheorghita,  
Head of the Personnel Policy Division,  
State Chancellery



# The Republic of Moldova

- **Territory – 33,8 thsd km<sup>2</sup>**
- **Population – 3,5 mln**
- **Official Language – Moldovan (Romanian)**
- **Form of Government – Parliamentary Republic**
- **Parliament - 101 Members of Parliament**



- **National Currency – Moldovan Leu (MDL)**
- **Exchange Rate –  
1\$=MDL 12,55  
1€=MDL 17,53**

## Cost-cutting and down-sizing measures (1)

**Action plan to optimize the number of employees in the public sector** (GD no.239, 29.02.2008):

- **In 2008:**
  - downsizing by 3200 positions;
  - ~ \$5,5 mln saved due to personnel cost-cutting;
- **in 2009** – final results will come at the end of March 2010 (planned downsizing by 4000 positions).

## Cost-cutting and down-sizing measures (2)

- **Budget Law for 2010:**
  - **centrally:** staff ceiling – **92.832**, ceiling of personnel expenditures – ~ **\$281** mln;
  - **locally:** staff ceiling – **139.168**, ceiling of personnel expenditures – ~ **\$319** mln;
- Reduction by 5% as against 2009

# Transformation of civil service (1)

- **2009-2010 Economic Stabilization and Recovery Program**, medium term actions (GD no.790, 01.12.2009):
  - **Public administration:**
    - ✓ optimization of the structures and functional operation of public authorities;
    - ✓ optimization and cutting of administrative costs;
    - ✓ freezing employment in the public sector and gradual reduction of permanent vacancies;

# Transformation of civil service (2)

- ✓ development and introduction of a new remuneration system for civil servants;
- ✓ improvement of the severance pay provision mechanism in case of disbandment of a public authority, downsizing or changes in payroll;
- ✓ postponing salary increases, planned since October 1, 2009 and in 2010 for civil servants, military and staff of national defense, state security and public order bodies.

## Transformation of civil service (3)

### – **Education:**

- ✓ optimization of the network of education institutions;
- ✓ optimization of staff number;
- ✓ phasing the implementation of the new remuneration system for teaching staff in 2010-2012;

### – **Public Security:**

- ✓ optimization of costs for security bodies, by reducing permanent vacancies.

## Transformation of civil service (4)

- **Changes in 2010:**

- salary increases planned for 2009 and 2010 were postponed for 2011 and 2012;
- provision of material aid – 1 instead of 2 per year;
- the amount of incentive payments provided from the special funds was cut;
- certain personnel categories enjoy no more free balneo-sanatorial treatments;
- the payments for additional work performed by teaching staff (class tutoring, checking written papers etc.) will not be made during school holidays etc.

# Evolution of performance management practice

- Law on the public office and status of civil servant – in effect since January 1, 2009 – individual performance appraisal conducted for the first time (15.12.09-31.01.10);
- At authority level – there is no special performance appraisal methodology; reports on the fulfillment of tasks set out in policy papers (NDS, IDP, CPA reform) are still used.

## Changes in HRM policy making

- Ministry of Finances – more active in setting staff ceilings and, respectively, personnel costs;
- Ministry of Labor, Social Protection and Family – in charge of the remuneration policy – comes up with measures to optimize personnel costs;
- Ex-ante analysis is being piloted (since the beginning of this year) in 5 ministries;
- 2009-2010 Economic Stabilization and Recovery Program has been discussed with stakeholders.

# Role of social partners

- National commission for consultations and collective negotiations (+ at branch and territorial levels): made of representatives of Government, employers associations and trade unions. Purpose: consultation and settlement of problems in labor and socio-economic areas;
- Ruling for public authorities (January 2010): drafts of normative acts on remuneration, health protection, price formation must be consulted with trade unions.

## **Does crisis drive innovation in HRM?**

- No innovations as we have just stepped on the road of staff cost-cutting: cutting the financial resources provided for rewards, supplements, material aid etc.

# **The main challenges for the HRM policy planner during the economy downturn**

- Heavy workloads
- Employment and retaining of skilled staff
- Motivation of staff