

Background note

Eastern Europe Regional Wage Floor Forum

16-17 July Belgrade, Serbia

Background

Wages have stagnated globally despite unprecedented economic growth over the past decades, and they have not kept pace compared to rising productivity. Millions of workers across the world are not earning enough to live in dignity, and inadequate social protection systems are exacerbating high levels of inequality and poverty. Eighty-three per cent of people in thirteen of the G20 countries believe that the minimum wage is not enough to live on¹. Wage inequality is increasing, with the highest-wage earners enjoying a wage rise multiple times faster than the average. The share of labour income in GDP is declining, and profits are not being shared with workers through pay rises.

In response to the global wages crisis, the ITUC and its regional partners and affiliates in Africa, South-East Asia and Central-America have been campaigning for action on pay rises, decent work and social protection. Three ITUC regional campaigns are currently underway:

- *100% Africa: Dignity, Value and Wages*
- *Cerrar la brecha - Salario digno*
- *Asia Fights for +50*

As part of these campaigns, unions are calling on governments to set minimum living wages, based on the cost of living and with the full involvement of social partners. Unions are also targeting regional governments to take coordinated action on wages in order to avoid a race to the bottom.

At the same time, the European Trade Union Confederation has also launched its *Europe needs a pay rise campaign* to promote wage increases, upward wage convergence and collective bargaining within the European Union.

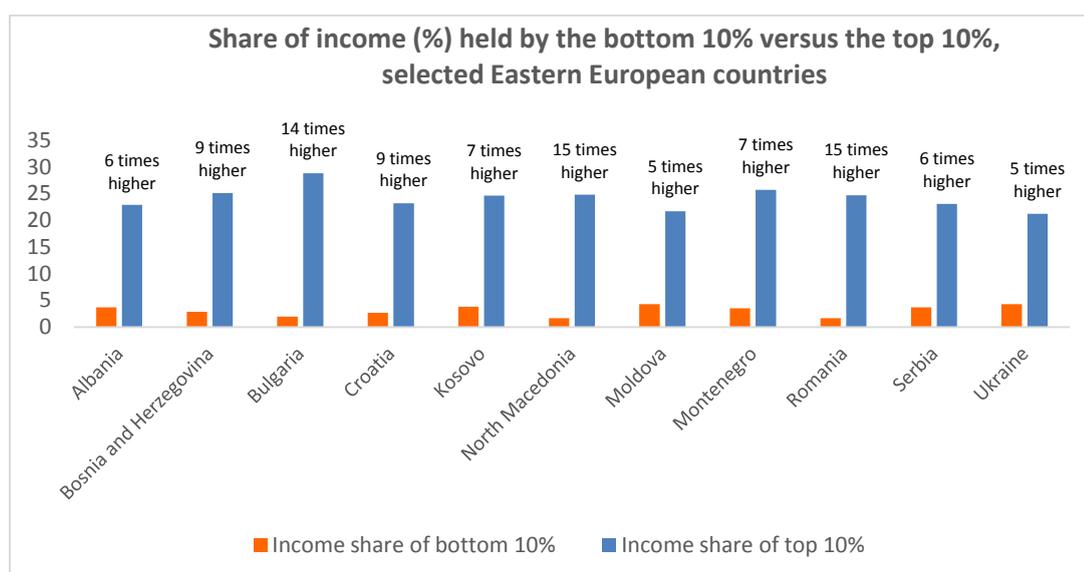
The purpose of this note is to provide a comparative background on minimum wages and social protection in Eastern European countries to inform the development of a regional trade union campaign in the region. Raising minimum wages and strengthening social protection would help to secure dignified livelihoods for workers and their families and would support the sustainable and inclusive economic development of the region.

¹ See ITUC Global Poll 2017: <https://www.ituc-csi.org/ituc-global-poll-2017>

Economic growth in Eastern Europe – A blueprint for inequality

Eastern Europe has experienced relatively steady economic growth over the past decades, with the exception of a temporary downturn during the recent global economic and financial crisis. Gross Domestic Product (GDP) in the region has nearly quadrupled since the year 2000, from 570 billion USD to nearly 2 trillion ². Romania and Bulgaria are among the fastest growing economies in the European Union, with GDP growth at 4.4 per cent and 3.8 % last year, respectively, compared to the EU average of 2%. In the Western Balkans, the growth for the period of 2018-2020 is forecasted at an average rate of 3.5% between 2018-2020³.

It is nevertheless clear that economic growth is not being shared equitably among the region's people, nor has it adequately translated into decent work opportunities or improved living conditions. The UNDP office for Europe and Central Asia has stressed, 'Lack of inclusive economic growth in the region has meant that income and job insecurity continue to affect large sections of the population ⁴. Instead, growth has largely benefitted those who are already well-off. Income inequality has grown substantially among most countries in the region in the last two decades⁵. The share of income among the top 10% is over 10 times higher than that of the bottom 10% in some Eastern European countries such as Bulgaria, North Macedonia and Romania.



Source: ITUC analysis based on the World's Bank Development Indicators.

Note: Latest data available. Albania (2012); Bosnia and Herzegovina (2011); Bulgaria, Montenegro (2014); Croatia, North Macedonia, Romania, Serbia (2015), Ukraine (2016), Kosovo, Moldova (2017).

According to the United Nations Development Programme, low wages and a lack of decent work opportunities have strongly contributed to income inequality in the region. High levels of unemployment, economic inactivity and poverty moreover remain serious challenges. Unemployment affects nearly one fifth of the entire population in Bosnia and Herzegovina and nearly one sixth of the population in Montenegro and Serbia – compared to 7% within the EU. The share of the population that is economically inactive (i.e., not in work and nor looking for work) is also high, reaching around 30% of the working age population in some countries, such as Croatia,

² See World Bank statistical database (GDP in USD), looking at GDP in 2017 (latest figure available) compared to 2000

³ IMF (2018) World Economic Outlook Update for Europe and Central Asia

⁴ See UNDP Europe and Central Asia Office: [Employment and Livelihoods](#)

⁵ See UNDP (2015) [Poverty, Inequality, and Vulnerability in the Transition and Developing Economies of Europe and Central Asia](#)

Montenegro and North Macedonia⁶. In Bulgaria, the share of the population considered at risk of poverty and social exclusion is extraordinarily high at nearly 40%, and over 20% of the population is considered severely materially deprived (i.e., unable to afford essential daily items).⁷ Nearly a quarter of the population lives below the national poverty line in North Macedonia, and Serbia⁸.

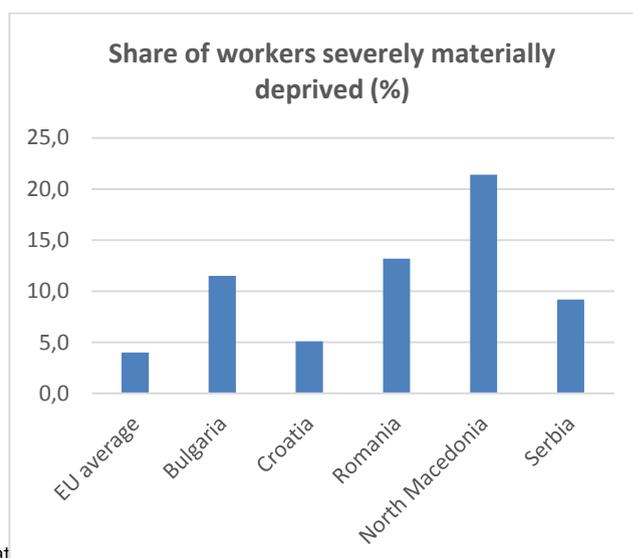
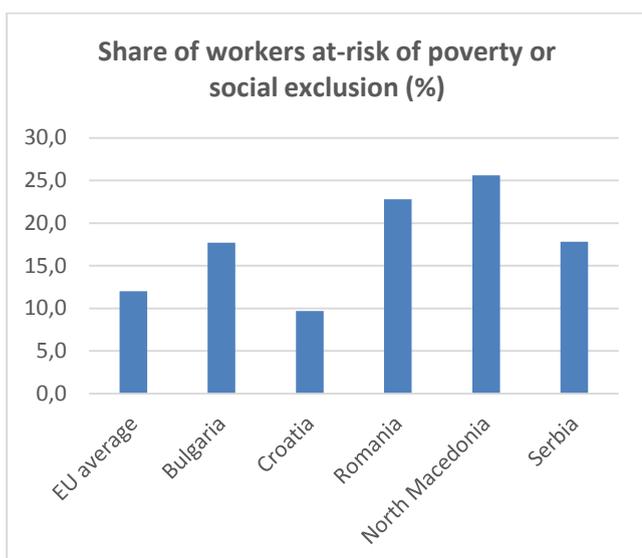
These trends are not only an affront to social justice, but they are also a risk to social and political stability as well as sustainable economic development. Low wages and high poverty rates have led contributed to **deficits in aggregate demand**, which are constraining further growth⁹. Poor working and living conditions have also led many people within the region to emigrate in order to seek better opportunities – including high-skilled workers and educated young people – leading to **skills depletion**¹⁰. Over one third of the nationals of Western Balkan regions now live abroad¹¹. High levels of income inequality also carry significant risks, including low social mobility, underutilisation of human capital, reduced social cohesion and eroded trust in institutions¹².

In brief...

- Economic growth has not translated into decent work opportunities
- Inequality is high and rising
- Lack of decent work opportunities and high levels of poverty are having disastrous social, political and economic consequences

The need for a pay rise in Eastern Europe

For many workers, having a job is unfortunately not a means out of poverty, let alone a guarantee for a decent livelihood. As shown in the charts below, in work-poverty remains a major challenge in the region – one is six workers lives below the poverty line in Bulgaria and Serbia – increasing to one in five in Romania and one in four in North Macedonia.



⁷ Eurostat (2018 data)

⁸ See World Bank World Development indicators

⁹ IMF (2015) Caucasus and Central Asia Regional Economic Outlook

¹⁰ International Institute for Applied Systems Analysis(2016) Labor market and migration across the Eurasian continent, workshop report

¹¹ ILO (2017) What Future for Decent Work in Europe and Central Asia

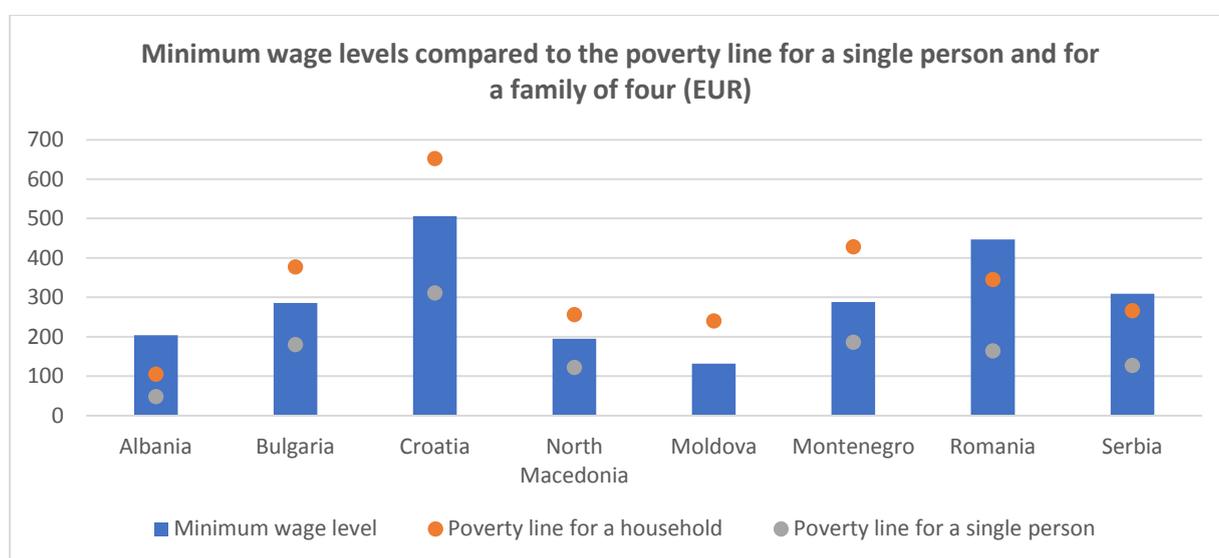
¹² See for instance World Bank (2016) Poverty and Shared Prosperity; IMF (2015) Causes and Consequences of Income Inequality: A Global Perspective; Wilkinson and Pickett (2009) The Spirit Level: Why More Equal Societies Almost Always Do Better

Source: Eurostat. Latest data available: Bulgaria and Romania (2018); EU 28, Croatia, North Macedonia and Serbia (2017).

Source: Eurostat Database. 2018 data. Data for population more than 18 years old.

While all countries in the region have minimum wages, they tend to be extremely low and inadequate in affording workers and their families a decent life. The levels range from 130 EUR per month in Kosovo to 505 EUR in Croatia. Annex 1 provides an overview of minimum wage levels.

In nearly all cases, minimum wage levels tend to be set below national poverty lines for a household, let alone the income needed to afford workers and their families a decent life. In Moldova, even though minimum wages are set slightly above the national poverty line, they are grossly inadequate once taking into account the costs of basic goods and services in the country, as they represent only 52% of the estimated basic needs basket¹³. Similarly in Montenegro, for instance, the minimum wage of 288 EUR a month is far below the minimum consumer basket of 636 EUR¹⁴. In Serbia, the net minimum wage amounts to only 68% of a basic consumer basket and only 35% of an average consumer basket¹⁵.



Source: Eurostat, ILO Travail Database, national legislation, and WSI minimum wage database. Note: poverty lines as at risk of poverty threshold (60% of median equivalised income). Household data for two adults and two children younger than 14 years.

Low minimum wages in some countries are further exacerbated by irregular updates in order to take into account changes to inflation and the costs of essential goods, leading to a further depreciation of their value over time. While some countries provide for minimum wage consultations and adjustments on an annual basis, such as in Bosnia and Herzegovina, Kosovo, Serbia and Ukraine, there is no fixed period for minimum wage adjustments foreseen in the legislation for Albania, Croatia and Romania. In Montenegro, while the minimum wage is supposed to be reviewed by the Social Council every six months, the last adjustment to the minimum wage level occurred in 2013 – leading to a loss in value of around 8 percent¹⁶.

¹³ Information on basic needs baskets in Moldova provided in responses from the ITUC union questionnaires

¹⁴ Statistical Office of Montenegro data on minimal consumer basket for June 2018

¹⁵ For information on consumer baskets relative to the minimum wage see: <https://www.serbianmonitor.com/en/minimum-salary-still-below-consumer-basket-value/>

¹⁶ See WorldData [historical inflation rates](#) for Montenegro

In addition to low statutory minimum wages, workers' possibilities to organize and collectively bargain for fair wages above the minimum wage level are also being compromised in many countries in the region as trade union rights have been under attack. The ITUC 2019 global rights index shows that trade unions rights have been systematically or regularly violated in Romania, Bulgaria, Albania North Macedonia and Serbia (scores 3 and 4) and that no guarantee of trade union rights can be assured in Ukraine (score 5)¹⁷.

Low wages in the formal economy are also linked to informality in many countries in the region –with many workers receiving top-ups from employers in cash above the minimum wage level, while other workers seeking to complement low wages received in the formal economy with informal activities elsewhere¹⁸. These practices have negative implications both for public finances and the adequacy of social protection benefits for many workers later on in life.

Wage arrears and non-compliance in paying minimum wages also remain important concerns in several countries in the region. In Ukraine, for instance, the State Statistics Service has estimated unpaid wages to reach 2.5 billion UAH in March 2018 (78 million euros), with half of these wages being withheld by economically active enterprises. Delayed wages and underpayment of wages are further exacerbated by labour inspectorates who are often poorly resourced and/or have limited powers of enforcement¹⁹. Severe limitations on the frequency of labour inspections and the restrictions on the powers of inspectors have further exacerbated these problems²⁰.

Dismally low wages constrain household consumption, which in turn reduces aggregate demand, particularly when wages are stagnating in many economies at the same time²¹. This in turn compromises job creation and productivity, and limits possibilities for even greater economic growth. Low wages also can contribute to excessive household debt that can in turn threaten macroeconomic stability – as evidenced by the recent economic and financial crisis²².

In brief...

- Minimum wages rates in Eastern Europe are poverty wages
- The cost of living outstrips minimum wages
- Collective bargaining on wages is under attack
- Non-enforcement of labour law is denying workers their rights
- Low wages encourage informality, suppress aggregate demand and have negative economic consequences

Addressing inadequate social protection

In addition to low wages, social protection systems in the region remain woefully inadequate and leave many workers unprotected. While social security and social protection floors exist in most countries, major coverage gaps remain, as shown in the chart below. In Bosnia and Herzegovina and Serbia, less than half of the elderly receive any sort of pension. Support for people out of work is extremely limited – with unemployment benefits covering less than one out of eight unemployed people in Albania, Bosnia and Herzegovina, Serbia, North Macedonia and Moldova. In addition to very limited coverage, the ILO has reported that very low benefit levels have

¹⁷ For more information please refer to the [ITUC Global Rights Index 2019](#)

¹⁸ ILO (2017) What Future for Decent Work in Europe and Central Asia

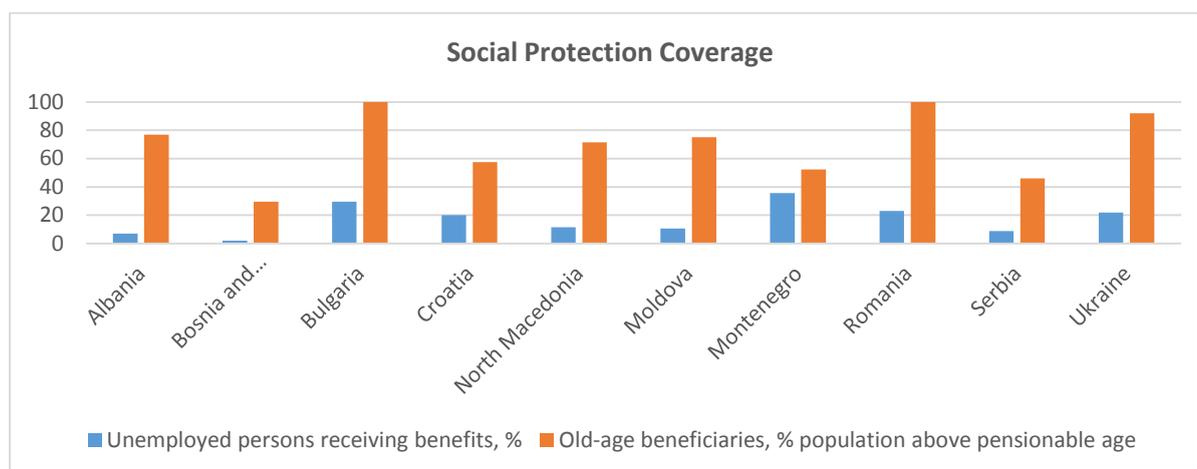
¹⁹ *ibid*

²⁰ *ibid*

²¹ ILO (2017) [Global Wage Report 2016/2017](#)

²² IMF Working Paper (2018) [Understanding the Macro-Financial Effects of Household Debt: A Global Perspective](#)

compromised the adequacy of social protection and its ability to prevent and reduce poverty²³.



Source: ITUC analysis based on data from the ILO World Social Protection Report Data 2017-2019.
 Note: Figures are for 2015 expenditures or latest available year.

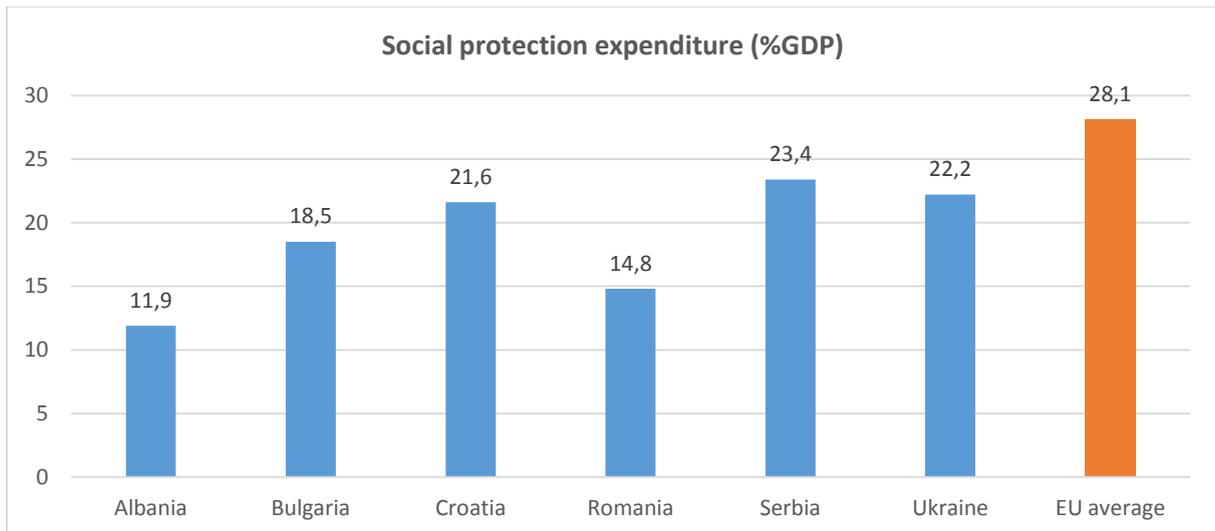
The low coverage and adequacy of social protection systems is largely driven by the fact that social spending remains insufficient to meet demand. All countries spend considerably less than the EU average on social protection in terms of percentage of GDP. Albania and Romania, for instance, spend less than half of what the average country in the EU spends on their social protection systems in GDP terms, despite the fact that the rates of unemployment and poverty are substantially higher in these countries. Recent reforms in many countries have been undertaken with the aim of further reducing social spending, risking to further reduce adequacy of and access to social protection. In Montenegro, the pension age has increased and the average replacement rate, which used to amount to 85 percent of average earnings, has been reduced to below 60% of average earnings²⁴. In Croatia, the pension age has similarly been increased substantially and the financial penalty for retiring early has been increased substantially, despite the fact that life expectancy remains among the lowest in the European Union²⁵. In Romania, a recent reform to reduce employer social security contributions by shifting the vast majority of them on to workers themselves is leading to a substantial loss of revenue for social protection and has led to a reduction in workers' net wages by an estimated 20%²⁶.

²³ ILO (2017) What Future for Decent Work in Europe and Central Asia

²⁴ See explanation of reform here: <https://balkaneu.com/trade-unions-demand-reform-montenegrin-pension-system/>

²⁵ See ETUI explanation of the reform [here](#)

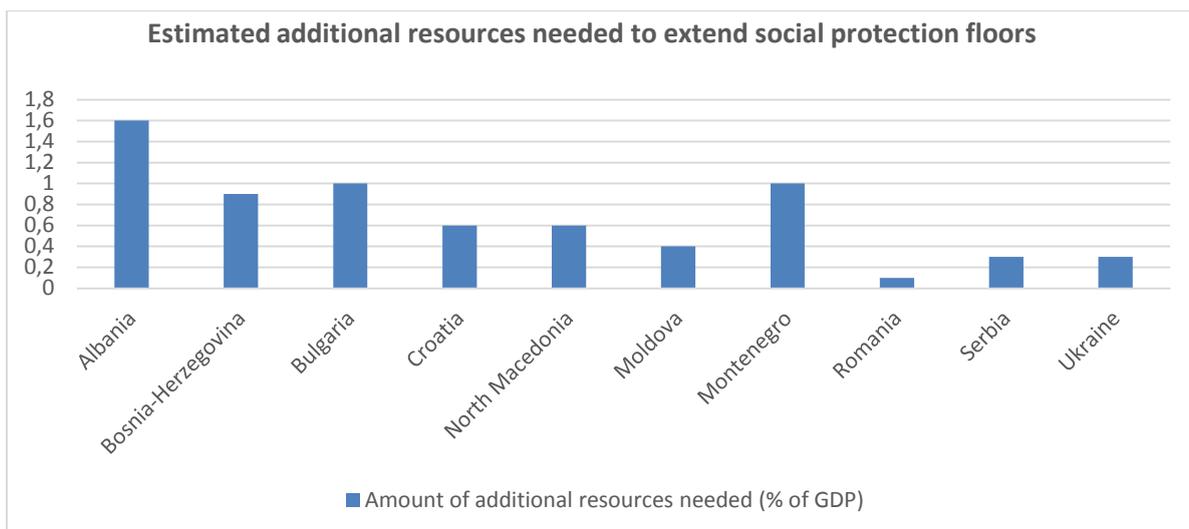
²⁶ See an explanation and analysis of the reform by Equal Times (2018) [here](#)



Source: ITUC analysis on the basis of the ILO World Social Protection Report Data 2017-2019, Eurostat and OECD database.

Note: no data available for Bosnia and Herzegovina, Kosovo, North Macedonia and Montenegro. *Latest data available: OECD (2018), EU 28 (2016).

Governments tend to cite a lack of resources to considerably expand social protection coverage, and many countries in Eastern Europe have cited demographic pressures as an additional reason for not further extending social protection. **However estimations show that the cost of extending social protection in order to provide guaranteed minimum level of protection for everyone would be far from unaffordable.** The Friedrich Ebert's Stiftung's Social Protection Index has showed that the additional cost for extending social protection floors would amount to less than 2% of GDP for all countries covered. While extending broader social security systems would likely cost more, such extensions would have broad economic benefits²⁷. There are moreover numerous means at governments' disposal to raise revenue and create fiscal space, including reallocating public expenditures, leveraging progressive taxation, tackling tax evasion and illicit financial flows, ensuring that employers pay their fair share of social security contributions, supporting the transition to the formal economy, and addressing barriers to the labour market of women, youth and other underrepresented groups²⁸.



Source: FES (2017) Social Protection Floor Index.

²⁷ See for instance L20 (2018) [The case for wage-led growth](#)

²⁸ See, for instance, the conclusions of the ITUC 2018 [Global Conference on Financing Social Protection](#); Ortiz et al. (2017) [Fiscal Space for Social Protection and the SDGs](#)

Note: no data available for Kosovo, partial data for Bosnia and Herzegovina, Croatia, Moldova, Romania and Serbia. Estimations based on benefits at the level of the OECD relative poverty line.

Overall, inadequate social protection is having negative social and economic consequences. Underdeveloped social protection systems in the region have been reported to contribute to greater poverty and inequality are driving people into informal work²⁹. Inadequate social protection is also further dampening aggregate demand, placing an impediment to sustainable economic growth.

In brief...

- Social protection systems fail to cover most workers
- Social spending is insufficient
- Inadequate social protection systems are contributing to greater poverty and inequality and are holding back inclusive economic growth
- The cost of extending social protection to all workers is financially feasible

The economic case for minimum living wages and social protection

Ensuring minimum living wages and extending social protection would have significant social and economic benefits. Raising the minimum wage has been shown to be effective in reducing poverty as well as wage inequalities by pushing up wages at the bottom of the distribution³⁰. While employers and some governments have wrongly argued that raising the minimum wage compromises companies' abilities to operate and reduce jobs, the vast majority of literature has shown that this is not the case³¹. Empirical evidence across other regions of the world, such as Indonesia, Brazil, South Africa and India - has shown that increasing the minimum wage can boost aggregate demand, employment and overall economic growth³². The International Labour Organisation highlighted in 2017 that, *"Recent evidence shows that when minimum wages are set at an adequate level and adjusted regularly to reflect the cost of living and economic factors, they can raise the wages of low-paid workers – many of whom are women – without significantly negative effects in jobs."*³³

Research also shows that minimum wages increases have not affected competitiveness, and there are other, more critical factors that can affect competitiveness such as skill supply, the rule of law, the stability of industrial relations, availability and use of technology and infrastructure, logistics, and trade rules³⁴. Numerous studies have also highlighted the positive effects of minimum wages on improved skills, reduced turnover, higher organizational efficiency and higher productivity³⁵.

Likewise, adequate, well-designed social protection systems have been shown to be extremely effective in preventing and reducing poverty and inequality, fostering skills development and employability, providing crucial automatic stabilisers, reducing informality and supporting overall economic growth and development³⁶.

²⁹ See for instance ILO (2017) [What Future for Decent Work in Europe and Central Asia](#)

³⁰ See for instance [ILO Global Wage Report 2016/2017](#)

³¹ See for instance the ILO [Minimum Wage Policy Guide](#); World Bank (2015) Balancing Regulation to Promote Jobs

³² For a detailed review of the evidence on this, see L20 Policy Brief (2018) [The Case for Wage-led Growth](#)

³³ ILO (2017) What Future for Decent Work in Europe and Central Asia

³⁴ See for instance, OECD (2008) Skills for Competitiveness: Tackling the low skilled equilibrium conceptual framework; World Bank (2017) Trouble in the Making? The Future of Manufacturing-Led Development

³⁵ See for instance a comparative evidence review conducted by the Ontario Ministry of Labour (2015) The Economic Impact of Minimum Wages; OECD (2016) Employment Outlook; ILO (2017) [Global Wage Report 2016/2017](#)

³⁶ See ILO World Social Protection Report 2017-2019; European Commission (2013) Evidence of Demographic and Social Trends: Social policies' contribution to inclusion, employment and the economy; ILO (2011) Decent Work and the Informal Economy; ILO (2014) Monotax: Promoting formalization and protection of independent workers

In brief...

- Raising minimum wages reduces poverty and inequality
- Raising minimum wages boosts aggregate demand, employment and overall economic growth
- Minimum living wages and adequate social protection foster inclusive economic growth

Supporting a pay rise in Eastern Europe: building a regional wage campaign

A trade union campaign across Eastern Europe could call on governments to set minimum wage floors that would allow workers and their families to live in dignity, combined with adequate comprehensive social protection systems.

A raise in the minimum wage would support formal work and inclusive economic development. Regional coordination on wages could significantly strengthen unions' position in campaigns and negotiations. If governments support and promote minimum wage increases across the region, competition can no longer be argued to be a barrier.

Unions' minimum wages claims would need to differ country-by-country according to the specific national situation, but all unions involved in the campaign could call for minimum wages to take into account, at minimum, the cost of living. Within the ITUC wage campaigns in other regions, unions are asking for the minimum wage to at least cover the costs of the following basic goods and services that workers and their families need to live a decent life:

Essential components of a minimum living wage	
Food	Education expenses
Housing	Essential care costs
Household bills and utilities	Medical expenses
Transport	Recreation
Clothing	Contingency/emergency expenses

Unions could also call for minimum wages to be developed through transparent processes with full involvement of social partners, as well as regular updates of the minimum wages in order to take into account inflation and changes in living costs. Governments could also be called upon to address wage arrears and enforce minimum wages through well-resourced labour inspectorates, as well as through issuing dissuasive penalties to enterprises for non-compliance. Such demands would be in line with ILO Convention 131, which many countries in the region have already ratified (see Annex). For those countries that have not yet done so, national activities to promote ratification could be considered.

Adequate, comprehensive social protection systems could moreover be a crucial part of unions' demands. International Labour Standards, including ILO Convention 102 on Social Security and Recommendation 202, could provide an important framework for such demands. ILO standards set out the following essential components for social protection systems:

Essential components of social protection systems	
Health care	Family benefits
Sickness benefits	Maternity benefits
Unemployment/ out-of-work benefits	Disability benefits

Old-age pensions Employment injury benefits	Survivors' benefits Child and elderly care
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In parallel, unions would continue to call on governments to ensure and promote collective bargaining rights in order to achieve fair wages above the minimum wage level. Accordingly, workers should have the right to organise, join trade unions, and negotiate appropriate wages and compensation for their work with their employers.

Annex 1: Levels and coverage of minimum wages in selected Eastern European countries

Coverage of the minimum wage		Gross level (in national currency and EUR)	Poverty lines (in EUR)
Albania	All employees	26,000 Lek per month (204 EUR)	48 EUR for a single person 105 EUR for a household
Bosnia and Herzegovina	Minimum wages are set regionally: one for the Bosnian Federation and one in the Republika Sbrska	406 marka per month in the Bosnian Federation (207 EUR)	No data available
		370 marka per month in Republika Sbrska (189 EUR))	
Bulgaria	All employees	560 lev per month (286 EUR)	180 EUR for a single person 377 for a household
Croatia	All employees	3,750 kuna per month (506 EUR)	311 EUR for a single person 652 for a household
Kosovo	All employees	130 EUR for workers less than 35 years old 170 EUR for workers more than 35 years old ³⁷	No data available
North Macedonia	Equal for all sectors of the economy.	12,000 denar (195 EUR)	122 for a single person 256 for a household
Moldova	All employees	2,610 leu (126 EUR)	240 for a household
Montenegro	All employees	288 EUR per month	186 for a single person 428 for a household
Romania	All employees	2,080 leu per month for full-time workers (447 EUR)	164 for a single person 345 for a household
		2,350 leu per month for	

³⁷ Source: Ibna Independent Balkan News Agency

		Individual having higher education-related positions and minimum 1-year work experience in the field of studies (498 EUR)	
Serbia	All employees with the exception of domestic workers, who may be paid up to 50% in in-kind allowances	36,516 dinar (309 EUR)	127 for a single person 266 for a household
Ukraine	All employees	4173 hryvnia (132 EUR)	No data available

Source: Eurostat, Eurofound, and ILO Travail database; national legislation; WSI minimum wage database; and union questionnaires.

Annex 2: Procedures for minimum wage fixing in selected Eastern European countries

	Procedure for minimum wage fixing	Scheduled frequency for adjustment	Ratification of ILO Convention C131?
Albania	National Labour Council, a tripartite body, sets the minimum wage.	No time period specified in legislation	YES (2004)
Bosnia and Herzegovina	The government of Federation of Bosnia and Herzegovina sets the minimum wage upon prior consultation with the Economic and Social Council. In Republic of Sbrska the minimum wage is determined by a collective agreement.	At least once a year in the Federation of Bosnia and Herzegovina. Not specified in the legislation of Republic of Sbrska.	YES (1993)
Bulgaria	The Council of Ministers sets the minimum wage level in consultation with the National Council for Tripartite Cooperation.	The minimum wage level is adjusted every two years Minimum wage rates adjusted automatically as rates are indexed to changes in the cost of living. In addition, the social partners enter into negotiations every 2 years for an inter-sectoral agreement. This agreement sets the maximum margin within which labour costs can increase.	YES (2018)
Croatia	The government sets the minimum wage following a recommendation from the Economic and Social Council, a tripartite body.	No time period specified in legislation	NO
Kosovo	The government sets the minimum wage after consulting the Social-Economic Council.	At the end of every calendar.	NO
North Macedonia	The Economic and Social Council, a tripartite body, prepares a recommendation for the minimum wage, which is sent to the government for a final decision.	Not known	YES (1991)
Moldova	The minimum wage set up by the Government, after consultation with employers and trade unions.	No time specified in the legislation.	YES (2000)
Montenegro	The Social Council, a tripartite body, defines a proposal for the minimum	Updated upon the proposal of the Social	YES (2006)

	wage, which is sent to the government for a final decision. The minimum wage should take into account the average wage, cost of living, and difficult social situation of the lowest earners. The minimum wage should not be below 30% of the average wage in Montenegro.	Council on a semi-annual basis (last update was 2013).	
Romania	The Government defines the minimum wage level after consultation with the trade unions and employers' organisations.	No time specified in the legislation (generally on annual basis).	YES (1975)
Serbia	Social Economic Council, a tripartite body, determines the minimum wage annually. If no agreement is reached, the government determines the wage level.	Determined annually	YES (2000)
Ukraine	Following a tripartite negotiation, the Cabinet of Ministers of Ukraine submits a recommendation to the Ukrainian Parliament, which sets the minimum wage level.	Once a year, when the Law of Ukraine on the State Budget is approved.	YES (2006)

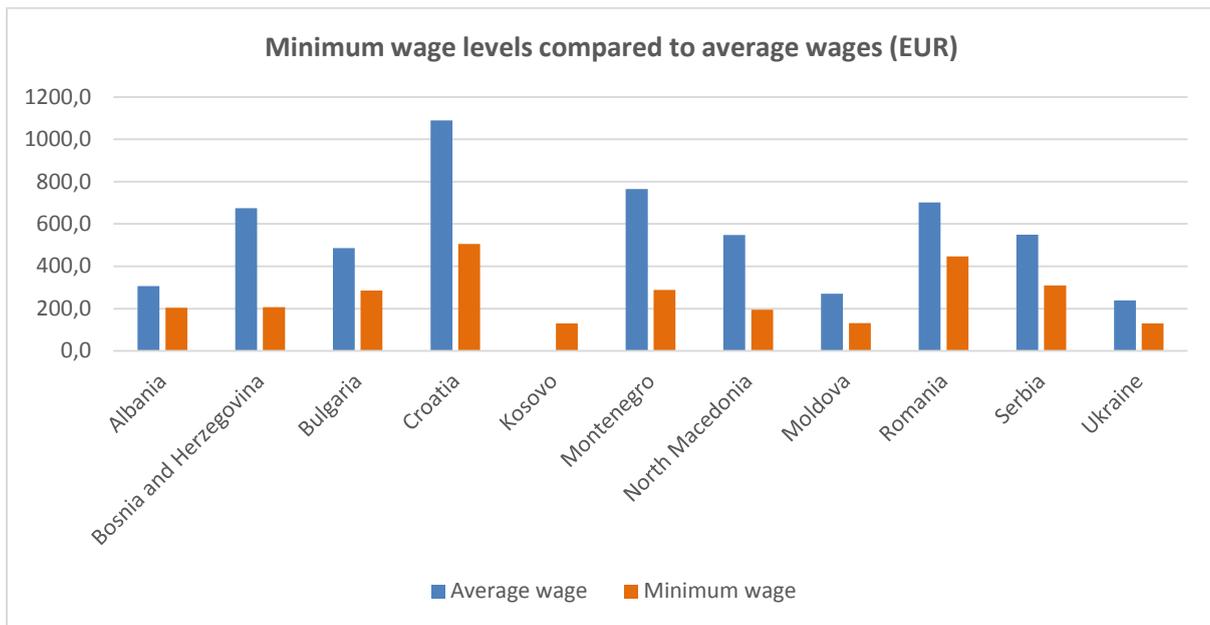
Source: ILO Travail database, national questionnaires and national legislation.

Annex 3 : Enforcement mechanisms for minimum wages in selected Eastern European countries

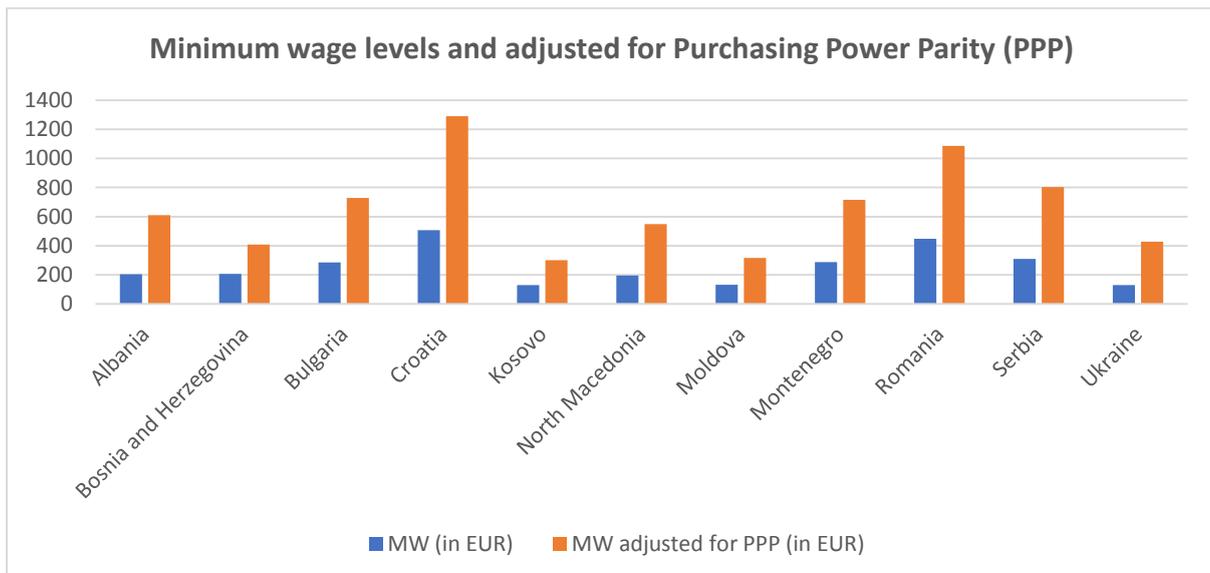
Enforcement Mechanisms	
Albania	The State Labour Inspectorate is responsible for ensuring compliance with the labour law. A violation of the provision on minimum wages can be punished by imposing a fine up to 30 times the minimum wage.
Bosnia and Herzegovina	In the Federation of Bosnia and Herzegovina, the Federation and/or Canton labor Inspector is responsible for monitoring compliance and have the authority to impose penalties. Employers failing to pay salaries in accordance with the law can be ordered to pay a fine ranging from 5,000.00 to 10,000 marka (approximately 2500 to 5000 EUR) In Republika Srpska labour inspectors are responsible for securing compliance with the law. Employees violating the provisions on minimum wages can be punished with fines ranging between 1,000 and 10,000 marka (approximately 500 to 5,000 EUR).
Bulgaria	The General Labour Inspectorate (GLI), the Executive Agency of the Minister of Labour and Social Policy, is entrusted with compliance with the law. Also trade unions can inform supervisory authorities in the event of a law violation. The penalty can be a fine and/or imprisonment for between 8 days and 1 month.
Croatia	The Labour Inspectorate is responsible for securing the compliance with the provisions of the Labour Code. Employers not paying the set minimum wage are liable to be fined for the amount of 60,000 to 100,000 kuna (approximately 8000 to 13000 EUR).
Kosovo	The Labour Inspectorate is responsible for ensuring the application of the Law. Any violation can be punished with a fine ranging from 100 to 10,000 EUR.
North Macedonia	Labour Inspectors are responsible for ensuring compliance. Employers not operating in accordance with law on salaries can be sentenced to a fine in the amount of 50 to 100 of the average wages paid the previous month.
Moldova	The Labour Inspectorate is responsible for monitoring compliance with the law.
Montenegro	Labour Inspectors are responsible for ensuring compliance. The fine for not respecting the legislation is fixed in the amount of 500 EUR to 20,000 EUR.
Romania	Labour Inspectors, under the authority of the Ministry of Labour, Family and Social Protection, is responsible for the observance of the Law on minimum wages. Non-compliance can be punished with a fine from 300 to 2 000 leu (approximately 60 to 420 EUR).
Serbia	Labour Inspectors are responsible for ensuring compliance with the provisions of the Labour Law. Employers breaking the law minimum wages can be imposed a fine ranging from 800,000 dinars to 2,000,000 dinars (approximately 6800 to 17,000 EUR).
Ukraine	Labour inspectors are responsible for ensuring compliance with the minimum wage. Employers violating the law on minimum wages can be charged with a fine ranging between 30 and 100 times the minimum wage.

Source: National Labour legislation, ILO travail database, wage indicator database.

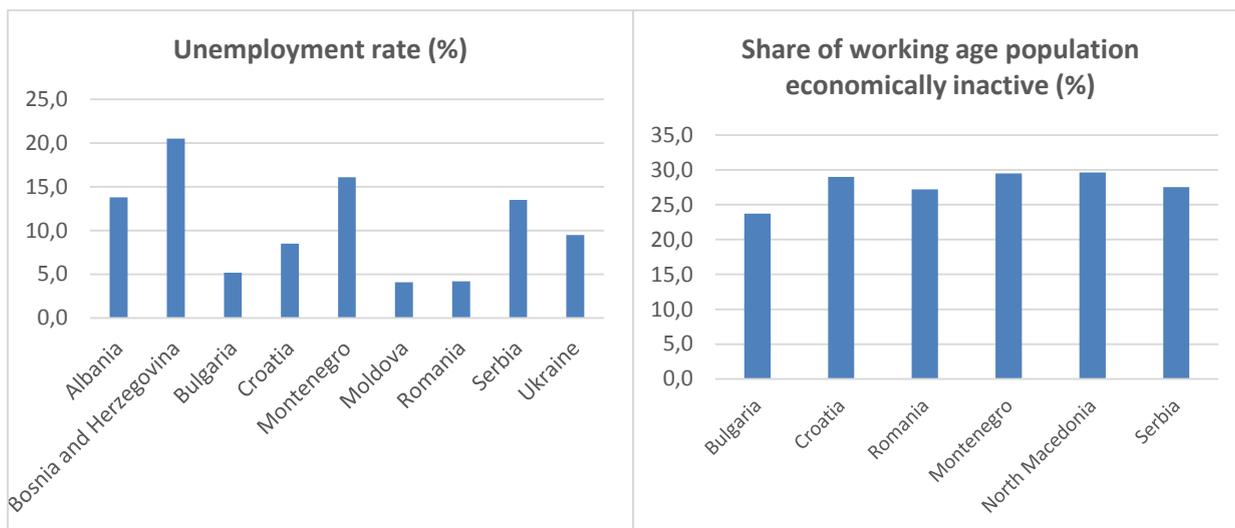
Annex 4: Additional statistical charts



Source: UNECE Database, Eurostat, ILO Travail Database, national legislation, and WSI minimum wage database.
 Note: latest data available; average wage levels (2017), except for Albania and Bulgaria (2016).



Source: ITUC calculations based on National legislation and World Bank databank for purchasing power parities



Source: UNECE Database

Note: latest data available: 2017; for Bulgaria, Croatia and Romania: 2018. No data available for North Macedonia and Kosovo.

Source: Eurostat

Note: Population aged 20-64. No data available for Albania, Bosnia and Herzegovina, Kosovo, Republic of Moldova and Ukraine.