

# 2010/2011 National Human Development Report

Republic of Moldova

## From Social Exclusion Towards Inclusive Human Development

Chisinau, 2011



Moldova

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# FOREWORD



Since 1990, human development has become a well-known paradigm for analyzing and measuring the progress of societies. For the past 20 years, there has been a shift in understanding towards the idea that the key to building successful democratic systems, with sustainable economies, is not only economic growth and wealth accumulation, but also expanding people's choices and broadening their opportunities. Since 1995, the United Nations Development Programme's National Human Development Reports have explored critical human development issues at national level and hence contributed significantly to the formulation of national development strategies and policies, as well as provided an example of how the collaborative approach can generate benefits for all stakeholders and the nation at large.

Human development is also about the active engagement of people in the process of development. Therefore they are both beneficiaries and drivers of human development, as individuals and groups. When people are excluded from full participation in society, there are direct consequences for human development. Social exclusion has been increasingly used in political debates and research on poverty and social inequality, often replacing the term poverty. Recently the concept of social exclusion emerged, which is different from poverty and is more comprehensive, because it does not only include the lack of material resources, but also the inability to actively participate in social, economic, political and cultural life of the society. To achieve human development to the fullest extent, deliberate, inclusive processes, expanding people's opportunities in all of these dimensions, are required.

This report provides an in-depth analysis of social exclusion phenomena and human development covering the past 20 years of transition. Social exclusion is a relatively new concept in the research field in the Republic of Moldova, although the phenomenon itself has been previously analyzed in a more simplistic and sporadic way. This report is unique in that it addresses social exclusion from a multidisciplinary and multidimensional perspective. The report argues that social inclusion requires integrated approaches, simultaneously targeting all exclusion dimensions.

After nearly twenty years of transition to the market economy, the Republic of Moldova is still regarded as one of the poorest country in Europe, with about one third of its population living below the poverty line. Despite the economic growth recorded between 2000 and 2008, with an average yearly growth rate of 5.9%, not all groups of population have been able to enjoy its benefits. In late 2008 and early 2009, the Moldovan economy was hit hard by the global economic and financial crisis. The effects of the crisis are still perceivable at all levels, with several economic sectors still unable to fully recover, although positive trends can be already observed starting with 2010 onwards.

The general perception is that social exclusion occurs when different factors combine to trap individuals and areas in a spiral of disadvantage. In Moldova there are a number of drivers of social exclusion which are analyzed throughout the Report. These factors are discussed in the Report and specific recommendations are provided. The current economic crisis exacerbated some of

these factors, leading to an even deeper exclusion of certain population strata and hence to further negative effects on sustainable human development prospects.

The report has been developed by a team of national and international consultants, with extensive experience in different areas related to human development and social exclusion, and benefited from international know-how and extensive stakeholder consultations. Its intended audience is policy makers at national, regional and local levels, civil society and academia, donors and providers of technical assistance, and the general public.

Since 2010 was declared the European Year for Combating Poverty and Social Exclusion, ten years after the establishment of these two priorities in the EU social policy agenda (Lisbon summit, 2000), we are proud to have produced a timely, comprehensive and collaborative product, for the benefit of all actors involved. I look forward to this Report generating discussions on social exclusion and human development, the role of government as well as individuals in addressing these issues and the proposed policy recommendations. Through this report and the recommendations therein, it is our hope that we can contribute to a more inclusive society and hence more sustainable human development for the Republic of Moldova and its citizens.



**Kaarina Immonen**

*UNDP Resident Representative and UN Resident Coordinator*

## PREFACE



The scope of the research in the present National Human Development Report for the Republic of Moldova addresses **social exclusion, or the inability** of individuals to play an active and full part in everyday life, as well as different social activities. Alongside poverty, this social plague continues to affect our society regardless of the efforts made by the Government, civil society and the international community.

The concept of social exclusion itself is a recent one not only for the Republic of Moldova, but also for other countries. At the same time, it is increasingly being used in political debates and in research on poverty and social inequality. Since the concept of social exclusion is more comprehensive than that of poverty, it allows for the formulation and application of a new philosophy and the introduction of certain new tools of intervention into anti-poverty and social development policies, the emphasis being placed not so much on financial assistance, but on social inclusion measures. Thus, the given policies become more effective and more accessible to all who are facing difficulties, irrespective of the problems that they encounter.

At present, the **struggle against social exclusion is recognized by the EU and the UN as one of the principal tasks in ensuring economic growth and sustainable human development. And participation has become a key object of the development. Precisely for these reasons, modern social policies should be focused primarily on ensuring that people facing difficulties have adequate resources for achieving social inclusion. In other words, there should be specific social inclusion policies.**

In the Republic of Moldova, the problem of social exclusion and inequality was addressed conceptually in the National Development Strategy for 2008-2011 (NDS) as one of the basic priorities, in the context of a document entitled Development of human resources, growth of employment level and promotion of social inclusion.

Generally, research carried out over the last decade shows that poverty and social exclusion are complex and multidimensional phenomena which over time change both in form and in content, meaning that the struggle against them requires an integrated approach and new methods of intervention both on the part of the state and on the part of society's other social actors. For this reason, since poverty and social exclusion are phenomena which are a constant focus of the social-economic development policies of the Republic of Moldova, they need systematic and exhaustive research.

In this context, the present National Human Development Report (NHDR) for the Republic of Moldova can indeed be considered a new effort in the field of research into social exclusion as a process and as a result that will allow the shaping of certain viable policies for achieving social inclusion and overcoming the deplorable situation in which the Republic of Moldova finds itself as regards poverty. Otherwise, despite the economic growth achieved in the Republic of Moldova in recent years, poverty may remain at a high level, and the economic results achieved will not necessarily bring benefits for all citizens.

We are sure that the results and recommendations of the Report will constitute an important item on the agenda for actors at all levels. Also, I hope that this Report will generate debates between different social groups and will eventually encourage citizens to contribute to the struggle against this phenomenon. On this occasion, we would like to express our sincere gratitude to UNDP Moldova for preparing this Report, for translating it and for publishing it in official language of our country.



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# List of abbreviations

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<b>ATUG</b>	– Autonomous Territorial Unit Gagauzia
<b>CIS</b>	– Commonwealth of Independent States
<b>CReDO</b>	– Resource Center of Moldovan Non-governmental Organisations for Human Rights
<b>CSO</b>	– Civil society organization
<b>DOTS</b>	– Directly Observed Treatment Strategy
<b>EC</b>	– European Commission
<b>ECHR</b>	– European Court of Human Rights
<b>EGPRSP</b>	– Economic Growth and Poverty Reduction Strategy Paper
<b>EU</b>	– European Union
<b>GDP</b>	– Gross Domestic Product
<b>GEM</b>	– Gender Empowerment Measure
<b>GII</b>	– Gender Inequality Index
<b>GNP</b>	– Gross National Product
<b>HBS</b>	– Household Budget Survey
<b>HDI</b>	– Human Development Index
<b>HPI</b>	– Human Poverty Index
<b>ILO</b>	– International Labor Organization
<b>IPP</b>	– Institute of Public Policies
<b>LFS</b>	– Labor Force Survey
<b>LPA</b>	– Local public administration
<b>MDGs</b>	– Millennium Development Goals
<b>ME</b>	– Ministry of Economy
<b>MF</b>	– Ministry of Finance
<b>MLSPF</b>	– Ministry of Labor, Social Protection and Family
<b>MoH</b>	– Ministry of Health
<b>MPI</b>	– Multidimensional Poverty Index
<b>NBS</b>	– National Bureau of Statistics of the Republic of Moldova
<b>NDS</b>	– National Development Strategy
<b>NEA</b>	– National Employment Agency
<b>NGO</b>	– Non governmental organization
<b>NHDR</b>	– National Human Development Report
<b>PPP</b>	– Purchasing Power Parity
<b>RFSSP</b>	– Republican Fund for Social Support to the Population
<b>RM</b>	– Republic of Moldova
<b>SADI</b>	– Small Area Deprivation Index
<b>SEN</b>	– Special Educational Needs
<b>SMEs</b>	– Small medium enterprises
<b>SSIB</b>	– State Social Insurance Budget
<b>TB</b>	– tuberculosis
<b>UN</b>	– United Nations
<b>UNDP</b>	– United Nations Development Programme
<b>UNDP BRC</b>	– United Nations Development Programme, Bratislava Regional Center
<b>WHO</b>	– World Health Organization



# EXECUTIVE SUMMARY

The process of transition that the country experienced in the last 20 years has created both opportunities and challenges for the citizens of Moldova. But those opportunities often come at enormous social costs, the effects of which can still be felt today. Transition often resulted in new challenges of an economic, social and political nature. Republic of Moldova is an independent and sovereign state today – but is still considered to be the poorest country in Europe. Decline of the population's in real income and an explosion of poverty in rural areas, growing unemployment, intensified migration outflows, as well as the reduced capacity of the social protection system to respond to social challenges, all contributed to increasing magnitude of social exclusion experienced by substantive number of Moldovan citizens.

This report is addressing the challenges of exclusion in the country and attempts to formulate some practical approaches that would improve social inclusion and ultimately – improve human development levels in Moldova. The report addresses the issue of social inclusion from human development perspective treating both concepts – social inclusion and human development – as mutually complementary and reinforcing. It introduces novel methodology of estimating social exclusion and thus – better prioritization and targeting of inclusion policies. It brings to the readers (policy-makers, academia and general public) informative data based on a targeted survey conducted for the purposes of this report and a number of human development and social inclusion indicators.

## Social exclusion, social inclusion and human development

In the context of this report social exclusion is 'a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from employment, income and education opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.' Social exclusion is thus both a process and an outcome.

Social exclusion is a complex process integrating individual vulnerabilities, institutional and behavioural drivers. The former can include low education, poor qualification, disability and other personal factors that could (but not necessarily do) result in exclusion. People experience social exclusion when the individual vulnerabilities (social exclusion risks) are aggravated by social exclusion drivers. The drivers identified in this report are:

- *Weak institutional support mechanisms.* The institutions may be inadequate and of low quality and as a result unable to create opportunities for those who are vulnerable to social exclusion.
- *A legal framework that is discriminatory or inadequate in its implementation.* Imperfect legislation can deepen the exclusion of some social groups. Often at the root of social exclusion

are rules and behaviour that discriminate, advertently or inadvertently, against one or more groups as compared to others.

- **Political and institutional obstacles.** Public institutions or organizations can contribute to social exclusion through a lack of understanding of the dynamics of vulnerability and an inadequate reflection of the needs of socially excluded groups in policy processes.
- **Discriminatory social values and cultural practices.** There are multiple mechanisms of exclusion: minority ethnic communities may not have access to education opportunities open for some others and may not excel in academia or the professional world, some groups may be openly discriminated against on the job market or in other sectors because of their language or skin colour.
- **Exclusion caused by geographical factors** – some remote or less densely populated areas, for instance, may have an underdeveloped social infrastructure, compromising a public service delivery system that does not meet the social needs that are normally met in other communities.

Social exclusion is closely related to the concept of human development that was introduced by UNDP in 1990 and reconfirmed twenty years later in the 20th anniversary Global Human Development Report, *The Real Wealth of Nations: Pathways to Human Development*. Human development is seen as 'the expansion of people's freedoms to live long, healthy and creative lives; to advance other goals they have reason to value; and to engage actively in shaping development equitably and sustainably on a shared planet. People are both the beneficiaries and the drivers of human development, as individuals and as groups'. The active role of people as agents and the focus on participation in the process of shaping their lives is what brings social inclusion and human development together.

Social exclusion and access inequality are relatively new concepts for the Republic of Moldova that were not addressed until recently by the Government within its anti-poverty policies. From a strategic point of view, the goals of social inclusion in the Republic of Moldova were first outlined in the National Development Strategy for 2008-2011 (NDS), which includes specific sectoral strategies. To support the Government as well as citizens of Moldova in promoting social inclusion, this National Human Development Report (NHDR) examines the roots of social exclusion, identifies socially excluded and vulnerable groups, and provides specific recommendations on how to eliminate barriers to social inclusion for all.

The current NHDR benefits also from a broader regional perspective. It was elaborated as a part of broader regional project on addressing social exclusion challenges in Europe and Central Asia. The Republic of Moldova was one of the six countries covered by a social exclusion survey commissioned for this project. It generated important information on the status of social exclusion and the linkages between individual vulnerabilities and institutional drivers. The data used in this report is thus comparable to the data from the other countries covered by the project. The information base of the report however is much broader – apart from the data from the survey, it

integrates in the analysis also broad statistical data and secondary sources information to reflect the multifaceted nature of the phenomenon of social exclusion.

The combination of individual vulnerabilities and drivers of exclusion ultimately results in poor human development outcomes reflected in the Human Development Index (HDI). Its value for the Republic of Moldova in 2010 was 0.623, which is substantively below the average of 0.717 for countries in Europe and Central Asia. However it is still above the average for medium human development countries, which is 0.592. The value of the Gender Inequality Index (GII) reflecting women's disadvantages in three dimensions (reproductive health, empowerment, and economic activity) is 0.429, ranking Republic of Moldova 40<sup>th</sup> out of 138 countries based on 2008 data.

Following the methodological framework distinguishing individual vulnerabilities and drivers of exclusion, the report applies it to three major dimensions of exclusion—exclusion from economic life, exclusion from social services and exclusion from civic networks and participation. The three dimensions of exclusion mutually reinforce each other, the exclusion outcomes in one dimension serve as causes of exclusion in the other. These linkages and mutual reinforcement suggests that addressing the challenges of social exclusion requires concerted efforts in all three dimensions.

### **Economic exclusion**

Exclusion from economic life marginalizes individuals in the distribution of economic resources and limits their human development opportunities in other areas – namely, having access to high-quality education, receiving adequate healthcare services and participating in the cultural and social life of society. Data suggests that exclusion from economic life and opportunities is a major—although not the only one—factor leading to social exclusion. It is reflected in low income opportunities, lack of employment, high share of informal sector and high dependency on remittances. Absolute poverty has felt swiftly from 67.8% in 2000 to 26.3% in 2009 but the decline was far from sustainable largely due to remittances inflow. The 'stabilization' of poverty rates should be also noted as potential long-term challenge.

The unsustainable nature of poverty reduction is reflected in the employment trends. For example, the employment rate in Moldova has declined from 54.8% in 2000 to 40.0% in 2009. Young people with a good education and training background often cannot find a job because of a lack of work experience or limited available vacancies. People employed in the informal economy (about 30% of the total employed population) are particularly vulnerable to economic exclusion.

Limited employment opportunities increase the risk of exclusion of the entire household if none of its members is employed. The lack of income opportunities creates unemployment trap and low unemployment allowances (the average allowance in 2009 was 789 lei, some 71 USD or 51 EUR, or only 29% of average salary in the country) do not cover the living costs of unemployed persons.

## Individual vulnerabilities and economic exclusion

Limited economic opportunities are usually being augmented by personal vulnerability due to disability or other factors. People with disabilities notoriously face barriers to labor market inclusion. Although the appropriate legislation is nominally in place, there is no coherent policy supporting the integration of these people into the labor market. In 2008, only 28.6% of the total number of people with disabilities managed to find a job, while in 2009 only 11.4% could do so. Monetary poverty is also more pronounced in households with people with disabilities — in 2009, the incidence of poverty in such households was 28.6%, compared to the national average of 26.3%.

Age emerges as important factor increasing the risk of social exclusion. Elderly people (65 years and older) are exposed to risks of economic exclusion. Poverty incidence in households of elderly people was above 37.2% in 2008, which is over 10 percentage points higher than the average for the country.

People released from penitentiaries face similar problems accessing the labor market inclusion due to stigmatization by society of former inmates and their low skill levels. In 2008, only 18.5% of former detainees were employed. People with HIV/AIDS are also not supported through policy and institutional measures to ease their integration into the labor market.

## Territorial dimensions of economic exclusion

Economic opportunities are very unequally distributed across the territory of Moldova. The population in Transnistria faces barriers to labor market inclusion. As of January 1, 2010, the number of people registered as unemployed rose 3.7 times compared to the same period of the previous year. Rural/urban divide is contributing significantly to social exclusion, as the employment opportunities in villages are very limited. Small town, the former backbone of country, now in most cases represents a poverty trap, a striking combination of meager employment opportunities and limited possibilities for subsistence agriculture (the common coping strategy in villages). People residing in rural areas have very low cash incomes that are very volatile and heavily affected by weather shocks and longer-term climate change.

Living in underdeveloped areas increases vulnerability to economic exclusion. The average monthly salary in Chisinau in 2009 was about 50% higher than in the North and about 60-80% higher than in the Central, Southern and Gagauzia regions. A region is poorer when it has a higher share of the rural population, especially if it includes small, peripheral villages.

## Household characteristics and vulnerability to exclusion

Data shows that families with three or more children face significant risk of poverty that is both an outcome of economic inclusion and an entry point for exclusion in other dimensions. Over 40% of these families lived in absolute poverty in 2006-2009. Also, such a families typically faces the highest degree of crowdedness, with an average of almost two people per room (1.9 in 2009), as well as a relatively small housing area per person (9.53 square meters) compared to other households.

The risk of social exclusion is highly correlated with lack of or limited access to utility services. Only 53% of the population has access to safe drinking water, about 45.9% has access to improved sanitation facilities and 45.7% to improved sewage systems. Rising costs of utility services additionally limits the opportunities for economic inclusion, especially for poor households. Tariffs for utilities increased by 29.2%, for transport by 20.1%, for public catering by 15.9%, and for health services by 8.8%.

Labor migration has dubious implications for social inclusion. Thanks to the fact that over 23% of the active population of Moldova went abroad for work in 2000s, living standards improved significantly. Average incomes from remittances in 2008 accounted for 19% of average disposable incomes for the total population and over 25% in rural areas, making many household highly dependent on such incomes. But the income stream comes at huge social cost: the children of families of migrants that work abroad, particularly those with both parents out of the country, are particularly vulnerable as they are left in the care of other family members, neighbors, and sometimes even under no supervision at all.

### **Exclusion from social services and social protection**

The share of social expenditures in the state budget was on the rise and in 2009 made up 70.2% of the total budget (or 32% of GDP). The most significant share of the overall social sector expenditures was allocated for social protection and this share grew by one third in the period between 2000 and 2009 (from 10% to 15.1% of GDP respectively). Education expenditures, which increased from 5.7% of GDP in 2000 to 9.4% in 2009, came second in terms of total budget allocations. Healthcare spending rose from 3% of GDP in 2000 to 4.7% in 2006 and 6.4% in 2009. Still, despite the increasing financial allocations exclusion from social services remains a challenge.

### **Exclusion from education**

Gross enrolment rates slip down from 95.1% in 2002 to 94.4% in 2005 and further down to 90.9% in 2009. Quality and access to education services remains a main issues, especially in rural areas. Income poor households face particular barriers in terms of their children's access to quality education, as the informal payments are widespread in education system. Poor access due to remoteness of the relevant education establishments and a lack of transportation constitute another important factor of exclusion from education contributing to low enrolment rates in remote areas without own schools and early dropping out from the education system.

Attitudes of both parents and of teachers matter and can make things worse. On the one hand, parents of low educational backgrounds are often more tolerant to their children dropping out of school. On the other hand, negative (or sometimes even hostile) attitudes, poor understanding of children's strengths and needs and the limited skills on the side of the teachers are barriers that make some groups of children particularly vulnerable to exclusion. About 25% of boys and 8% of girls said that, in younger grades, they were verbally or physically abused by teachers. Pressing need to ensure household incomes also lead to voluntary exclusion of children from education and placing them to informal or formal economy. Another source of exclusion is lack of parental control in migrants' families.

One group disproportionately exposed to exclusion from education is Roma. The levels of education and literacy of Roma people are lower than the national average and Roma children face barriers to social inclusion; Roma face hostility from non-Romani peers and in some cases from school officials.

Another group particularly at risk is that of children with disabilities. The access of children with special education needs to the general education system continues to be a problem. The main factors impeding the integration of these children into mainstream schools are the schools' lack of physical accessibility and a resistance to change among some school managers and teachers.

Teachers are not fully ready to accept the presence in the classroom of HIV-infected children. Pupils from rural area are less tolerant towards HIV/AIDS-infected children and few of them would agree to have such classmates.

Enrollment rate of young people of 15-24 years old in education remains rather low and it has been falling. Largely it can be attributed to economic factors—during the period 1987-1994, only 10.2% of young people left the education system due to the high costs of studies, but for the 2007-2009 period this proportion rose to 27.9%. Another reason is mismatch between school and tertiary education level curricula and labor market needs. Secondary and professional education institutions do not have sufficient capacity to prepare students for the labor market effectively.

### **Exclusion from healthcare system**

Since 2000, the life expectancy at birth indicator in Moldova has been rising steadily. In 2009 it reached 69.3 years on average, although with huge gender gap—life expectancy at birth is 73.4 years for women and 65.3 years for men. The challenge in this area is (and increasingly will be) access and affordability of services.

One particular issue is limited coverage and limited range of services provided through the medical insurance system. The compulsory health insurance system covered about 78.6% of the population in 2009 with some groups falling well below the average. For instance, only 23% of Roma households have a medical insurance.

Access to health is increasingly related to additional costs for households and is thus conditioned on availability of financial resources. Low-income households are thus at risk of exclusion from health services that dramatically restricts vulnerable groups' access to healthcare: 29.2% of households do not use healthcare services namely because of a lack of money.

One particular group at risk facing all the risks of exclusion from health services listed above are patients with HIV/AIDS and tuberculosis (TB). They often lack medical insurance, but in addition face lack of confidentiality, as well as persistent stigmatization and discrimination.

Similarly to education, long distances and a lack of transport services restrict access to healthcare services. In 2008 about 5.5% of households were limited in their access to medical services because facilities were situated too far from their place of residence.

## Exclusion from social protection system

Significant number of Moldovan citizens relies on social protection system—the total number of its beneficiaries exceeds 1 million of people, of which some 53% are pensioners. So the way the social protection system works largely determines this groups' risk of social exclusion. In that regard the low value of pensions is just one aspects of the problem—low pensions make old age population dependent on social assistance. Of people living below the absolute poverty line in 2009, elderly people made up 35.6% and the social benefits comprised the major source of their income (54.8%).

Another challenge the social assistance system is facing is related to fragmented access. Some vulnerable groups and individuals are not covered by social insurance system at all. The levels of inclusion of the self-employed in agriculture and among migrants, for whom voluntary social insurance is made available, are low. There are also gaps in the social protection system in Transnistria that leave the needs of many vulnerable groups and individuals unaddressed. Finally, poor targeting of assistance decreases its effectiveness in preventing poverty and social exclusion.

Certain groups face disproportionate barriers in regards access to social assistance and protection. People with disabilities are one such group. They face barriers bureaucratic procedures in accessing the social protection system as well as the physical inaccessibility of the social infrastructure. Another problem is overemphasis of institutional care. Large number of people with disabilities, particularly children, is being kept in institutions and not in family environment. The deinstitutionalization process is proceeding more slowly than was initially expected: in 2007-2008 the number of children in residential institutions was reduced by 22%, but in 2008 and 2009 this process stagnated.

## Exclusion from participation in political and social life

An inclusive society entails the ability of all citizens, including the vulnerable and excluded individuals and groups, to have their voices heard. An inclusive society is comprised of citizens acting (capable and empowered to act) as agents, as individuals who feel represented by their government and have effective mechanisms to influence the government's decisions.

### The role of institutions

Trust in institutions is a major precondition for participation in political life. The report tracks positive trend in that regard—in 2008, 32.3% of respondents indicated that they trust the Government, while in 2010 this number had risen to 44%. The level of trust in Parliament rose from 29.5% to 41%; in the President from 28.8% to 35%; and in the judicial system from 25.1% to 37% of respondents respectively.

However, serious challenges remain. Institutional weaknesses of central public administration and limited separation of the judicial and executive branches preclude participation of many groups and individuals from political processes. On the other hand, the decentralization process was slow

and incomplete and did not result in creation of effective and inclusive local governance. Current local public administration in Moldova suffers from mixture of limited authority, low capacities, misalignment of responsibilities among central and local governments, and de facto has no effective mechanisms for participating in local decision-making processes.

### **Empowering the civil society**

Non-government actors still do not have the capacity and a comprehensive legal framework to keep the government fully accountable. Hence they cannot address and compensate the existing deficits in government capacities. Independent mass media are still in infancy state, highly influenced by political and business interest and cannot assure access to objective and impartial information. At the same time, raise of independent on-line press is very promising. On-line mass-media resources growth fast, they are vibrant and provide a range of different and uncensored views and perspectives.

An institutionally weak civil society does not have sufficient capacity to address the needs of vulnerable and excluded groups. While the number of NGOs has skyrocketed, this development was largely fuelled by the presence of external donor organizations and funding. While a range of NGOs proved to be very successful in closing state capacity gaps and delivering essential services, many others are busy with just paper activism. Limited state funding of culture and inefficient use of allocated resources limit vulnerable groups' opportunities to participate in cultural life.

### **Changing values**

Moldovan society remains under influence of traditionalism (and become increasingly traditional) and threaded by stereotypes, which lead to suppression and exclusion of some groups. Gender-based stereotypes in Moldovan society negatively affect women's access to and presence in decision-making processes. After the 2009 elections, women held 24.8 per cent of seats in parliament—not bad against the practice in many countries in the region but still far from properly utilizing the potential of women and reflecting their voice in policy-making.

Intolerance to minorities is also becoming part of Moldovan reality. Assaults are reported regularly on members of certain religious groups, particularly Jehovah's Witnesses and other Protestant groups proselytizing in rural areas. In Transnistria some groups cannot exercise their freedom of religion as Local public administration discriminates against religions other than the Russian Orthodox rite. Moldovans living in Transnistria face barriers to participation in political life in Moldova and at the same time faces barriers to participation in cultural life as in practice only the Russian language is recognized in Transnistria.

Despite some improvements, the Roma community faces considerable barriers to political inclusion. Roma representation at all levels, including in particular local public administration, for example, remains insignificant. Members of lesbian, gay, bisexual, and transgender (LGBT) communities and other sexual minorities continue to face intense hostility in Moldova. Refugees, stateless persons, migrants and other third-country nationals also face exclusion. Dark-skinned persons in



Moldova, for example, report regular harassment, as well as difficulties in their dealings with public administration.

## **Recommendations – towards inclusive society**

The report puts forward a set of recommendations that would advance social inclusion opportunities. They don't follow necessarily the areas of social exclusion used as analytical framework for this report. Implementing most of them would improve social inclusion opportunities in all dimensions.

### **Political commitment to social inclusion**

Government's commitment is necessary to advance social inclusion. Its goals should be mainstreamed and incorporated into the existing policy frameworks of education, health protection, social protection and cultural policies. The mainstreaming of a social inclusion approach will help to make the existing sectoral approaches more efficient and less expensive as they will be better targeted and managed.

There is a clear need to develop an overarching Social Inclusion Strategy with clearly articulated Government-wide priorities, including sectoral policies and approaches. The development of a Social Inclusion Strategy should involve central government offices and the relevant line ministries as well as local governments, CSOs, experts and the vulnerable groups themselves.

Direct manifestation of such commitment would be immediate adoption by the government of a comprehensive anti-discrimination legislation. It should be in conformity with international and European standards, including an independent and effective enforcement body.

### **Building the institutional capacity for inclusion**

Even the most far-reaching commitment needs capacity to be implemented. Social inclusion is no exception. Improving the capacity of all actors involved, both the Government and civil society, is an important challenge to be addressed.

Clarifying the mandates and responsibilities of the ministries responsible for the social inclusion agenda is necessary to adequately address the risks exclusion. This entails also development of formal agreements to set the ground rules and terms of engagement that commit a number of ministries to work together in the area of social inclusion. In the absence of effective collaboration, silo-based thinking about inclusion policy problems and solutions will continue to dominate.

Strengthening the analytical capacity of line ministries in developing and implementing effective social inclusion policies is integral element of building their capacity. Interventions in that regard should focus in particular on developing the skills to identify the barriers and challenges that vulnerable groups face and develop policies and programs to address them. As people with disabilities may face barriers to their social inclusion different from the obstacles faced by Roma,

civil servants should be able to conduct quantitative and qualitative analysis to identify the determinants of social exclusion to develop policies and programs offering tailored solutions meeting the needs of these groups.

Inclusion policies should be inclusive themselves. In order to achieve that, participatory approaches to developing and implementing social inclusion policies should be actively promoted involving the target groups, civil society and public at large. Stakeholder involvement in policy making is critical for buy-in and ongoing cooperation and ensuring that all relevant factors and views are considered. Capacities of line ministries in the field of public consultations should be strengthened.

Expanding participatory approaches and mechanisms should go hand-in-hand with strengthen the capacities of CSOs representing vulnerable groups to be actively involved in the development of policy and programs eliminating barriers to social inclusion, program delivery and the monitoring of their implementation. One potential capacity building intervention could focus on supporting umbrella organizations or networks of CSOs capable of acting as strong partners for public authorities. Building up a national network of NGOs focused on the fight against exclusion and representing excluded groups could be one of the Government's priorities in supporting social inclusion.

### **Improving employability of the labor force**

Interventions in the area of employment and improving employability of the labor force emerge as an area of possible intervention with important implications for social inclusion. Aligning education programs with the needs of the labor market is an obvious way to go. In that regard targeted education and training should be at the core of ALMPs. Making them accessible to (and tailored to the specific needs of) groups that are particularly vulnerable to unemployment should be also important focus of ALMPs.

Better information on the specifics of the labor market (profile of the labor force, available vacancies) is also necessary for targeted interventions. Establishing effective monitoring and forecasting system is one necessary step in that regard. However addressing the demand side—making the information widely available to beneficiaries and training the staff of labor offices to reach the most in need.

Targeting long-term unemployed is important for preventing them fall permanently out of the labor market with all the negative consequences for the individual. One possibility in that regard that is worth promoting is introducing individualized case approaches that would address barriers that are specific to every individual in terms of his/her access to the labor market. The individualized approach to addressing employment vulnerability would be augmented is matched by subsidies to employers who hire the long-term unemployed. Similar measures can be applied for supporting the labor market integration of persons with disabilities, persons released from detention and returned victims of trafficking or other vulnerable groups requiring special focus.

Finally, targeted measures are necessary for re-integration of migrants into the labor market. Developing explicit policy in that regard should be supported. Migrants often have valuable skills and can be important asset—and not a liability for the economy and the social protection system. In addition, migrants often are more actively seeking to start entrepreneurship activities and have savings, which could be used for this purpose. Healthy business environment and control of corruption are important for unleashing this potential, and investments in public infrastructure could support it greatly.

### **Expand employment opportunities**

One would hardly disagree that more jobs need to be created. The question is how to do that in the context of the economic crisis still lagging and within the limited fiscal space the Government has. One important area in that regard is clearly delineating the responsibilities between the state and the private sector. The former should create favorable conditions; the latter should be creating jobs.

Small business, particularly start-ups and self-employed, can be supported with training in the area of basic business skills. Legislation amendments making easier flexible forms of employment can greatly facilitate first entry and re-entry into the labor market. Public works schemes can be useful form not just (and even not so much) for providing temporary incomes but primarily as opportunity for retraining and vocational training. Investing in infrastructure development (particularly local infrastructure) and in alternative energy sources can be good opportunity in that regard. Apart from jobs, such interventions can reduce the energy dependency on import.

### **Focused attention on rural areas**

Rural development has huge opportunities for social inclusion. Rural areas are among the worst hit by unemployment and non-productive employment, and share of socially excluded there is higher than the national average. Thus rural areas deserve particular attention and treating those areas target for priority intervention is logical. In addition, the long-term trends of world prices of basic food items can turn rural development investment into highly profitable endeavor.

Rural development support can take various forms. One could be targeted support of rural businesses with training, information infrastructure and access to markets. Another possibility could be application of public works schemes for developing irrigation systems, flood prevention measures to reduce the impact of climatic factors and decrease the risk of exclusion in affected areas. Targeted support for diversification of fields of activity, incl. diversification of crops is also promising area of intervention that could be contributing to climate change mitigation efforts.

Novel approaches to using remittances beyond fuelling construction bubble or just current consumption are needed. One possibility in that regard is to create incentives for investing the resources transferred by labor migrants into locally-owned community level infrastructure. These can be local educational establishments (schools or kindergartens), cultural centers, communication infrastructure etc. A range of mechanisms involving local community groups and public-private partnerships can be used for that purpose.

## Education oriented at the future

Social services should continue to be accessible and affordable. Even within the Government's limited fiscal space, improvement in that area is possible. Education is a sector with strategic importance for the country's future.

Education clearly needs to be closer aligned with the needs of the labor market. The challenge here is related to the different temporal dimensions of the educational and employment sectors. Today's pupils studying in today's schools are the tomorrow employees and employers. Brining in line today's curricula with tomorrow's demand requires strategic vision of the country's future based on realistic assessment of its competitive advantages. Working out such a vision and translating it into sectoral strategies (one of which being the strategy in the area of education) is urgently needed.

Apart from the strategic vision, a lot can be done at 'tactical' level. Reforming the existing professional schools system and linking it closely to the needs of the businesses is a 'low hanging fruit'. A number of measures can be adopted for easier transition from education to employment (entry into the labor market) like extended career planning opportunities, job fairs, practical exposure to different professions etc.

In regards education, optimizing the educational sector's infrastructure and improving the sector's effectiveness and efficiency emerges as a priority. This can be achieved both through adoption of new funding formula where "the money follows the student" as well as through local level partnerships for better utilization of remittances flows.

Promoting targeted inclusive measures within the education system for certain at-risk groups (children from poor families or with migrant parents, Roma children, children with special educational needs, children with HIV) is also important from social inclusion perspective. This entails consolidating the capacities of teaching staff and improving their understanding of and sensitivity to diversity. Deliberate efforts for desegregation are also necessary, particularly in regards Roma students. Existing separate facilities and separate arrangements for Roma and for persons with disabilities should be replaced without delay with integrated arrangements.

## Affordable health services

Reforms of the health sector are never easy. But they are more than necessity when a government is operating in a shrinking fiscal space and needs to 'deliver more with less'. In order to square this circle, a comprehensive reform of the health sector is needed with several pillars. One is changing the emphasis within health policies from intervention and treatment policies to prevention and prophylaxis policies. The second pillar is optimization of the policy of obligatory state health insurance and developing a new contributory scheme for poor groups and workers from the agricultural sector. Promote optional insurances more actively. The third pillar is empowering the patient as a 'client' introducing 'money follows the client' principle similar to the educational sector. When matched with opportunities for multiple providers of health services this would result in

improved quality and decreased costs of service. Finally, the emphases of monitoring and evaluation of health policies should be switched from evaluating the inputs to monitoring and evaluating the outcomes. How much we spend on health is of secondary importance—the primary issue is healthy population.

Complementary pillar to the health sector reform should be deliberate focus on promotion of healthy lifestyles. This pillar should go beyond communication campaigns. Individuals are free to choose the lifestyle they like, but the associated costs shouldn't be passed on to the taxpayers.

### **Improving social assistance and social protection**

The analysis shows the critical role – and existing gaps – in the social assistance and social protection systems. In that matter improving the equalization of social transfers and other supports to regions with a high incidence of social exclusion is important. Improved transfers to regions with a high incidence of exclusion will also help in reducing inter-regional differences and promoting regional development through enhancements to regional social infrastructure and the services provided.

The focus of existing social assistance programs should change from provision of benefits to delivery of services. Develop public-private partnership schemes in provision of social services as well as establishing clear mechanisms for evaluating and accrediting service qualities could help in that regard. Targeting of social benefits should be also improved. Review social commitment programs by means of transition from categorical approaches to those based on programs for at-risk groups, where the access will be determined on the basis of determined needs along with the application of measures to reduce dependency.

A number of steps can be taken to optimize the pension system. Reviewing the tariff and contribution policies could ensure a balanced correlation between salary and pension incomes (the replacement rate). Revision of the current individual social insurance schemes is also necessary gradually moving towards new schemes that refer to insurable risks as well as envisage the possibility of state cumulative support. Finally, deliberate efforts are needed for inclusion of vulnerable groups and minorities. These include policies to ensure respect, non-discrimination, flexible insurance schemes that reflect the specifics patterns of employment (for example seasonal and irregular). Including labor migrants in social insurance is also an urgent priority.

### **Towards more inclusive political system**

Moldova is moving towards consolidated democracy. Citizens need more opportunities to have their say on important issues affecting their lives. The reform in that matter should not be limited to electoral participation. Genuine mechanisms for participation between elections, particularly at local level, are necessary.

Decentralization of governance is a major element in that regard. Reforms implemented so far did not result in capable, effective and inclusive local governance, with clear division of responsibili-

ties and tools and resources in hand to deliver on these responsibilities. The current decentralization model needs to be revised and fully implemented, building effective, capable and empowered local public administration, which could achieve the goals of social inclusion at the local level. Local governments should be empowered – and not just dumped with responsibilities without resources. A new funding model for local governments is necessary that would ensure the separation of the judicial and executive branches.

Media independence should be guaranteed. It entails not just the existence of uncensored media but also accessibility to information by the public. The government (central and local) should be transparent and making the 'Access to information' Act really working and used by the public for increasing governance transparency is important in that regard.

Women's capacities and talent should be better utilized in political process. For that purpose participation of women at all levels of government (not just in Parliament) should be encouraged. Deliberate campaign in that matter encouraging political parties to put women candidates on electable places of electoral lists could be a good starting point. Also introducing quotas for women employed in senior management positions in the government should be considered.



# Chapter 1.

## INTRODUCTION



# INTRODUCTION

Nearly 20 years ago the Republic of Moldova stepped on a new path to build an independent and sovereign democratic state and a functioning market economy from a centrally-managed, state-owned command-type economic system and a single-party communist political system. Over the course of the transition process, the mechanisms of the command economy have been effectively dismantled and market institutions have been well established meaning that most output is produced by the private sector and exchanged in a market system. A new constitution and a series of laws establishing the formal foundations of a democratic regime were adopted. Civil society emerged and quickly expanded.

The process of transition turned out to be extremely difficult, leading to various challenges of an economic, social and political nature. After nearly twenty years of transition to the market economy after gaining independence and sovereignty, the Republic of Moldova is considered to be the poorest country in Europe. Although in recent years the Government developed a comprehensive policy framework as a component part of efforts to reduce poverty<sup>1</sup>, the implementation of the above generated quite modest results. Despite the economic growth achieved by the Republic of Moldova during recent years, poverty remains at a quite high level. Currently, the proportion of the population living under poverty line is estimated at about one third, thus limiting opportunities for sustainable hu-

man development. The impact of the recent global economic crisis was particularly devastating. It resulted in a combination of falling export demand and a decline in remittances from abroad, which led to a decline in people's real incomes, and an increase in poverty, and social exclusion for some groups.<sup>2</sup>

This National Human Development Report (NHDR) for the Republic of Moldova is dedicated to exploring social exclusion, as a process and a result. It examines the roots of social exclusion, identifies socially excluded and vulnerable groups, and provides specific recommendations on how to eliminate barriers to social inclusion for all. Combating social exclusion is recognized within the European Union (EU) and the United Nations (UN) as one of the major tasks in ensuring economic growth and sustainable human development<sup>3</sup>.

Human development can be achieved by **combating poverty** and **social exclusion** through increasing use of inclusive social policies, establishment of institutions promoting inclusion and changes in people's attitudes and practices. Social inclusion is impossible without the *participation* of all groups in society, including the vulnerable ones, in implementing changes promoting the inclusion of all. Social exclusion has become a frequently used term in political debates, replacing a more traditional focus on poverty. Social exclusion is more comprehensive than poverty because it includes not only *the lack of mate-*

<sup>1</sup> In this context, several programs and strategies focused on fighting poverty can be mentioned, including the Economic Growth and Poverty Reduction Strategy Paper for 2004-2006, the National Development Strategy 2008-2011, whose main target is to create conditions for improving quality of life by developing an economically competitive society, based on knowledge, capable of a sustainable economic growth with productive employment and a high level of social cohesion, [www.gov.md](http://www.gov.md)

<sup>2</sup> The impact of the global economic crisis on exclusion and the well-being of the citizens of Moldova is presented in the United Nations Moldova and the World Bank, *Impact of the Economic Crisis on Poverty and Social Exclusion in the Republic of Moldova*, Chisinau 2009 and UNDP Moldova Expert Grup, *Impact of the global financial crisis on local communities in Moldova*, 2009.

<sup>3</sup> "Poverty 3", the third anti-poverty program launched by the European Commission (1990-1994), Human Development Report - 1994.

*rial resources, but also the impossibility to be included in various social, economic, political and cultural "networks". This concept implies a lack of normal participation in daily life and various social activities of the society.*

The focus on social exclusion and social inclusion is also important for the Republic of Moldova because these concepts have not been widely used and operationalized by the academic community and policymakers in anti-poverty and social protection policies development. The Report examines social exclusion and social inclusion through the human development lens. In this context, human development is viewed as a development of the people – meaning the enhancement of human capability and health so that people can participate fully in life; for the people – meaning that all people should have the opportunity to receive or acquire a fair share of the benefits that flow from economic growth; and by the people – meaning that all people should be given the economic, political and social opportunity to participate in the process of development became a humanistic goal of progress was defined at the end of previous century.

This NHDR brings the subject of social exclusion and inclusion to the agenda of discussions on social policy at the country level and contributes to the transformation of the existing policies into actual inclusive policies promoting human development. It contains seven chapters, including the Introduction.

The second chapter presents the human development indicators for the Republic of Moldova. Human development trends in Moldova are analyzed.

The third chapter introduces and defines social exclusion and social inclusion in the context of the concept of human development. Social exclusion is discussed as a process and as a

result. The main indicators of social exclusion and inclusion are introduced. The main population groups that could be socially excluded in the Republic of Moldova are identified.

Chapter four examines specific institutional, policy and attitudinal drivers that increase the vulnerability of some groups and individuals to economic exclusion. Even if social exclusion and vulnerability have certain common features, there are also important differences that are explored in this chapter. People who are not poor can be excluded, but many of them can become poor as a result of exclusion from economic activity, and can therefore become vulnerable. In the preparation of this chapter, the data from a wide range of complimentary sources has been used: the Households Budget Survey, the Labor Force Survey and other statistical data provided by the National Bureau of Statistics of the Republic of Moldova.

Chapter five analyzes another type of social exclusion, namely exclusion from social life and social services as a result and as a process. The most important of these services are: education and lifelong training, health, social protection, access to housing and basic infrastructural services, transport, information and communication technologies, and social networks/social contacts between members of society. Exclusion of certain population groups from these services seriously affects human development. This chapter not only examines the current state of the social protection system, the range of social services provided and their quality, but also different population groups' level of access to these services. Specific barriers that prevent some groups or individuals from accessing social services are identified and policy measures that might eliminate these barriers are developed.

Chapter six examines the processes and drivers of exclusion from social life, culture and civic participation. Such diverse areas as ac-

cess to cultural life, religious tolerance and self-expression, political processes and the participation in the elections process, access to justice and information, and freedom of expression are analyzed.

Chapter seven “Conclusions and recommendations” contains key findings of the Report and specific recommendations, both sectoral and cross-sectoral, that could eliminate barriers to social inclusion – viable social inclusion policies that can really overcome poverty.

The report also contains appendices that include the technical notes for calculating the indicators of human development and social exclusion, as well as statistics and a bibliography. The technical notes include specifically the methodology for calculating the HDI, the Gender Related Development Index, the Gender Empowerment measure, and also contain the annexes to the thematic chapters. Calculations and Charts are based on official statistical data provided by the National Bureau of Statistics of the Republic of Moldova.

# Chapter 2.

HUMAN DEVELOPMENT  
IN THE CONTEXT OF THE  
REPUBLIC OF MOLDOVA

# Human Development in the Context of the Republic of Moldova

*The chapter introduces the human development concept and presents key human development indicators. These indicators and its components such as life expectancy at birth, levels of income, educational attainment and others are explored in detail, trends are identified and analyzed.*

## 2.1 Human Development - a New Approach to Human-focused Development

The human development paradigm was launched in 1990 by Mahbub ul Haq, Amartya Sen, Frances Stewart, Paul Streeten and others and developed in UNDP's Human Development Reports. Human development goes beyond the goals of poverty reduction and takes into consideration those who are not poor but may be illiterate, discriminated against or who do not have access to health care.

Under this paradigm, development can be regarded as *a process of expanding the real freedoms* that people enjoy (Sen). The focus on human freedoms and opportunities contrasts with more narrow approaches to development, viewing development as an increase in gross national product (GNP) and personal incomes or social modernization. Of course, the growth of GNP or individual incomes are important means of expanding human freedoms, as well as industrialization, technological progress or social modernization. But freedoms also depend on other factors such as social and economic arrangements (for example, access to education, health care, social

protection and the labor market), as well as civil and political rights (e.g., the freedom to participate in discussions and debates)<sup>4</sup>.

The human development approach advocates a holistic development approach to development that must embrace a wide range of choices that people value: more income, greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms, a sense of participation in community activities, and self-respect and dignity. Human development for all depends on a wide range of factors such as economics, in order that that more people can reap the benefits of economic growth; quality and accessibility of social services so that more people will enjoy greater access to knowledge, better nutrition, health and education services and enhanced equity so that all groups in society will have expanded opportunities.

## 2.2 Human Development Indicators

Human development is a broad concept and a wide range of human development indices is used to monitor and report on human development. One of the most popular and widely used is the human development index (HDI), which is being used as a composite measure and approximation of levels of human development. HDI is a simple summary index that is designed to reflect average achievements in three basic aspects of human development

<sup>4</sup> Amartya Sen "Development as freedom", Bucharest, Editură Economică, 2004, p.18.

– leading a long and healthy life, being knowledgeable, and enjoying a decent standard of living (Annex 1.1 provides methodology of calculating HDI). In some countries, biases against women in terms of their economic, social and political opportunities seriously degrade the overall level of human development. To help focus attention on this problem, UNDP developed a Gender Development Index (GDI). This measure penalizes the Human Development Index downwards depending on disparities between the status of men and of women. The greater the disparity between genders in human development the lower a country's GDI in comparison with HDI (Annex 1.2 contains methodology of calculating GDI). UNDP's Gender Empowerment Measure (GEM) is another human development indicator that evaluates progress in advancing women's standing in political and economic forums. It examines the extent to which women and men are able to actively participate in economic and political life and take part in decision-making. While the GDI focuses on capacity expansion, the GEM is concerned with the use of those capacities to take advantage of the opportunities of life (Annex 1.3 contains methodology of calculating GEM). GEM measures inequalities in three areas: political participation and decision making power, measured as female and male shares of parliamentary seats; economic participation and decision making power, measured as female and male shares of positions as legislators, senior officials and managers and female and male shares of professional and technical positions; and power over economic resources, measured as female and male estimated earned income (PPP US\$).

GEM is calculated using some mathematical formulas based on the assumption that in an ideal society the level of women's participation in economic and social life is equal to the level of men's participation, while the differences between these two levels of participa-

tion must be perceived as a negative factor. The values for this index range between 0 (no women participate in social life) and 1 (the level of women's participation in society is equal to the level of men).

Another indicator of human development that has been calculated since 1997 is the **Human poverty index**. The **Human Poverty Index** (HPI-1) focuses on the number of people placed under a certain threshold level for each dimension of human development - long and healthy life, access to education and decent living. Looking beyond income deprivation, the HPI-1 is a multidimensional alternative of the poverty index, calculated on the basis of the poverty line of 1.25 dollars per day in PPP terms used in international comparisons. The Human Poverty Index is calculated based on the following components:

- **longevity** - is the share of people who are not expected to survive to the age of 40
- **education level** - is the share of the adult population that is illiterate (15 years old and older);
- **living standards** - is the share of people deprived of access to safe drinking water and the share of children under 5 who are underweight for their age.

For developed countries a different Human Poverty Index (HPI-2) is calculated. This includes the following components:

- **longevity** - is the share of people who are not expected to survive until the age of 60;
- **education level** - is measured as the share of the adult population (15 years old and older) that is functionally illiterate;
- **standard of living** - is assessed as the share of people below the poverty line which is set at 60% of the median income per adult;

- **social exclusion** – is measured as the rate of long-term unemployment – those unemployed for 12 months or more.

### 2.3. Evolution of the Human Development Index and its Components in the Republic of Moldova

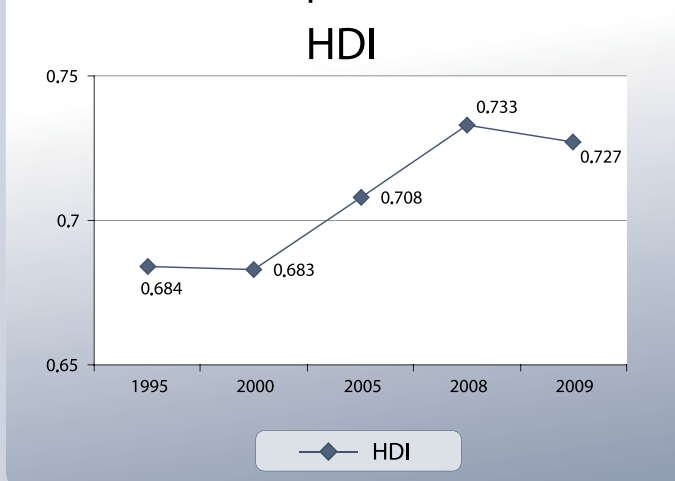
In 2010 UNDP released its Human Development Report 2010, *The Real Wealth of Nations: Pathways to Human Development* that marks the 20th anniversary of the human development paradigm. The 2010 HDR introduces several minor but still significant adjustments in the indicators and methodology used to calculate the Human Development Index.<sup>5</sup> These changes incorporate newly available data sets and further strengthen the HDI's statistical integrity. The 2010 Report introduces three new composite indices on an experimental basis – Inequality-adjusted HDI, the Gender Inequality Index, and the Multidimensional Poverty Index.

This section presents human development indicators calculated by the National Bureau of Statistics of the Republic of Moldova till 2009 and analyzes changes in index components. The use of national data allow for more accurate calculation of human development indexes so that the trends can be better identified and analyzed. The section concludes by presenting and explaining the Republic of Moldova's achievements with respect to each of new indexes introduced by the 2010 HDR as they were calculated by UNDP's Human Development Report Office.

### Human Development Index

Based on its performance in the fields of life expectancy, education attainment (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and GDP per capita (purchasing power parity), the human development index (HDI) for the Republic of Moldova, like for all other countries, is calculated as the simple average of its performance in each of these fields compared to the performance of countries around the world in the same fields (see Table 2.2 for comprehensive information on all components of HDI). According to the global Human Development Report for 2009, the *Human Development Index* of the Republic of Moldova in 2007 was 0.720, which ranks the Republic of Moldova the 117<sup>th</sup> of the total of 182 countries, lower than Vietnam and Mongolia, but ahead of Uzbekistan. In 2009, according to the National Bureau of Statistics, the HDI of the Republic of Moldova was 0.727.

**Chart 2.1** Human development trends in the Republic of Moldova



Source: NBS, www.statistica.md

<sup>5</sup> United Nations Development Programme (UNDP). 2010. Human Development Report 2010, *The Real Wealth of Nations: Pathways to Human Development*, <http://hdr.undp.org/en/reports/global/hdr2010/>

The HDI evolution in the Republic of Moldova has not been uniform. The early years of transition from a totalitarian society to a democracy and free market took a high toll on human development and resulted in a dramatic decline in HDI values. The main cause of this decline was the decrease in the population's living standards. It should also be noted that the negative impact of transition years on human development was more pronounced in the former Soviet republics, in particular, in the Republic of Moldova, compared to other countries, which also transitioned from totalitarian regimes to democracy. During 1995-2000 the HDI values of the Republic of Moldova remained relatively stable. An increase in HDI values has been recorded since 2001 mostly as a result of the revival of national economy (see Charts 2.1 and 2.2 above). The analysis of the HDI components conducted below shows that their evolution was not consistent and uniform.

### Living Standards

One of the three dimensions of human development is the standard of living, which is measured by GDP per capita expressed in U.S. dollars at PPP. According to this indicator, which in 2007 was 2551 USD, the Republic of Moldova ranks 131 in the global rankings of 182 countries for which the HDI is calculated, lower than Nicaragua and Vietnam, but ahead of Pakistan and Uzbekistan<sup>6</sup>. In 2009 the value of this indicator was 2843USD<sup>7</sup>.

In 2007, GDP per capita at PPP of the Republic of Moldova was the lowest in Europe, the Republic of Moldova ranking the last among the countries on this continent. Compared to the neighboring countries, in the Republic of Moldova GDP per capita at PPP was 2.71 times lower than in Ukraine and 4.85 times lower than in Romania. In the ranking of countries for which GDP per capita expressed in U.S. dollars at PPP was calculated, the Republic of Moldova is 14 positions lower than in the

ranking based on the Human Development Index. This discrepancy shows that the living standard in the Republic of Moldova is a critical area that requires serious attention.

The relatively modest results achieved by the Republic of Moldova in ensuring sustainable growth of GDP can be explained largely by the inconsistency of economic and social reforms, the difficulties in identifying of sustainable development pathways, and persistence of direct administrative methods in all aspects of socio-economic life. Despite these limitations, GDP has been consistently rising in the Republic of Moldova during 1999-2008.

The evolution of GDP per capita for the period 2008-2009, disaggregated by gender, reveals a fall in the level of economic inequality between women and men in the Republic of Moldova. During the period 2005-2007 the tendency has been the opposite, whereas the per capita GDP for men grew by 17.7% and for women by 11%. In 2008-2009, against the backdrop of the global economic crisis, men's GDP per capita decreased by 5.83%, while women's rose by only 4.3%. This national indicator does not reflect the real picture because disaggregated GDP does not account for the contribution of women through unpaid work<sup>8</sup>.

### Life Expectancy

A long and healthy life is an indispensable component of human development. According to the 2009 Human Development Report, in 2007 life expectancy at birth in the Republic of Moldova was 68.3 years, and the country was at 109 place after Thailand and Fiji, but ahead of Ukraine and Uzbekistan. The first place of this ranking was held by Japan (82.7 years) and the last by Afghanistan (43.6 years). In 2009, according to the National Bureau of Statistics the life expectancy at birth in Moldova was 69.3 years.

<sup>6</sup> [www.undp.org](http://www.undp.org)

<sup>7</sup> [www.statistica.md](http://www.statistica.md)

<sup>8</sup> [http://www.un.md/UNIFEM/programme\\_areas/statistics/women\\_men/Gender\\_Statistics\\_User\\_Guide\\_Ro.pdf](http://www.un.md/UNIFEM/programme_areas/statistics/women_men/Gender_Statistics_User_Guide_Ro.pdf)



Life expectancy at birth in the Republic of Moldova is among the lowest in Europe. By this index, the country is ahead of only two other European countries - Russian Federation (66.2 years) and Ukraine (68.2 years). During 1999-2009, life expectancy at birth in the Republic of Moldova increased except for 2009 when life expectancy at birth had a small decrease. The values of this index increased by 1.4 years. (see Table 2.1 below).

In the Republic of Moldova there are significant differences between the values of life expectancy at birth of men and women and these differences are rising slightly. Thus, in 1999, life expectancy at birth for women (71.0 years) was 7.3 years higher than for men (63.7 years), while in 2009 the corresponding difference was already 8.1 years, respectively, 65.3 years and 73.4 years. The differences between the values of life expectancy at birth for women and the one for men in Moldova reveal the obvious inequality in gender issues which are aggravated by the fact that the pension age for men is five years higher than for women. The differences between the values for life expectancy at birth for men and for women in the Republic of Moldova are comparable to those in Romania but they are much smaller than in Ukraine. A small difference between the values of life expectancy at birth for women and for men is common for the countries with high human development, such as Iceland where such difference is only 3.2 years or Norway where the difference is 4.9 years.

Life expectancy at birth is determined largely by public health reflected, in turn, in the ty-

pology of mortality. Generally, the evolution of public health in the Republic of Moldova is characterized by some contradictory trends. Moldova achieved certain successes in reducing infant mortality and maternal mortality. Infant mortality rate fell from 16.3 deaths per 1,000 births in 2001 to 12.1 deaths per 1,000 births in 2009. However, the maternal mortality rate recorded a non-uniform trend. In 2007 this indicator decreased significantly compared to 2001, totaling 15.8 deaths per 100,000 births, compared to 43.9 deaths registered in 2001. In 2008, the maternal mortality rose again to 38.4 cases per 100,000 births, and in 2009 this indicator decreased to 17.2 cases per 100,000 births.

The overall mortality rate of the population in the Republic of Moldova remains quite high. This value rose from 11.0 deaths per 1,000 inhabitants in 2001 to 11.8 deaths per 1,000 inhabitants in 2009. The main causes of death are cardiovascular diseases (56.1%), tumors (13.6%), respiratory diseases (5.5%), injuries and poisonings (8.2%).

Providing conditions to allow every citizen to enjoy a long and healthy life is a complex task. An important role in this process is played by the health care system and by policies and interventions promoting healthy lifestyles. From this point of view, the health system of the Republic of Moldova shows an ambiguous epidemiological profile, which is characterized, on the one hand, by the presence of diseases characteristic of the developing countries, such as infectious and parasitic diseases, and

**Table 2.1.** Life expectancy at birth, years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Moldova	67.6	68.2	68.1	68.1	68.4	67.8	68.4	68.8	69.4	64.3
EU 27	77.5	77.77	77.9	77.94	78.52	78.68	79.06	79.52	79.3	
CSI	66.95	67.06	66.87	66.83	67.2	67.05	67.86	68	68.07	

Source: NBS and WHO statistical database 2009

diseases conditioned by HIV/AIDS and tuberculosis epidemics, and, on the other hand, by non-contagious chronic diseases specific to the countries where the epidemiological transition has reached advanced stages, such as cancer and cardiovascular diseases.

In the Republic of Moldova, as in many other countries, the risk of diseases increases as a result of alcohol and tobacco consumption. Alcohol consumption and smoking are closely linked to many chronic diseases such as cardiovascular diseases, malignant tumors, and, particularly, liver diseases.

In order to improve the situation in the health care sector, many reforms have been initiated. The most visible one for citizens was the introduction of compulsory health insurance system in 2004. This system has made health-care more accessible in financial terms. Nevertheless, the development of the entire health system has been accompanied by several deficiencies, including for instance the persistence of informal payments and others.

The reduction in the number of hospitals subordinated to the Ministry of Health from 325 in 1996 to 83 in 2009 helped to reduce fixed costs in the system, while the concentration of material resources and human potential contributed to some improvement in the population's access to health services. There are still many structural and financial issues that the sector faces. Over the last ten years levels of investment in the health system and in technology has been very low. This was in particular a result of the current economic crisis. A more detailed analysis of health services and access to these services from the perspective of social inclusion is provided in Chapter 5.

## Education

In terms of the components of the human development index, the education level of a

country is measured by the literacy rate and gross enrolment rate at all levels of secondary education. In terms of literacy rate, the Republic of Moldova ranks quite high in the global rankings. In 2007 the literacy rate, according to the Human Development Report, was 99.2%, which placed the Republic of Moldova in 17th place after Kyrgyzstan and Poland and ahead of Tonga and Albania. But global comparisons must be made with caution, since the calculation methodologies of this index differ from one country to another. High levels of adult literacy in the country can be considered as the result of the educational policies of the previous period, not being directly related to current educational policies. In 2009 the adult literacy rate calculated by the National Bureau of Statistics was 99.1%.

According to the international statistics, in 2007 the gross enrolment rate at all levels of education in the Republic of Moldova was 71.6%, placing our country in 100th place in the global rankings, after Bahamas and Nicaragua, but ahead of Fiji and Malaysia. The value of this indicator is lower than in Romania (79.2%) and in Ukraine (90.0%).

According to the national statistics, the changes in the gross enrolment rate at all levels of education in Moldova had a contradictory nature. Thus, during 2000-2005 there was a rise in the value of this indicator, from 70.3% to 71.7%, after which it began to decrease and, eventually, fell to 68.9% in 2009. A possible explanation of this phenomenon could be the lack of interest on the part of young people in higher education, as it was not required either by the actual conjuncture at the country's labour market, or for the jobs, usually unskilled, required by the foreign labour markets which, at the moment, are targeted by most young people. On the one hand, these jobs are better paid than those, usually in the state sector, that require huge investments in human capital. On the other hand, the interventions of

public authorities in the regulation of the admission procedures for secondary vocational education, secondary specialized education and higher education also had negative repercussions on this indicator. Obviously, if these trends persist in coming years, our country risks continuing to lag behind all European countries and CIS republics.

In terms of equal access to education for both women and men, it can be seen that women's gross enrolment rate at all levels of education is higher than men's – 71.3% against 66.5% in 2009. The differences between gross enrolment rate for women and for men can be explained, to some extent, by the larger share of women employed in sectors requiring investments in human capital - education, culture, health, etc. compared to men who show a higher tendency to take the jobs which need lower skills but are better paid.

It is known that access to education and its quality largely depends on the financing of the education system. During 2000-2009 Moldovan authorities ensured a steady increase in the funds allocated to education. The increase in public expenditure on education did not have an immediate impact on the enrolment rate, particularly in the case of primary and secondary education that can be an indicator of the limitations of the education funding mechanisms and inefficiency in the use of allocated funds.

### **Gender-related Development Index**

In some countries, the biases against women in terms of their economic, social and political opportunities seriously degrade the overall status of human development. To help focus attention on this problem, UNDP developed a Gender Development Index (GDI). This measure penalizes the Human Development Index downwards depending on disparities between the status of men and women. The greater the

disparity between genders in human development the lower the GDI in a country in comparison with HDI. In 2007, the GDI of the Republic of Moldova recorded a value of 0.719, and the country ranked 97<sup>th</sup> out of 182 countries where human development indicators are calculated, placing Moldova lower than Guyana and Honduras, but higher than Syria and Uzbekistan. In 2009 the value of this index was 0.727 for the republic of Moldova.

Statistics show that gender disparities in the Republic of Moldova are present in all three major development dimensions. The largest discrepancies are in life expectancy at birth (73.4 years for women and 65.3 years for men in 2009), gross enrolment rate at all education levels (71.3% for women and 66.5% for men) and GDP per capita (\$ 2244 at PPP for women and \$ 3489 at PPP for men).

### **Gender Empowerment Measure**

UNDP's Gender Empowerment Measure (GEM) is another human development indicator that evaluates progress in advancing women's standing in political and economic forums. It examines the extent to which women and men are able to actively participate in economic and political life and take part in decision-making. While the GDI focuses on the expansion of capabilities, the GEM is concerned with the use of those capabilities to take advantage of life opportunities. GEM measures inequalities in three areas: political participation and decision making power, measured as the female and male shares of parliamentary seats; economic participation and decision making power, measured as female and male shares of positions as legislators, senior officials and managers and female and male shares of professional and technical positions; and power over economic resources, measured as female and male estimated earned income (PPP US\$).

The value of GEM for Moldova in 2007 was 0.547, placing Moldova in 66th place - after Botswana and the Dominican Republic, but ahead of Nicaragua and Malaysia. The country with the highest level of female participation in social and economic life is Sweden (GEM = 0.909), and the country with the lowest level of participation is Yemen (GEM = 0.135). In this context, it should be noted that the performance of the Republic of Moldova in terms of assurance of a largest participation of women in social and economic life is much better than in neighboring countries. Thus, in the rankings of countries for which GEM was calculated, Romania holds the 77<sup>th</sup> place (GEM = 0.512), while Ukraine ranks 86 (GEM = 0.461).

Comparing the results of the Republic of Moldova in the area of women's participation in social and economic life with the countries

holding the top positions in the given rankings - Norway, Sweden, Finland, Denmark - Moldova still has to address the goals of gender equity and promote women to senior management positions and ensure salary equality.

### Human Poverty Index

Another human development index - the Human Poverty Index (HPI-1) that measures deprivation in all three areas measured by HDI in 2007 reached 5.9 for Moldova. According to the Human Development Report for 2009, in terms of this index, the Republic of Moldova ranked 22 after Ukraine (5.8) and Romania (5.6), but ahead of Mexico (5.9) and the Occupied Territories of Palestine (6.0). According to this index, the Czech Republic ranks first (1.5). The last position is held by Afghanistan (59.8)<sup>9</sup>.

**Table 2.2.** The components of Human Development Index, including in relation to gender in Moldova

	2004	2005	2006	2007	2008	2009
<b>Human Development Index</b>		0.708		0.720	0.733	0.729
<b>Gender-related Human Development Index</b>	0.705	0.711	0.718	0.723	0.731	0.727
<b>Index of Female Participation in social and economic life</b>	0.555	0.556	0.557	0.557	0.557	0.586
<b>Life expectancy at birth</b>	68.4	67.8	68.4	68.8	69.4	69.3
<b>Men</b>	64.5	63.8	64.6	65.1	65.1	65.3
<b>Women</b>	72.2	71.7	72.2	72.6	73.2	73.4
<b>Literacy rate (%)</b>	98.9	99.0	99.0	99.1	99.1	99.1
<b>Men</b>	99.6	99.6	99.6	99.7	99.7	99.7
<b>Women</b>	98.3	98.4	98.4	98.5	98.5	98.5
<b>Gross rate of enrolment in education, total (%)</b>	70.9	71.7	71.2	69.9	69.8	68.9
<b>Men</b>	67.9	68.7	68.2	66.8	66.6	66.5
<b>Women</b>	74.0	74.8	74.3	73.2	73.2	73.4
<b>GDP per capita (USD at PPP)</b>	2.028	2.362	2.561	2.715	2.998	2843
<b>Men</b>	2.499	2.855	3.296	3.357	3.705	3489
<b>Women</b>	1.597	1.909	1.881	2.118	2.344	2244

Source: NBS

<sup>9</sup> [http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_MDA.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_MDA.html)

## Adjusted and Revised Human Development Indices and its Components in the Republic of Moldova for 2010

Due to changes in methodology, the HDI values and ranks in 2010 Human Development Report are not comparable to those in past reports. To allow for assessments of progress in HDIs, the 2010 report includes recalculated HDIs from 1980 to 2010. According to the recalculated HDIs based on the new HDI methodology, the Republic of Moldova's HDI value for 2010 is 0.623, putting the country in the medium human development category in 99<sup>th</sup> place out of 169 countries and areas. Between 1990 and 2010, the Republic of Moldova's HDI value rose from 0.616 to 0.623, an increase of 1 per cent or an average annual increase of about 0.1 per cent.

The Republic of Moldova's 2010 HDI of 0.623 is below the average of 0.717 for countries in Europe and Central Asia. It is above the average of 0.592 for medium human development countries. From Europe and Central Asia, the Republic of Moldova's 2010 "HDI neighbours", i.e. countries which are close in HDI rank and population size, are Turkmenistan and Uzbekistan, which had HDIs ranked 87 and 102 respectively.

The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level. To address this limitation, the Human Development Report 2010 introduces the 'inequality adjusted HDI (IHDI)', a new measure for a large number of countries which takes into account inequality in all three dimensions of the HDI by 'discounting' each dimension's average value according to its level of inequality. The Republic of Moldova's HDI for 2010 is 0.623. However, when the value is discounted for inequality, the HDI falls to 0.539, a loss of 14 per cent due to inequality in the distribution of the dimension indices. The Republic of Moldova's "HDI neighbours", Turkmenistan and Uzbekistan,

show losses due to inequality of 26 per cent and 16 per cent, respectively.

The new Gender Inequality Index (GII) introduced in the Human Development Report 2010 reflects women's disadvantages in three dimensions – reproductive health, empowerment, and economic activity. The GII shows the loss in human development due to inequality between female and male achievements in these three GII dimensions. In the Republic of Moldova, 22 per cent of parliamentary seats are held by women, and 86 per cent of adult women have a secondary or higher level of education compared to 92 per cent of their male counterparts. For every 100,000 live births, 22 women die from pregnancy related causes<sup>10</sup>; and the adolescent fertility rate is 34 births per 1000 live births. Female participation in the labour market is 53 per cent compared to 56 per cent for men. The result is a GII value for the Republic of Moldova of 0.429, ranking it 40<sup>th</sup> out of 138 countries based on 2008 data.

Since 1997, the Human Development Reports have presented the Human Poverty Index (HPI), which combines different aspects of non-monetary deprivation. The HPI has contributed to the way poverty is understood, but the measure does not capture overlapping deprivations suffered by individuals or households. The Human Development Report 2010 introduces the Multidimensional Poverty Index (MPI), which identifies multiple deprivations in the same households in education, health and standard of living. In the Republic of Moldova, 2 per cent of the population suffer multiple deprivations while an additional 7 per cent are vulnerable to multiple deprivations. The breadth of deprivation (intensity) in the Republic of Moldova, which is the average percentage of deprivation experienced by people in multidimensional poverty, is 38 per cent. The MPI, which is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations, is 0.008. The Republic of Moldova's "HDI neighbour", Uzbekistan, has an MPI of 0.008.

<sup>10</sup> The maternal mortality estimates are those available at the time the report was being prepared. For updated estimates released in September 2010 refer to UNICEF (2010) "Trends in Maternal Mortality, 1990-2008". New York (also available at [http://whqlibdoc.who.int/publications/2010/9789241500265\\_eng.pdf](http://whqlibdoc.who.int/publications/2010/9789241500265_eng.pdf))

# Chapter 3.

**SOCIAL EXCLUSION  
AND INCLUSION IN  
THE CONTEXT OF THE  
REPUBLIC OF MOLDOVA**

# Social Exclusion and Inclusion in the Context of the Republic of Moldova

*This chapter discusses concepts of social exclusion and social inclusion and explores links with the human development concept. Social exclusion is discussed as a process and as a result. The main drivers and indicators of social exclusion relevant to the context of Moldova are introduced. The vulnerable population groups that could be socially excluded in Moldova are identified.*

## 3.1. Social Exclusion and Human Development

The concept of social exclusion originated in France in the seventh decade of the last century when such categories as “excluded people” were introduced into the public discourse. “Excluded people” were seen as all social groups that are not included in the social assurance systems specific to the welfare state: physically and mentally disabled persons, people with suicidal tendencies, disabled veterans, abused children, families with divorced parents, drug addicts and other categories of people who could not find their place in society (Lenoir, 1974)<sup>11</sup> At the European level, the social exclusion concept emerged in the late 80s and early 90s.

Social exclusion is a relatively new concept that lacks a universal definition (see Box 3.1). Currently the EU defines social exclusion as ‘a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and life-

long learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.’<sup>12</sup>

The concept of social exclusion is wider than the traditional concept of poverty. It broadens the focus from disadvantage based on purely economic grounds such as poverty and unemployment and includes marginalization through the denial or non-realization of civil, political and social rights of citizenship.<sup>13</sup> Social exclusion focuses on the processes of the interaction between an individual and his or her social, legal, and economic environment.

Social exclusion is both a process and an outcome. Social exclusion results from a process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live by the behaviour of particular agents and institutions. It occurs when the institutions that allocate resources and assign values operate in ways that systematically deny some groups the resources and the recognition that would allow them to participate fully in social life. Currently, the concept of **social exclusion** is increasingly preferred to the classic term “poverty”. Similarly, the phrase “promotion of social inclusion” is gradually replacing the idea of “measures to combat poverty”.

<sup>11</sup> Arpinte, D., Babo, A., Cace, S., Tomescu, C., Stanescu, I. “The Policies for Social Inclusion”, Quality of Life XIX, no. 3-4, 2008, p. 339.

<sup>12</sup> European Commission. 2004. Joint Report on Social Inclusion (7101/04). Brussels. [http://ec.europa.eu/employment\\_social/soc-prot/soc-incl/joint\\_rep\\_en.htm](http://ec.europa.eu/employment_social/soc-prot/soc-incl/joint_rep_en.htm), accessed December 2010.

<sup>13</sup> See, for instance, Andrew Mitchell, “Social Exclusion: An ILO Perspective (Review)”, Relations Industrielles/Industrial Relations 55.2 (Spring 2000) and Anthony H. Richmond, “Social Exclusion: Belonging and Not Belonging in the World System”, Refuge 21.1 (Nov 2002).

### Box 3.1. The definitions of social exclusion

1. *Social exclusion is the inability to participate in social aspects of life that are considered important. These aspects can be economic, cultural and political. The main point of social exclusion is that it is the result of a lack of mutual feedback, rather than an outcome of the relationships that cause the inability to participate in these three dimensions of social life (Peru).*
2. *Social exclusion is the denial of those of citizens' basic rights that ensure their welfare and freedom to participate in social and economic life, contributing, in this way, to the forming of constraints (India).*
3. *Social exclusion is a process by which the rights of citizens – on which their subsistence and living standards depend - are not recognized and respected. This involves relationships between people, whose rights are challenged and defended in negotiations and in conflict (Thailand).*
4. *Social exclusion is both an objective and a subjective feature of human life. As an objective condition, it is characterized by material deprivation and violations of social rights (including violations of rights relating to employment for employed and unemployed persons). As a subjective feature, it is characterized by feelings of social inferiority in the community or by the loss of a previous social status (Russia).*
5. *Social exclusion is a state and a process. As a state, this is equivalent to relative deprivation; as a process, it refers to the socially determining structures and processes that prevent access for some members of society to economic resources, social goods and the institutions that determine their destinies (Tanzania).*
6. *Social exclusion is the opposite of social integration. It is present when some individuals or groups are unable to attend, or are not fully or equally recognized as members of society at the community level or at the national level (Yemen).*

**Source:** Charles Gore, Jose B. Figueiredo "Social Exclusion and Anti-Poverty policy: a debate", taken from the report "Social Exclusion and Integration in Poland: An Indicators-based Approach", Warsaw 2006. p. 12.

There are four main types of social exclusion:

- **economic exclusion** - resulting *in* and *from* inequality in property and income, coming also from reducing the employment opportunities.
- **exclusion from social life and social services** - resulting *in* and *from* unequal access to the whole range of services - education, health, housing, social security, etc., which leads to negative impacts on human development and may result in low educational attainment, poor health, and malnutrition.
- **cultural exclusion** - resulting *in* and *from* differences in the recognition (*de facto*) of the hierarchical status of cultural norms, traditions and customs of different groups.

- **exclusion from political participation** - resulting *in* and *from* inequalities in the distribution of political opportunities and power (including political, bureaucratic and military power) at all levels within the group and unequal access to justice, freedoms and institutions.

All types of social exclusion are interrelated to each another, and, therefore, the exclusion of an individual or a group in one area could result in exclusion in other areas. For example, the most excluded groups often have the worst access to education, poorer land, worse sanitation and health services, all of which contribute to lower productivity and incomes. They have also limited access to political processes that could improve their positions.



The concept of social exclusion highlights the multidimensionality of disadvantage and directs attention to the institutional, political and economic processes that generate social exclusion. Social exclusion is not merely understood as a lack of access to goods but as a lack of access to rights. In addition to purely economic grounds such as income poverty and unemployment, individuals and groups can be excluded through the denial or non-realization of civil, political and social rights.

**Social exclusion is closely related to the concept of human development.** UNDP introduced the concept of human development in 1990 when it became clear that the progress of humankind does not relate only to national incomes. Human development is about “advancing the richness of human life, rather than the richness of the economy in which human beings live, which is only a part of it.”<sup>14</sup>

In 2010 UNDP reiterated the importance of the concept of human development when it released the Human Development Report 2010, *The Real Wealth of Nations: Pathways to Human Development* that marks the 20th anniversary of the human development paradigm. The 2010 Report introduces a refined definition of human development which is seen as ‘the expansion of people’s freedoms to live long, healthy and creative lives; to advance other goals they have reason to value; and to engage actively in shaping development equitably and sustainably on a shared planet. People are both the beneficiaries and the drivers of human development, as individuals and as groups’.

Human development and social exclusion share a common vision and a common purpose—to expand opportunities for everybody, to eliminate obstacles to development and secure freedom and well-being for every human being. Human development stresses

### Box 3.2. Definition of human development

*“The basic purpose of development is to enlarge people’s choices. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives.”*

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the significance of economic opportunities, education, access to social services, environmental sustainability, protection of basic democratic political rights and freedoms, and gender equality. Restrictions in any of these areas are perceived as detrimental to human beings’ freedom of choice and opportunities.

The human development perspective adds value to social exclusion and inclusion. Human development identifies shortcomings and inequalities in opportunities for developing capabilities that contribute to social exclusion outcomes. In addition, it assesses the outcomes of the social inclusion process through a variety of indicators. Human development also takes into account the contextual aspects behind improvements in human well-being, going well beyond the focus of the excluded population.

Social inclusion also adds value to human development through its focus on processes of exclusion (the agents, groups, and institutions that exclude). It reinforces the notion of agency that exists within the human development framework by examining through what mechanisms, and as a result of whose actions, and why, people are excluded. A social inclu-

<sup>14</sup> Prof. Amartya Sen, Professor of Economics, Harvard University, Nobel Laureate in Economics, 1998, <http://hdr.undp.org/en/humandev/origins/>

sion perspective can thus help sharpen strategies for achieving human development by addressing the discrimination, powerlessness, accountability failures and unequal power relationships that lie at the root of every type of social exclusion.

**The drivers of social exclusion that will be examined in depth in this report include:**

*Weak institutional support mechanisms.* The institutions may be inadequate and of low quality and unable as a result, to create opportunities for those who are vulnerable to social exclusion. Private institutions, civil society organizations and some private financial institutions and service providers can contribute to social exclusion by failing to develop programs targeting excluded groups or services which would meet their needs.

*A legal framework that is discriminatory or inadequate in its implementation.* Imperfect legislation can deepen the exclusion of some social groups. Often at the root of social exclusion are rules and behaviour that discriminate, advertently or inadvertently, against one or more groups as compared to others. Discrimination on the basis of ethnicity and gender, for example, may result in the exclusion of specific ethnic groups and women from the labour market or from participation in decision-making processes. Sometimes, anti-discrimination legislation may be appropriate on paper, but its poor implementation may further restrict the opportunities for social inclusion.

*Political and institutional obstacles.* Public institutions or organizations can contribute to social exclusion through a lack of understanding of the dynamics of vulnerability and inadequate reflection of the needs of socially excluded groups in policy processes. The existing decision-making processes may not be effective in protecting excluded groups due to the lack of commitment, inadequate re-

sources and weak oversight. For instance, age and disability may be factors that, without appropriate policy and institutional measures, increase vulnerability. Particularly vulnerable groups are children living in families with low incomes, possibly, with many children, with limited access to information resources, all of which lead to their having reduced involvement in the educational system and poor school results. Later these factors may result in increased vulnerability in terms of participation in society, causing a risk of exclusion related to employment and limited access to income sources. The *elderly*, for example, face a higher incidence of poverty, which means this group is exposed to a high risk of being socially excluded. Vulnerability in older people is caused a reduction in income because of their retirement, low pensions, a lack of other resources, and deteriorating health conditions. Without proper policy interventions, these groups are vulnerable and may become socially excluded.

*Discriminatory social values and cultural practices.* Unlike some other aspects of human development, such as health and education, the impact of discriminatory social values and cultural practices on social exclusion are more complex. There are multiple mechanisms of exclusion: minority ethnic communities may not have access to education opportunities open for some others and may not excel in academia or the professional world, some groups may be openly discriminated against on the job market because of their language or skin colour. Carlos Sojo (2000) defined cultural exclusion as a differential access of social groups to the benefits of material and social welfare, when the causes are not structural<sup>15</sup>.

*Exclusion caused by geographical factors* – some remote or less densely populated areas, for instance, may have an underdeveloped social infrastructure, compromising a public service delivery system that does not meet the social

needs that are normally met in other communities. Analysis of poverty in the Republic of Moldova showed that living in rural areas is associated with limited access to the labour market, low incomes, mostly from agricultural activities, and limited access to goods and services.

Some people may intentionally *self-exclude themselves* which is the individual's personal choice to reject any participation in society. Some self-excluded groups may consist of poor people who engage in behaviour that is popularly deplored, such as refusing to find a job and earning a living by crime. (Murray, 1989).

To reduce and ultimately eliminate social exclusion, a wide range of institutional, policy and attitudinal changes need to occur so that the goal of the social inclusion of everybody is achieved. *Social inclusion* can be defined as individuals' participation in the operation of social institutions and "networks", including those focused on supporting disadvantaged people. For this reason, social "networks" are essential for people's social inclusion. The degradation of social networks can lead to a gradual process of people being excluded from systems and areas of the life of society. Their marginalization leads to their social disintegration and, consequently, to apathy, depression, anxiety, etc.

Social inclusion is a far more recent term than social exclusion, being defined as a policy of response to situations of social exclusion in the European Council documents of 2000, one of the most important of which is the Lisbon Strategy. In the years that followed, *promoting social inclusion*, as a line of public policy, replaced *combating social exclusion*.

According to the definition adopted by the EU, **social inclusion** is a process that provides the persons subjected to the risk of poverty and social exclusion with the opportunities and

resources necessary for participating fully in the economic, social and cultural life of society, ensuring them a level of life considered decent in the society they live in. This will also allow them a greater level of participation in the decision-making processes that affect their lives and their access to the fundamental rights<sup>16</sup>. Social inclusion should be seen as a process that ensures *social integration* and *social cohesion* in society, which is far more complex than just overcoming the social exclusion of marginalized people.

Social inclusion strives to redress the root causes of social exclusion, such as discriminatory actions, failures in policies and institutions, and structural inefficiencies and involves participation and integration into institutions and social networks. To ensure that, the political and economic processes that generate exclusion should be identified and appropriate policy and institutional changes that need to be made. Thus, social inclusion does not entail a simple reversal of social exclusion as a status. Elements of the process of social inclusion that contribute to overcoming social exclusion (like participation and active involvement) have intrinsic value. Social inclusion in that regard involves at least two steps. One is removing barriers in a wide sense: barriers to participation and to access to resources and opportunities. The second is promoting a change in attitudes. Even though legal structures might be in place, policies are needed to cultivate solidarity within a community, counteract entrenched social prejudices, and encourage the participation of individuals who face barriers.

### 3.2. Social Exclusion/Inclusion in the context of the Republic of Moldova's European integration

The Republic of Moldova confirmed its EU aspirations in the *European Strategy of Moldova*

<sup>16</sup> European Union Charter of Fundamental Rights. <http://eur-lex.europa.eu/ro/treaties/dat/32007X1214/htm/C2007303RO.01000101.htm>

under the auspices of the EC for 2007-2013, particularly in the *National Indicative Plan for 2007-2010*<sup>17</sup>. To move closer to EU membership, the Government of the Republic of Moldova would have to accept the relevance of the EU's social inclusion process and adopt a range of policies and strategies addressing social exclusion.

Fighting against social exclusion and achieving social inclusion objectives are among the strategic objectives of the European Union. Thus, they appear in the principle official documents, like the Amsterdam Treaty and the EU Constitution. These objectives were formulated for the first time in the Amsterdam Treaty, Articles 136 and 137. The Amsterdam Treaty, adopted in 1997, launched the Social Policy Agreement under which employment became one of the key objectives of the "common interest", giving, at the same time, to the member states the responsibility to develop a common strategy of hiring, training and employment<sup>18</sup>. Other objectives of the Treaty included: (i) improving living and working conditions, (ii) proper social protection, (iii) social dialogue, (iv) developing human resources to enable high and sustainable employment, (v) the fight against all forms of marginalization and social exclusion, and (vi) ensuring equal opportunities for women and men.

Social inclusion objectives were reflected in the strategic document of the *European Union – the Lisbon Strategy* - for the years 2000-2010. The Lisbon Strategy, adopted by the Council of Europe in 2000, recognized the fight against poverty and social exclusion and the promotion of social inclusion as key elements for achieving the EU's social and economic goals in the field of social cohesion. European Union's strategic objective of becoming "the most competitive and dynamic economy in

the world, capable to ensure a sustainable economic growth, which is able to create more and better jobs and greater social cohesion...", formulated in the strategy, has a direct connection with the objective of social inclusion. It is assumed that social cohesion is a prerequisite for sustainable economic growth and for achieving the objective of becoming the most competitive and dynamic economy in the world.

The Lisbon Strategy is founded on ten specific fields, based on the information society, the business environment, economic reforms, education and training, employment with a focus on increasing the quality employment, the modernization of social protection and the promotion of social integration. The Lisbon strategy promotes the modernization of the *European social model* and, thus, promotes the creation of an *active European welfare state*. Besides, the strategy gives priority to social inclusion and the need for public action in this field. The strategy allows the EU to create conditions for full employment and for strengthening regional cohesion within the EU.

The EU Member States agreed to apply the Open Method of Coordination (OMC)<sup>19</sup>, a method of following common guidelines rather than laws and regulations to social exclusion. The Member States are obliged to contribute to "making a decisive impact on the eradication of poverty and social exclusion by 2010" but they have flexibility in choosing the ways and means of achieving the objectives set out at the EU level as well as the priorities on which the countries are about to concentrate their efforts. National priorities and ways to achieve them are defined in the national action plans adopted by each country. The European Commission encourages all Member States to share their experiences on progress

<sup>17</sup> European instrument for neighborhood and cooperation of the Republic of Moldova. The National Indicative Program for 2007-2010, [www.delmda.ec.europa.eu/eu\\_and.../enpi\\_nip\\_moldova\\_ro.pdf](http://www.delmda.ec.europa.eu/eu_and.../enpi_nip_moldova_ro.pdf)

<sup>18</sup> Under this joint Strategy, it was provided that unemployed young men would get a job or at least an educational opportunity within six months from the date of entry into unemployment, while unemployed adults would become active in at most one year after the loss of the last job. <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/treatyofamsterdam.htm>

<sup>19</sup> The Open Method of Coordination was created in 1997 within the European Employment Strategy (EES). Currently, it is also extended to the following fields: education and training, social inclusion and protection.

in specific political fields, and on the selection of best practices in the fields of monitoring and evaluation. In order to support the exchange of experiences, periodical reviews and assessments of policies are carried out.

The EC monitors the processes of inclusion in its member states through various instruments such as the Laeken indicators. This is a set of 18 indicators which are used to monitor success in meeting the Common objectives of the EU Social Policy Agenda aimed at alleviating poverty and social exclusion in member states. In June 2006 a modified list of indicators for measuring social exclusion was adopted. It is a portfolio of 14 global indicators and 11 context indicators, meant to reflect the major political objectives in the field of social protection and inclusion, such as<sup>20</sup>:

- social cohesion, equality of opportunity between men and women, equal opportunities for everybody through the social protection systems and policies for adequate, accessible, financially sustainable, adaptable and efficient social inclusion
- effective and mutual interaction between the Lisbon objectives and the EU Sustainable Development Strategy;
- good governance, transparency and involvement of the interested sides in developing, implementing and monitoring policies<sup>21</sup>.

The Republic of Moldova, as a state in the process of economic transition, adopted a series of Government Programs and policies to address barriers to social inclusion. Although the concepts of social exclusion and the promotion of inclusive social policies, in the full sense of these concepts, have not been included in the policy discourse, some inclusive policy measures are included in official documents.

For instance, in 2000 the *National Programme for poverty alleviation* was approved<sup>22</sup>, which set out the goals, tasks, milestones, and concrete measures needed to alleviate poverty in the country for the period 2000-2003. The main objectives of the Programme were: the establishment of a system of state minimum social standards and their implementation; implementation of a programme for creating and maintaining jobs; reforming the system of social protection for the needy population; liquidation and non-acceptance in the future of salary, pensions and allowances debts.

In December 2004, the Parliament approved the *Economic Growth and Poverty Reduction Strategy Paper (EGPRSP)*<sup>23</sup> for 2004-2006, which became a political framework for sustainable development in the Republic of Moldova for the medium term. The main objectives of the EGPRSP were: the improvement of quality of life, improvement in social protection for the poorest categories of citizens, including by the development of the social security system, creation of new jobs, particularly for the poor, guaranteeing access to quality health services, creating high-performance by developing education and science.

In 2007 the *National Development Strategy for 2008-2011*<sup>24</sup> was drafted and, eventually, approved. The fundamental objective of the Strategy is to create conditions for improving quality of life by strengthening the foundation for a robust economic growth, which will also be sustainable and inclusive. The Strategy aspires to move Moldova closer to the European standards that will better prepare Moldova to achieve its goal of joining the European Union. The strategy contains some elements promoting social inclusion and focuses in particular on improving poorer groups' access to education, health, social protection and the labour market.

<sup>20</sup> EPSCO Council held in March, 2006.

<sup>21</sup> EC (2006). The portfolio of global indicators and the optimized portfolios for social inclusion, pensions and health, p. 5, [http://ec.europa.eu/employment\\_social/spssi/docs/social\\_inclusion/2006/indicators\\_en.pdf](http://ec.europa.eu/employment_social/spssi/docs/social_inclusion/2006/indicators_en.pdf)

<sup>22</sup> The Government decision No.564 of 14.06.2000 on approval of the National Programme for poverty alleviation.

<sup>23</sup> The Law No.398-XV of December 2, 2004 on approval of the Strategy for Economic Growth and Poverty Reduction (2004-2006).

<sup>24</sup> The Law No.295 of 21.12.2007 on approval of the National Development Strategy for 2008-2011.

To develop effective social inclusion policies and monitoring instruments it is necessary to identify social inclusion and its characteristics reflecting the realities of the Republic of Moldova. Although a systemic approach to social exclusion and inclusion has not yet been adopted in Moldova, some attempts to develop social exclusion indicators have been made. To support the country's aspiration to join the EU and align its social inclusion approaches with

European standards, UNDP supported the preparation of a study developing a list of indicators that could be used to measure social inclusion/exclusion in the Republic. Table 3.1 below contains core indicators that are based on the experiences of other countries<sup>25</sup>, structural indicators established by the European Commission (Laeken indicators<sup>26</sup>), and the indicators to monitor NDS, MDGs in the national context<sup>27</sup>.

**Table 3.1 . Indicators for monitoring social exclusion in Moldova**

<b>Primary</b>
1. The share of population below the absolute poverty line (poverty rate)
2. The share of population subjected to the risk of persistent poverty (persistent poverty risk)
3. The median deficit of resources (the relative median of the risk for poverty's deepening)
4. S80/S20
5. The share of persons from households that can not afford sufficient heating during the cold season
6. Long-term unemployment rate
7. The percentage of persons living in households without workers
8. The rate of prematurely leaving the school system by young people
9. Intergenerational exclusion from the educational process.
10. Life expectancy at birth
11. Subjective state of health
12. Poverty rate before social transfers
13. Replacement ratio
<b>Secondary</b>
1. The share of population below the relative poverty line
2. The concentration of the poor against the poverty line: -20%, -10%, +10%
3. The share of households having difficulties paying utility bills
4. The share of people without water supply in their houses
5. The share of the very long-term unemployed
6. The unemployment rate of young people, aged between 15-24 (ILO definition)
7. Population working abroad as a percentage of the whole active population
8. Direct costs of medical services
9. The share of social transfers in household incomes
10. The average monthly pension for the age limit reported to the subsistence minimum for pensioners
<b>Tertiary</b>
The given set includes indicators mentioned in the Annex 4, except the ones recommended as primary or secondary

**Source:** *Approaches to social exclusion in the Republic of Moldova. Methodological and analytical issues, UNDP report, Moldova 2010.*

<sup>25</sup> [http://ec.europa.eu/employment\\_social/soc-prot/soc-incl/final\\_joint\\_inclusion\\_report\\_2003\\_en.pdf](http://ec.europa.eu/employment_social/soc-prot/soc-incl/final_joint_inclusion_report_2003_en.pdf)

<sup>26</sup> <http://siteresources.worldbank.org/INTECONEVAL/Resources/SocialExclusionReviewDraft.pdf>, Annex 1. Income and Living Conditions (Laeken) Indicators

<sup>27</sup> UNDP/NBS (2010). *Approaches to social exclusion in the Republic of Moldova. Methodological and analytical issues.*

### 3.3. Socially Excluded Groups in the Republic of Moldova

The analysis of social exclusion, as a result and a process, should result in the identification of socially excluded groups and those vulnerable to exclusion and also in the identification of barriers to social inclusion. The socially excluded can be defined as individuals or groups of people who are deprived of full participation in the economic, social, cultural and political life of the society / community they live in. For example, individuals with low levels of education and insufficient training are vulnerable and can be socially excluded. Levels of education and training largely determine a person's abilities, which are particularly important in the context of an increasingly more educated labour force. The unemployed and people without a stable job are particularly vulnerable because, having no stable source of income, these people fall under the poverty line with all its consequences. The poor may be socially excluded but may also self-exclude from social life for various reasons, including feelings of shame caused by the lack of financial resources needed for a decent living. Poverty affects, in different ways, both young and old people, as well as other groups of people who, for various reasons, cannot actively participate in the life of society.

The task of identifying socially excluded groups in the Republic of Moldova is a relatively new one, which was previously addressed within the context of analyses and national policies in the field of quality of life, mainly in the light of poverty and income inequality. In this context, the groups vulnerable to social exclusion, identified in the *Law on social assistance*<sup>28</sup>, are as follows: (i) children and young people whose health, development and physical, mental or moral integrity can be prejudiced in the environment they live in; (ii) families that do not properly perform their ob-

ligations of children's care, maintenance and education, (iii) families with no income or low income, (iv) persons without families, who can not administer themselves, or need care and supervision or are unable to cope with socio-medical needs, (v) disabled children under 18 years old, (vi) families with many children, (vii) single-parent families with children, (viii) aged persons, (ix) disabled persons; as well as other categories of persons and families in difficulty. Over the last five years another group vulnerable to social exclusion emerged in the Republic of Moldova: migrants working abroad and their families.

The European Commission identified the following groups vulnerable to social exclusion: (i) disabled persons; (ii) immigrants and ethnic minorities (including Roma); (iii) persons without a fixed residence; (iv) former prisoners; (v) drug and alcohol addicts; (vi) aged persons; and (vii) children<sup>29</sup>. Although these groups are identified for all EU members, each country may identify country-specific excluded groups and target them through their social inclusion policies and interventions.

In addition to objective research methods to identify socially excluded groups, they can be singled out through analysis of people's perceptions. The qualitative study on the "Voice of persons perceived to be excluded in the Republic of Moldova", performed within the framework of the human development report, highlighted the following groups that consider themselves excluded from society: disabled people and some residents of the Transnistrian region. Young people recognize that they face many problems when integrating into society, but do not consider themselves excluded. Farmers generally perceive rural people to be disadvantaged compared to people from urban areas<sup>30</sup>.

However, other studies identify other categories of people who perceive themselves as excluded from society (see box 3.3).

<sup>28</sup> The Law of social assistance, no.547-XV of 23.12.2003.

<sup>29</sup> [http://ec.europa.eu/employment\\_social/spsi/vulnerable\\_groups\\_en.htm](http://ec.europa.eu/employment_social/spsi/vulnerable_groups_en.htm)

<sup>30</sup> Social Exclusion Survey 2009, UNDP BRC

### Box 3.3. The population's self-assessment in terms of social exclusion

*According to the survey conducted as part of a project to create a Regional Human Development Report entitled "Beyond Transition: From Social Exclusion to an Inclusive Human Development in Eastern Europe and CIS countries", 21.6 % of research participants consider themselves excluded from society. However, a higher degree of exclusion is noted in small towns - 27.5%. Furthermore, women feel more excluded than men - 21.9% against 20.6%. And, in terms of age group, older people feel the most excluded - 34.1%. The equivalent number for women is 38.6% and 28.6% for men. Also, a high degree of social exclusion is observed among persons without education - 42.1%, 50% of whom are women.*

*For self-assessment of social exclusion by the population an important role is given to household size. Thus, single people and families without children feel the most excluded from society - 33.7% and 22.7%. It is striking also that the bigger the household size, the smaller the persons' perception of social exclusion is.*

*Perceptions regarding possibilities for achieving better standards of living are more pronounced in the capital, followed by the small towns. Families with one child are also more aware of such opportunities than in 1989. Single people are more pessimistic in this respect.*

The following chapters not only identify groups vulnerable to social exclusion but explore in great detail the multi-faceted causes and drivers of exclusion. Three specific groups of drivers are under detailed investigation: structures and institutions that may contribute to exclusion through discriminatory practices or by failing to provide opportunities for inclusion or to protect the excluded. The second driver is values (and behavioural pat-

terns), which include discriminatory attitudes and cultural practices that regulate norms and behaviours in society and among groups and also include forms of self-exclusion. The third driver is policies, which reflect and respond to both structures and values. Once these specific causes and drivers are identified, specific recommendations are provided on how to address them to promote the social inclusion of everyone.





# Chapter 4.

**ECONOMIC EXCLUSION  
AS A PROCESS  
AND A RESULT**

# Economic Exclusion as a Process and a Result

*This chapter examines specific institutional, policy and attitudinal drivers that increase the vulnerability of some groups and individuals to economic exclusion. Even if social exclusion and vulnerability have certain common features, there are also important differences that are explored in this chapter. People who are not poor can be excluded, but many of them can become poor as a result of exclusion from economic activity: therefore, they can become vulnerable.*

## 4.1. Transition and its impact on social exclusion

Exclusion from economic life results *in* and is the result *of* inequalities among individuals and groups in terms of opportunities for earning an income, finding employment opportunities, and owning goods and assets. Economic exclusion marginalizes individuals in the distribution of economic resources and limits their opportunities for human development in terms of getting a high-quality education, receiving adequate healthcare services and participating in the cultural and social life of society. Low or even absent employment incomes, for instance, lead to poverty, limited access to goods and services, including education and healthcare services, and marginalization of individuals and groups in social life.

After the collapse of the Soviet Union and its declaration of independence in 1991, the Republic of Moldova went through a complex transition from a centrally planned to a market economy, from a more homogenous society, based on the principles of equality to a society of great social divisions. In the early 1990s, a

number of economic and social reforms were implemented, including price and trade liberalization. The economic hardships encountered during the first years of transition were exacerbated by the territorial breakdown of the country and of the region on the left bank of Nistru River proclaiming itself the Moldovan Republic of Transnistria. This event exacerbated political tensions and resulted in substantial economic losses. Historically, a significant part of Moldovan industry, including the metallurgical plant, the cement plant, the electric power plant, and textile, footwear, brandy and other factories were located in Transnistria. In 1990, for instance, Transnistria generated 40% of Moldova's economic output, including 33% of its industrial production and 90% of its energy. Transnistria's departure was followed by an armed conflict in 1992, after which Moldova lost control over its most profitable industrial companies.

Agriculture became the leading sector of Moldova's economy, employing over half of the active labor force in the 1990s. Though before independence Moldova was one of the leaders in Soviet agriculture<sup>31</sup>, in the 1990s most enterprises in the agricultural sector were working under capacity and could not adapt themselves to new market realities. The agricultural sector's development was impeded by such factors as: (i) labor force erosion and an exodus of agricultural specialists from the sector into other more attractive sectors; (ii) increased delays in paying salaries; (iii) reduced competitiveness of agricultural enterprises and their products; (iv) a failure to apply large-scale, cost-effective agricultural technologies<sup>32</sup>.

<sup>31</sup> In the 1980s, Moldova's agricultural sector accounted for 30% of global tobacco production, 20% of grape production in the former Soviet Union and about 14% of fruit production.

<sup>32</sup> Chivriga V. (2009). Evolution of Financial Market in the Republic of Moldova

To address these and other systemic issues, the Government implemented a number of reforms such as the introduction of the national currency (Moldovan Leu) in 1993, and massive privatization of state enterprises and agricultural land. Privatization of land did not produce the expected results and did not boost productivity in the agriculture as the land was divided into small plots<sup>33</sup> that hindered the utilization of efficient large scale technologies.

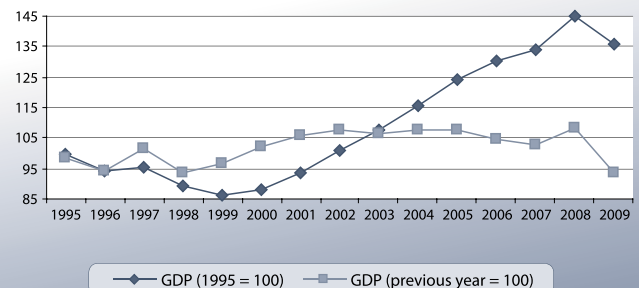
The privatization of collective and state enterprises was delayed and in many cases proceeded with violations of the law. A significant portion of the assets put up for privatization were destroyed because of a lack of transparency in the privatization process, biased legislation and interest groups' desire to purchase them at extremely low prices. As a result, some enterprises that could have been restructured and sold to the highest bidder were liquidated and sold for a very low price. The privatization process did not generate the expected budget revenues that could have been allocated for social sector priorities<sup>34</sup>.

The transition process had a high social price. Poverty increased significantly through the 1990s. Poor economic performance, the loss of foreign markets, interest groups' behavior, which undermined the transparency and effectiveness of economic reforms, and a considerable increase in the internal and external debt of the state were some of the economic factors that contributed to increased poverty and increased vulnerability to economic exclusion for some groups and individuals.

To address the social problems resulting from transition and cushion people from the social impact of economic reforms, the government has continued allocating a significant portion of its budget to the social sphere. During the 1990s, the share of social expenditures rose, reaching a fifth of GDP in 1998. Although the

share of social expenditures increased, the absolute values of social sector expenditures were negatively affected by the economic recession accompanied by a dramatic fiscal crisis and poor tax collection. From 15% in 1990, the gap between the real allocation of financial resources and the minimal required level reached 44% in 1998.<sup>35</sup> Just during the period from 1992 to 1998, external debt rose from 17.2 million to 1.45 billion US dollars. Internal debt also increased from 105 million to 1.5 billion Moldovan lei. Delays in paying wages, pensions, indemnities and other social benefits became chronic during this period.

**Chart 4.1** Gross Domestic Product Trends



Source: NBS

By 1997, the government's policies had led to the beginning of an economic recovery and a modest increase of country's industrial production and GDP (Chart 4.1). By this time the banking system had been restructured and consolidated, the privatization process was completed and the foundations of agricultural reforms had been laid down.

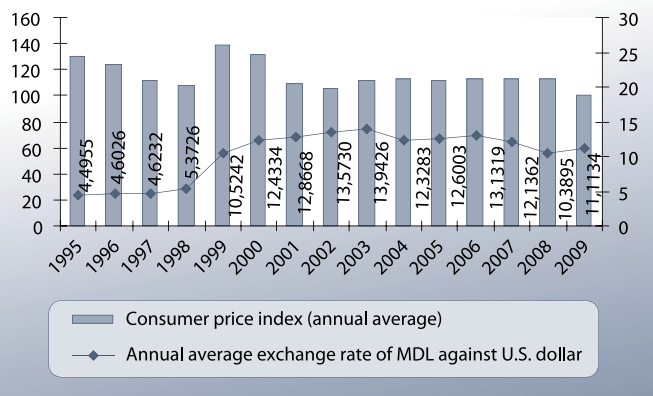
However, despite these positive results, in 1998 the economic situation worsened as a result of the regional financial crisis and the default of Russia, Moldova's main trade partner. It was followed by restrictions on the import of Moldova's agricultural and industrial production by some of its trade partners. As a result, the national currency collapsed and the inflation level increased (Chart 4.2).

<sup>33</sup> Botnarenco Ion (2008). *Agricultural Land Consolidation in Moldova. Theory, Methods, Practice*. Moldovan Academy of Science, Min. Agriculture and Food Industry of the Rep. Moldova, Land and cadastre Agency.

<sup>34</sup> IDIS (2008). *Evolution of Land Relations System in the Republic of Moldova*. Study commissioned by the National Federation of Moldovan Farmers (NFMF).

<sup>35</sup> UNDP (1999). *Human Development Report of Republic of Moldova. Transition and Human Security*

**Chart 4.2** Inflation Indicators Trend



Source: NBS

The impact of these macroeconomic developments was devastating and resulted in a dramatic rise in unemployment rates, which resulted in increasing poverty<sup>36</sup> and inequality between individuals and groups of people, meaning that about 73% of the population of the republic was living in poverty<sup>37</sup>.

The new millennium started in Moldova with a series of reforms to the judicial system, to public administration, and an overhaul of the fiscal and regulatory regimes, leading to a rise in foreign direct investments. These reforms contributed to an economic recovery, with

real GDP rising 1,6 times during the period 2000 - 2008<sup>38</sup>. In the same period, by 2008, in nominal terms, the average monthly salary in Moldova had risen approximately 5 times over and the average monthly pension over 6 times. However, in real terms, the salaries and the allowances fell by 28% and 63% respectively compared to 1990.

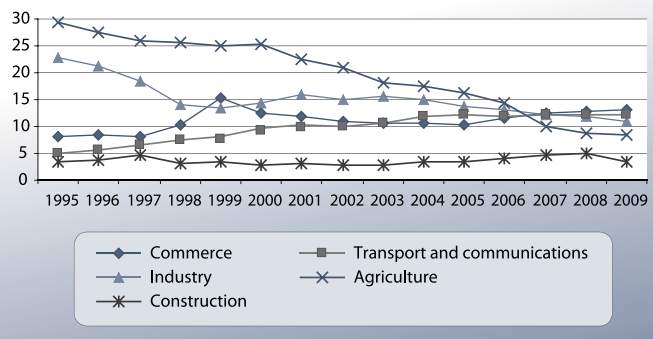
The period of transition significantly influenced the structure of GDP with a fast growth in the trade and transportation services components and a sudden fall in the shares of agriculture and industry (Chart 4.3).

The slow development of the agricultural and industrial sectors, especially during 2007-2009, was caused by unfavorable climate conditions and by difficult relationships with major trade partners, especially the Russian Federation, which imposed an embargo on Moldova's wine exports in 2007. These circumstances caused a significant portion of the labor force, and especially those employed in these sectors to emigrate or develop other types of activity generating a stable and immediate

income. As a result, approximately one quarter of the active population left the country in a search for better paid jobs (Chart 4.4).

Remittances rose during this period along with salaries and allowances that contributed to a steady fall in absolute poverty from 67.8% in 2000 to 26.3% in 2009.<sup>39</sup> Although remittances increased the disposable incomes of the population and

**Chart 4.3** Contribution of specific economic activities to GDP, trend



Source: NBS

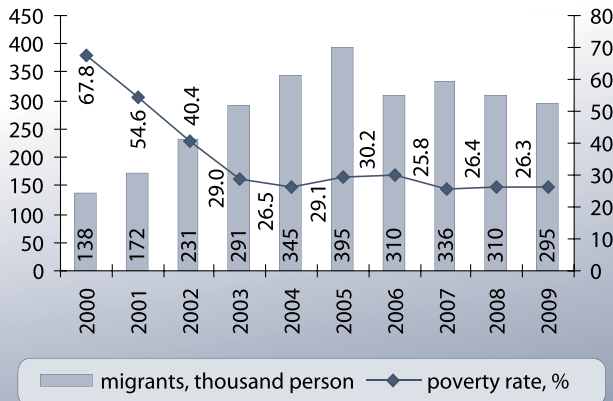
<sup>36</sup> The evaluation of poverty indicators in the national context is based on the absolute method, the poverty threshold being determined through a basic needs approach. An indicator of population welfare is consumption expenditure, the OECD scale : 1; 0.7; 0.5 being applied; MET, Poverty and Policies' Impact Report 2006, Annex 4: Note on poverty measuring, developed by the National Bureau of Statistics, Chişinău, 2007

<sup>37</sup> Poverty and Policies' Impact Report, 2005

<sup>38</sup> MET (2009). Report of the Minister of economy and trade on the social-economical evolution of the Republic of Moldova during 2000-2009. <http://www.mec.gov.md/node/1707>

<sup>39</sup> A comparison of poverty indicators by 2009 cannot be made. The poverty evolution will be presented for two periods (1998-2005 și 2006-2009) as different methods of data collections, HBS methodologies and instruments have been used

**Chart 4.4** Poverty rate trend and migration



Source: NBS, ME

positively contributed to poverty alleviation, massive emigration led to a deterioration in human capital, an increase in the average age of the labor force and a brain and skills drain.

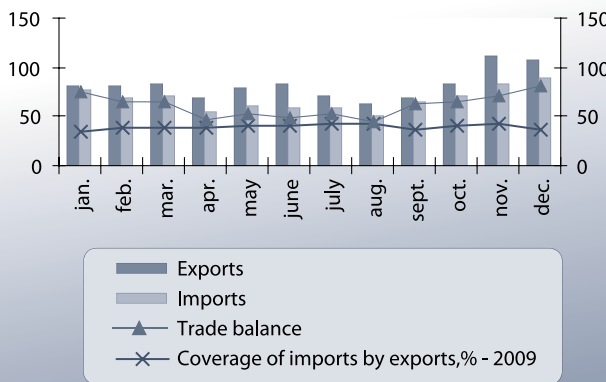
The global financial and economic crisis, which dramatically hit the neighboring countries, did not have a serious impact in 2008 on the socio-economic situation in the Republic of Moldova. The government and the National Bank of Moldova made significant efforts to shield the economy from the impacts of the global crisis and to ensure a strong national currency before parliamentary elections. According to official statistics, the macroeconomic indica-

end of 2008 and the gross domestic product increased by 7.2% compared to the previous year, exports and imports increased by 18.6% and 32.8% respectively (Annex 4.2 contains comprehensive data on foreign trade). Foreign direct investments increased 1.4 times during this period as well.

Although the global financial and economic crisis did not have a serious impact on Moldova in 2008, at the beginning of 2009 the economic downturn became obvious. In 2009 the GDP declined in real terms, amounting to only 93.5% of the value of the corresponding period in 2008. It was influenced by a fall in external demand for industrial goods produced in Moldova, but also to a great extent by the fall in money transfers from abroad. After rising constantly since 2000, during the last quarter of 2008, according to payment balances, the remittances decreased by 16.5% compared to the previous quarter and recorded an increase of only 3.8% compared to the same period in 2007. The falling trend continued in 2009 as well and transfers from abroad through the banking system fell by 28.8% compared to the previous year<sup>40</sup>.

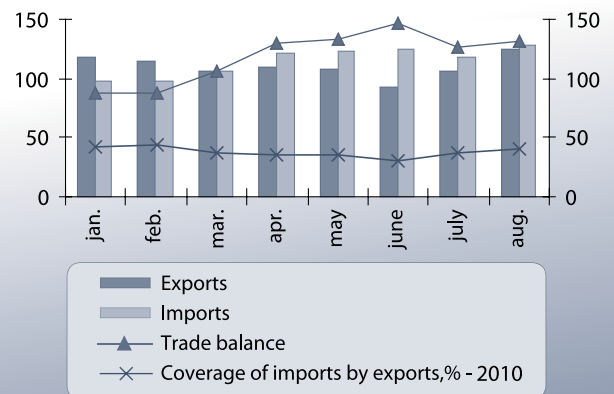
Industrial output fell 22.2 per cent compared to the previous year in 2009,<sup>41</sup> agricultural outputs by 9.9%, while the transport and commu-

**Chart 4.5** The monthly export/import trend In 2009 compared to 2008 (2008=100%)



Source: NBS, ME

**In 2010 compared to 2009 (2009=100%)**



Source: NBS, ME

<sup>40</sup> Based on NBM data.

<sup>41</sup> BNM, Annual Report 2009.

nications sectors shrank by 7%. Construction sector output fell 33.3% in 2009 compared with 2008<sup>42</sup>. The slowdown in the construction business can also be attributed to the decline in remittances and by the withdrawal of the money from Moldovan citizens working abroad from the real estate market. In 2008 the volume of real estate sales declined by about 60%, causing stagnation in residential construction<sup>43</sup>. These developments negatively affected both the construction materials producers and the agencies providing loans for the purchase of real estate<sup>44</sup> (Annex 4.1 in the Annex contains comprehensive data on main macroeconomic indicators and trends).

During the first eight months of 2009, both imports and exports fell significantly (Chart 4.5<sup>45</sup>). Even if the situation improved in the last quarter, recording overall positive trends, the total value of both imports and exports in 2009 showed a significant decline compared to 2008 by 32.7% and 19.2%, respectively<sup>46</sup>. The trade balance worsened in the first nine months of 2010. There was a deficit of 1.6bn USD compared to 1.4bn USD in the same period of 2009 (Annex 4.3).

The country's economy has been hit hard by the global economic crisis that partially undid successes achieved in the areas of inclusion and human development over previous years<sup>47</sup>. Decreased remittances contributed to the decline in domestic and external demand that was exacerbated by a fall in foreign direct investments. These developments reduced budget revenues and resulted in reduced central government transfers to local budgets.

The negative effects of the global economic crisis on social inclusion were multifaceted and some of them are listed below:

- Liquidation of companies, especially of small and medium sized enterprises that employ a significant portion of the labour force<sup>48</sup>;
- Decrease in the duration of the working day and week that resulted in lower salaries;
- Reduction in available job opportunities;
- Fall in state budget revenues that negatively affected the budget allocations for the social sphere;
- Increase in pressure on the state social insurance budget (SSIB) that faced in 2009 a deficit of 25,5m lei. This deficit can be attributed to reduction in the share of social insurance contributions as well as increasing budget expenditures;<sup>49</sup>
- Increase in the number of unemployed, especially of those with a low education level. In 2008 the number of employees in the economy declined compared to 2007 by 3,100 people, or by 0.5%; and
- Fall in remittances that negatively affected the population's income.

Moldova suffered from a number of external shocks that negatively affected economic inclusion. The economy of the country is dependent on agriculture, which is extremely poorly protected against various climatic shocks such as floods, drought and hail. The average annual losses due to the climate shocks between 1996 and 2004 amounted to about USD 19m per year<sup>50</sup>. For example, the drought of 2007

<sup>42</sup> NBS, Investments and Constructions Activity in the Republic of Moldova in 2009

<sup>43</sup> <http://case.md/news.php?n=1261&maincategoryId=4&categoryId=1>

<sup>44</sup> Ciobanu S. (2009). World Financial Economic Crisis and its Consequences in Moldova. Akademos No. 2 (13) 2009, p.38, [http://www.akademos.asm.md/files/Akademos\\_\\_PDF.pdf](http://www.akademos.asm.md/files/Akademos__PDF.pdf)

<sup>45</sup> [http://www.statistica.md/public/files/serii\\_de\\_timp/comert\\_exterior/serii\\_infraanuale/Com\\_Ext\\_2005-2010\\_luni\\_ro.xls](http://www.statistica.md/public/files/serii_de_timp/comert_exterior/serii_infraanuale/Com_Ext_2005-2010_luni_ro.xls)

<sup>46</sup> NBM, Annual Report 2009

<sup>47</sup> UNDP/WB/IOM/UNICEF (2009). Impact of Economical Crisis on Poverty and Social Exclusion in Moldova; IMF Press Release No. 09/206: June 10, 2009; UNDP/Expert-Grup (2009). Impact of global financial crisis on local communities in Moldova.

<sup>48</sup> EXPERT-Group (2009). Radiography of the 2009 year. [http://www.expert-grup.org/file/comentarii-saptamanale/cs\\_54.pdf](http://www.expert-grup.org/file/comentarii-saptamanale/cs_54.pdf)

<sup>49</sup> MLSPF (2010) Annual Socil Report 2009

<sup>50</sup> Moldovan Red Cross Society and Emergency Situations Department of the Republic of Moldova, 2005, *Oprederenie uviazimosti districtsov i naseleennykh punktov Respublki Moldova k chrezvychainym situatsiam prirodного i tekhnogenного kharaktera. (Analysing the Vulnerability of districts and locations of the Republic of Moldova to natural and technological emergency situations).*

caused losses of USD 1.2m.<sup>51</sup>, affecting over 50% of the total cultivated area<sup>52</sup>.

Frequent floods faced by the Republic of Moldova generate annual losses of USD 5m. The floods in the summer of 2008 had a significant negative impact on the population as well, causing serious damage to the national economy. The estimated losses amounted to USD 120m<sup>53</sup>. The flood of July-August 2008 was the severest by its proportions and the damage caused.

#### Box 4.1. The floods deepen community deprivation

*The floods in the second half of 2010 caused serious damage to the Moldovan economy, affecting some of the most deprived regions in the country, though the losses have not yet been fully assessed. According to preliminary data, the damage caused by the floods amounts to 961m lei (or 61m EUR), which is about 5 per cent of budget expenditures provided for this year<sup>54</sup>.*

The climatic shocks have multiple negative impacts. They severely damage infrastructure that is crucial for the well-being of entire communities, increase pressure on the local budget as well as lead to economic exclusion of the rural population whose well-being depends on their agricultural production. In response to these climate shocks, some households sell their land and move either to cities or abroad which causes further deterioration in the human capital of the country.

## 4.2. Drivers of economic exclusion

### Employment and labour market

A wide range of institutional, policy and other drivers of economic exclusion emerged dur-

ing the transition period that excluded some people or made them vulnerable to exclusion. These drivers created barriers for some groups' and individuals' access to the labor market, goods and services, including education and healthcare. The main drivers of exclusion and the groups vulnerable to economic exclusion are analyzed in detail below.

#### The global economic crisis negatively affected employment levels. The activity rate<sup>55</sup>

in the Republic of Moldova (according to the ILO) in 2009 was 42.8%. The activity rate continues to fall, this decline being more obvious in rural areas. The employment rate<sup>56</sup> has also declined – from 54.8% in 2000 to 40.0% in 2009 (Table 4.1.).

Interestingly enough, up until 2008, the fall in activity and occupation levels was not followed

by an increase in unemployment rates as one would expect. Unemployment rates in the Republic of Moldova declined during this period mostly due to labor migration because over three-quarters of migrants are aged between 25 – 54 years.<sup>57</sup> As a result of migration, the share of the economically active population of the total population has been declining continuously, amounting in 2009 to 35.5% compared to 45.4% in 2000 (Chart 4.6).

This trend was reversed as a result of the global economic crisis when many migrants lost their jobs and returned home. Thus, in comparison with 2008, unemployment rates in 2009 increased from 4% to 6.4%, while the employment rate decreased (Table 4.1).

The employment level decreased in 2009 by almost 4 percentage points compared to

<sup>51</sup> National Hydro meteorological Service and Ministry of Agriculture and Food Industry.

<sup>52</sup> [http://www.un.md/drought/Raportul\\_MAIA\\_Seceta\\_in\\_Moldova\\_2007.pdf](http://www.un.md/drought/Raportul_MAIA_Seceta_in_Moldova_2007.pdf)

<sup>53</sup> <http://www.meteo.md/newsait/floods/floods1.htm>

<sup>54</sup> <http://www.ziare.com/articole/inundatii+republica+moldova>

<sup>55</sup> Activity rate – the share of active population aged 15 years and over in the total population of the same age group. [http://www.statistica.md/public/files/publicatii\\_electronice/ocupare\\_somaj/FM\\_2010.pdf](http://www.statistica.md/public/files/publicatii_electronice/ocupare_somaj/FM_2010.pdf)

<sup>56</sup> Employment rate – the share of employed population aged 15 years and over in the total population of the same age group.

<sup>57</sup> [http://www.statistica.md/public/files/publicatii\\_electronice/migratia/Migratia\\_FM.pdf](http://www.statistica.md/public/files/publicatii_electronice/migratia/Migratia_FM.pdf)



**Table 4.1.** Occupation and unemployment

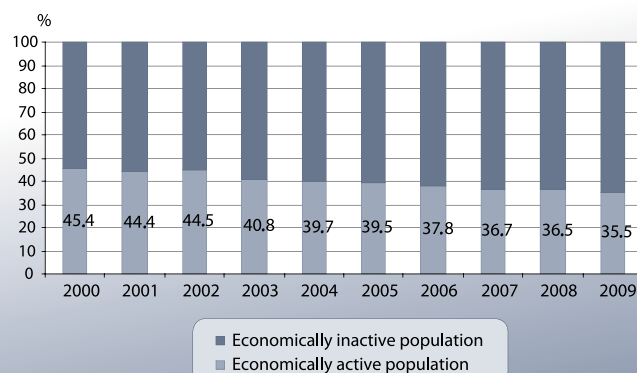
	2000	2006	2007	2008	2009
<b>Activity rate (ILO definition)</b>	59.9	46.3	44.8	44.3	42.8
<b>Employment rate</b>	54.8	42.9	42.5	42.5	40.0
<b>Unemployment rate</b>	8.5	7.4	5.1	4.0	6.4
<b>Unemployment rate of young people aged 15 – 24 (ILO definition)</b>	-	17.1	14.4	11.2	15.4
<b>Urban</b>					
<b>Activity rate (ILO definition)</b>	57.7	49.7	47.1	47.1	47.4
<b>Employment rate</b>	48.6	45.2	43.8	44.5	43.6
<b>Unemployment rate</b>	15.7	9.2	6.9	5.5	8.0
<b>Unemployment rate of young people aged 15 – 24 (ILO definition)</b>	-	19.8	16.5	13.5	17.8
<b>Rural</b>					
<b>Activity rate (ILO definition)</b>	61.5	43.7	43.1	42.2	39.3
<b>Employment rate</b>	59.4	41.2	41.6	41.0	37.4
<b>Unemployment rate</b>	3.4	5.8	3.6	2.7	5.0
<b>Unemployment rate of young people aged 15 – 24 (ILO definition)</b>	-	15.3	12.7	9.1	13.5

Source: NBS

the previous year. In conditions where more people have been looking for job opportunities, it became more difficult to obtain a job, especially for young people. Previous achievements in reducing unemployment among youth aged 15-24 years have been reversed

and in 2009 the unemployment level among youth increased drastically by over 4 percentage points, amounting to 15.4% (Annex 4.4 in the Annex contains detailed information on economically active population since 2000).

**Chart 4.6** Economically active population



Source: NBS<sup>58</sup>

### Discrimination on the labor market

The economy is manifestly segregated by language, indicating the potential presence of inequality of access issues to certain jobs for certain language groups. NGOs that undertake job placement report that qualified Roma are often told that there is no job when they turn up for interviews, although the same employers have sought job placements from employment bureaus.

<sup>58</sup> [http://www.statistica.md/public/files/publicatii\\_electronice/piata\\_fortei\\_de\\_munca/Piata\\_Muncii\\_2009.pdf](http://www.statistica.md/public/files/publicatii_electronice/piata_fortei_de_munca/Piata_Muncii_2009.pdf)

There are few persons with disabilities in visible places of employment, and NGOs working with persons with disabilities report extreme difficulties in persuading employers to hire otherwise qualified persons with disabilities. Sexual minorities hide their sexual orientation from employers for fear of negative consequences, and persons with HIV/AIDS conceal their health status for the same reason. As yet, no viable framework exists in the Republic of Moldova to address discrimination and other equality issues on the labor market.

**Young people without job experience face barriers in getting a job.** Young people with a good education and training background cannot find a job because of lack of work experience or limited available vacancies. After leaving the educational system and before finding their first significant job,<sup>59</sup> more than half of young people (57%) did not have any job and were looking actively for one<sup>60</sup>. Only 22% of young people found a job immediately after leaving the educational system. Over one quarter left their first job because of low salaries, while 17.7% went abroad<sup>61</sup>. The fact that the young face barriers to economic inclusion was confirmed by the results of the Qualitative Sociological Survey *"Voices of people perceived as being excluded in the Republic of Moldova"*. The survey confirmed a lack of willingness on

the part of employers to hire young people legally, violating the rights of youth to work. At the same time, certain young people declared that they were more concerned with work remuneration than with its proper legal status, while others have tried to be employed with all necessary documents, though only few of them succeeded.

Youth living in rural areas face more significant barriers in finding a job, where the urban environment provides access to more employment opportunities. Thus, youth in towns and municipalities achieve better results in finding permanent employment compared to those in villages (75% compared to 54%). Most young people found their first significant job through relatives/friends (41%) and by contacting the employer/employer's staff responsible for recruitment directly (32%)<sup>62</sup>.

The official statistics show that the number of people with higher education degrees, registered as unemployed with employment agencies is increasing, amounting to 4,600 in 2008, compared with 3,700 in 2007. According to the National Employment Agency, NEA,<sup>63</sup> 19.2% of officially registered unemployed in the Republic of Moldova hold a higher education degree, and about a quarter of those between 25 – 34 years old have a higher education degree.

#### Box 4.2. Social protection of young people on the labor market remains a problem

*"During a five-year period I have worked in several companies, where I was told I would have both a Work Book and a health policy, but only now I finally found a company which arranged the policy for me, though after many repeated requests which they first rejected." (F, 25 years old, rural, manager)*

**Source:** CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

Unattractive jobs and low salaries result in resignations and in an intensification of the migration process. According to one recent survey, most young people, but also farmers aged below 45 years think that the only way of improving their quality of their life is to leave the country<sup>64</sup>. Thus, young and educated people leave the country in search of a job, even for jobs

<sup>59</sup> A job is considered significant when a person was employed for at least three months. NBS (2010). Youth Entry on the Labor Market.

<sup>60</sup> <http://www.statistica.md/newsview.php?l=ro&idc=168&id=2830&parent=0>

<sup>61</sup> NBS (2010). Youth Entry on the Labor Market. The Study was carried out in II<sup>nd</sup> quarter 2009, applied on people aged between 15-34 years.

<sup>62</sup> NBS (2010). Youth Entry on the Labor Market.

<sup>63</sup> [http://www.statistica.md/public/files/serii\\_de\\_timp/forta\\_de\\_munca/somaj/5\\_struct\\_somer\\_grupe\\_virsta\\_nivel\\_educ\\_2007.xls](http://www.statistica.md/public/files/serii_de_timp/forta_de_munca/somaj/5_struct_somer_grupe_virsta_nivel_educ_2007.xls)

<sup>64</sup> CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study*

that do not require qualifications. In 2008 over 11% of 15 – 24 year-olds from households covered by the survey left the country for a job or in search of a job<sup>65</sup>.

People employed in the informal sector face a more significant risk of exclusion. They are not covered by public social healthcare insurance.

#### **Box 4.3. Lack of opportunities on the labor market foster migration among the youth**

*„I am in the same situation. I think I'll have to leave everything behind and go abroad to work. I have already worked abroad, but I came back to do something here (failed business).” (M, 38 years, farmer)*

*Source: CBS AXA, UNDP (2010). Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

**People employed in the informal economy are particularly vulnerable to economic exclusion.** The labor market in the Republic of Moldova is also characterized by a high share of people working in the informal sector for non-corporate enterprises (without a legal status). According to the Labor Force Survey 2009, this share amounted to about 30% of the total employed population. Mostly, people with relatively low levels of education were employed in the informal economy.

The national law “de jure” contains some provisions to ensure the access of people with disabilities to employment. For instance, there is a requirement that these people shall be employed at the same enterprises where they lost their working ability, and if they were not employed at the moment of becoming disabled, the National Employment Agency should find a job for them. Also, there is a list of occupations and positions, approved at the national level, which can be occupied by people with disabilities as a priority. At the same time, the enterprises, institutions and organizations are required to reserve 5% of all positions for people with disabilities. Employers who do not reserve jobs for people with disabilities, or avoid employing them should pay to the unemployment budget an amount equal to the average annual salary for each non-offered job.

#### **Despite improvements at the policy level, many people with disabilities face significant barriers to labor market inclusion.**

The statistical data for recent years show an increase in the number of people with disabilities.<sup>66</sup> Over 90% of people with disabilities are adults, and about 60% live in rural areas. The share of women with disabilities is 49%, while men account for 51%.

#### **Box 4.4. Formal and informal employment depends on the education level**

*The lowest rate of participation in the labor market is found among people with incomplete or only secondary education diplomas, with 10% and 29.2% respectively, versus the rate of over 70% evaluated in the case of people with graduate and post-graduate university education degrees.*

*The unemployment rate is higher for the people with a low level of education, approximately 17% and 15%, respectively. It must be mentioned that these groups of people have the highest rate of informal employment as well. Thus, 35.4% of people with an incomplete education and 20.5% of people with secondary education are employed in informal sectors. At the same time, the share of people employed in the informal sector of the total interviewed people amounts to 19.7%.*

*Source: Study on Social Exclusion 2009, UNDP BRC*

Though the legislation provides for a mechanism of ensuring access to the labor market for people with disabilities and establishes the responsibility of different

<sup>65</sup> Young People in the Republic of Moldova, 2009, NBS

<sup>66</sup> <http://mpsfc.gov.md/file/rapoarte/RAPORT%20PROGRAM%202007-2009%20Final%202009.pdf>.

institutions for its implementation, „*de facto*“, currently, there is no coherent policy supporting integration of these people into the labor market. Thus, in 2008 only 28.6% of the total number of people with disabilities managed to find a job, while in 2009 only 11.4 per cent could do so. In addition, discrimination against persons with disabilities in the field of employment is frequently reported. In September 2009, Moldova was found to be in violation of European Convention for the Protection of Human Rights and Fundamental Freedoms by the European Court of Human Rights, after authorities did not correct the wrongful termination from her work as a carpet-maker of a woman who had lost the use of her hands.<sup>67</sup>

A particular barrier to labor market inclusion of persons with disabilities (PWD) is the methodology of establishing the disability level, which focuses on health factors and the increased dependency of people with disabilities on the social protection system. The assessment criteria and practices do not take into consideration (i) the degree of the lost work capacity; (ii) the amount of income lost; (iii) rehabilitation and work incapacity compensation factors and the possibilities of returning to the labor market<sup>68</sup>. The disability scheme often discourages persons with disabilities from returning to work and is often a barrier to their economic inclusion.

The insufficient access of people with disabilities to the labor market makes them vulnerable to risks of marginalization, poverty and exclusion<sup>69</sup>. Given the increase in the number of people with disabilities, this problem will become more serious, which is also confirmed by the Qualitative Sociological Survey „*Voices of people perceived as being excluded in the Republic of Moldova*“

#### Box 4.5. People with disabilities are marginalized on the labor market

*„it is extremely annoying, because I think that at the age of 44 it should be possible to find a job, to work, because staying at home is very difficult. Firstly, the health committee does not allow us to work, it assigns us a disability group without the right to work and there is no job for us“ (F, 44 years, rural).*

**Source:** CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

In 2009, 26.2% of people with disabilities had incomes below the absolute poverty line. Compared with other households, those people with disabilities face an increased risk of persistent poverty, accounting for 22.4% compared to 17.5% of households without people with disabilities<sup>70</sup>.

**People released from penitentiaries face significant barriers in terms of labor market inclusion.** Stigmatization by society of former inmates and their low skill levels are among these barriers. Though the national legislation includes a set of measures supporting the professional orientation of people detained in penitentiary institutions<sup>71</sup>, until now national employment policies did not outline a clear mechanism supporting the inclusion of people released from the penitentiary system into the labor market. Thus, in 2008, only 18.5% of former detainees were employed, 23.1% of women and 18.1% of men<sup>72</sup>. Thus, a lack of resources and, most often, the lack of residence influence these people's behavior so that they commit recurrent offences and end up back in the penitentiary system. The opportunities for people released from penitentiaries to be included in the labor market are further restricted by the lack of specialized

<sup>67</sup> Panzari v. Moldova (Application No. 27516/04), ECHR, 29 September 2009.

<sup>68</sup> MSPF (2008). Draft Strategy for the Inclusion of People with Disability in the Republic of Moldova.

<sup>69</sup> Resolution of the European Parliament of January 14, 2009 on situation concerning the fundamental rights in the European Union during 2004–2008, (2007/2145(INI)), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0019+0+DOC+XML+V0//RO>

<sup>70</sup> NBS/UNDP/UNICEF/UNIFEM/UNFPA (2009). Multiple Approaches to Social Exclusion (Methodological and Analytical Aspects), authors calculations based on HBS 2009

<sup>71</sup> PRL Arrangements for the Release of Detainees from Prisons. Practical Guidelines. [http://www.irp.md/files/1242891539\\_ro.pdf](http://www.irp.md/files/1242891539_ro.pdf)

<sup>72</sup> NBS/UNDP/UNICEF/UNIFEM/UNFPA (2009). Multiple Approaches to Social Exclusion (Methodological and Analytical Aspects). Annex no.5

services within the communities which could facilitate the reintegration of former detainees into society.

**People with HIV/AIDS are not supported through policy and institutional measures to ease their integration into the labor market.** There are no national statistics on the number of employed people with HIV/AIDS as well as a lack of analysis of discrimination against HIV positive persons on the labor market. The results of one recent study confirmed that people with HIV/AIDS are frequently subjected to discrimination at their work place.<sup>73</sup> One in two employees considers it a shame to be HIV-positive; while two-thirds of the employees interviewed mentioned that they would not tell anyone if some of their relatives were HIV-positive. Although more than 90% of the employees interviewed said they would care for a relative with AIDS, attitudes towards HIV positive persons other than relatives are discriminatory.

Over 40% of the employees interviewed did not know if the rights of HIV people to employment and to continuation of work activity were violated in their company. They did not know if their company could provide adequate work conditions for HIV-positive people and if their employer had the same attitude towards people with HIV as towards other people. However, 25% of the interviewed were convinced that their employer ensured the privacy of data about the health of the employees, including HIV-positive ones.

**The population in Transnistria face barriers to labor market inclusion.** The impact of the global economic crisis was felt in Transnistria as well. Thus, in 2009, the number of employees in the economy (except for small companies) declined by 4.1%, amounting to 110,100 people. Many enterprises and organizations have some of their staff working part time. In 2009 almost 40000 applied to the state em-

ployment services, 49% of them having been registered as being searching for a job (over 56% of them women). As of January 1, 2010, the number of people registered as unemployed rose 3.7 times compared to the same period of the previous year<sup>74</sup>.

Though local legislation guarantees equal rights and access to the labor market, in reality employment opportunities remain low for Moldovans, particularly for graduates of education institutions of the Republic of Moldova. This can be explained to a great extent by both the concentration of economic infrastructure and Russian population in two towns of Transnistria, as well by the pro Russian-oriented economic and educational policy.

#### Box 4.6. Moldovan citizens are marginalized on the labor market of Transnistria

*„If they don't think you like them, if you are not in the first lines at their parades, you become isolated. Especially if you have citizenship of the Republic of Moldova, you are supervised. The teaching staff in schools and kindergartens consists of zootechnicians, agricultural team leaders, while those with higher education degree, obtained in Chisinau, like me, and considered Bessarabian Romanian, are not employed.” (F, 39 years, rural)*

*„my father took part in the armed conflict on the Moldovan side. When he came back, he was socially excluded and he could not find a job” (F, 27 years, urban)*

*„even if you are skilled, you have work experience, but you compete with a graduate from a Transnistrian institution, while you have graduated from a Moldovan one, they prefer him” (F, 39 years, rural)*

Source: CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

#### Incomes and poverty

Economic exclusion and poverty are interrelated concepts that influence human development. Living in poverty increases households' vulnerability to social exclusion in many areas of life. For example, poor parents cannot ensure

<sup>73</sup> ILO/GTZ (2008). Survey on Knowledge, Attitudes and Practices Survey on HIV/AIDS among people involved in labour relations in the Republic of Moldova <http://www.aids.md/files/library/2008/2760/kap-survey-hiv-aids-among-employees-2008-en.pdf>

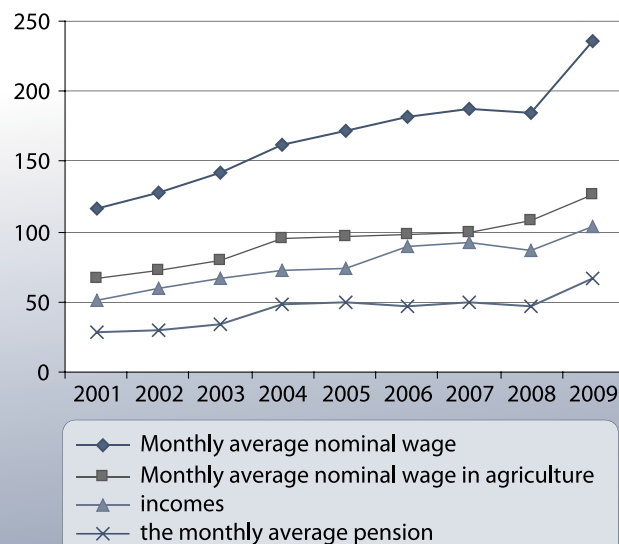
<sup>74</sup> Государственная Служба Статистики Министерства ПМР (2010). Социально экономическое развитие Приднестровской Молдавской Республики 2009. <http://mepmr.org/gosudarstvennaya-statistika/informacziya?start=25> PLEASE TRANSLATE THIS FOOTNOTE!

quality education for their children if they are unable to make unofficial payments. Access to a quality healthcare system with its “market” mechanisms is also restricted because medication and often surgery has to be paid for. These and other barriers to economic inclusion that make many people vulnerable and even excluded are discussed in detail below.

**Relatively low salaries create significant impediments to economic inclusion and human development.** In 2009 the average nominal salary of an employee in the national economy amounted to 2747.6 lei, the lowest values were recorded in agriculture (1468.2 lei) and education (2135.6), followed by healthcare and social assistance (2718, 2), amounting to 53 per cent, 78 per cent and 99 per cent of the average salary in the economy respectively (Table 4.2)

The minimum subsistence level<sup>75</sup> for a person in 2009 was estimated at 1187.8 lei (Annex 4.5 contains main socioeconomic indicators characterizing incomes and standards of living) The salary incomes of employees in agricultural sector can only cover the subsistence minimum and most of them do not have land plots, which could provide the necessary consumption minimum (Chart 4.7).

**Chart 4.7** Average Incomes of the Population Compared to the Subsistence Minimum (subsistence minimum = 100%)



Source: NBS

Note: Retired persons covered by the social protection system of the population

**Average available incomes per person are very low, causing many people to be economically excluded. People residing in rural areas have very low incomes that are affected by climate changes and shocks.** Average available incomes evaluated on the basis of the Household Budget Survey cover the subsistence minimum only, amounting to 103% of the monetary value of the subsistence

**Table 4.2.** Living Standards of the Population

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average nominal salary in the economy, lei	543.7	691.5	890.8	1103.1	1318.7	1697.1	2065.0	2529.7	2747.6
% reported to the nominal monthly average salary in the economy, lei									
Agriculture, hunting and forestry	58.0	56.9	56.0	58.3	56.4	53.9	53.2	58.7	53.5
Education	62.0	67.0	68.5	64.4	66.9	71.3	65.4	66.0	77.7
Health and social assistance	57.9	63.5	65.0	76.6	77.1	78.6	82.5	89.6	98.9

Source: NBS

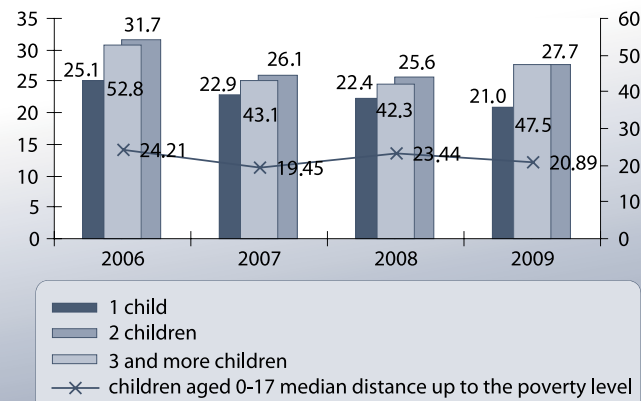
<sup>75</sup> Subsistence level represents the minimal volume of goods and services, necessary for the satisfaction of basic requirements, health protection and support of human vital functions. Population income and expenditure, Methodological notes

minimum in 2009. Particularly low incomes are recorded for people employed in the agricultural sector. Thus, the available incomes per person in rural areas stand at only two-thirds the incomes of people living in towns/municipalities<sup>76</sup>. Both farmers and employees in agriculture are at a high risk of economic exclusion, as their incomes depend on the weather and on access to markets. According to the Ministry of Agriculture and Food Industry, about 45% of the population in 2008 was negatively affected by the decline in agricultural production. HBS 2008 shows that the households where the main source of income was their own agricultural land, were at the highest risk of absolute poverty (36.9%). In 2009 the share of these households rose to 47%. According to experts, the increase in rural poverty in 2008 was driven, to some extent, by the effects of the droughts of 2007 and the floods in 2008 as well as reduced incomes from agricultural activity. These factors negatively affect in particular families with many children, elderly persons and people with disabilities living in rural areas who need significant external support to make ends meet.

**Families with three or more children face significant barriers to economic inclusion.** Over 40% of these families lived in absolute poverty<sup>77</sup> in 2006-2009 (Chart 4.8).

A significant deficit of resources<sup>78</sup> for children below the poverty line is recorded compared to other groups of households (in 2009 for this group of persons was 20.89% of the value of absolute poverty line). Thus, besides the fact that families with children face a high level of poverty incidence and this level increases with the number of children in the household, it is also necessary the considerable amounts of money (financial resources) for children to overcome the respective poverty threshold.

**Chart 4.8 Children Poverty Risks**



Source: NBS

**Households without employed members are exposed to the risk of economic exclusion.** The consumption levels of a third of people in households with no employed members are lower than the absolute poverty line. The lack of income opportunities and low unemployment allowances (the average allowance in 2009 was 789 lei<sup>79</sup>) do not cover the living costs of unemployed persons.

**Elderly people (65 years and older) are exposed to risks of economic exclusion.** Poverty incidents in households of elderly people was above 37.2% in 2008, which is over 10 percentage points higher than the average for the country. Despite the nominal increase in **allowances** almost 6 times compared to 2001, these transfers are still too low, amounting to less than 70% of the subsistence minimum. Therefore, retired people are economically extremely vulnerable as they have very limited resources at their disposal that would ensure their normal living standards. The healthcare expenses that the elderly incur further contribute to their vulnerability.

**Poverty incidence is high for people with disabilities.** The number of persons with dis-

<sup>76</sup> [http://www.statistica.md/public/files/serii\\_de\\_timp/venituri\\_cheltuieli/veniturile\\_populatiei/06\\_Veniturile\\_2006\\_2008.xls](http://www.statistica.md/public/files/serii_de_timp/venituri_cheltuieli/veniturile_populatiei/06_Veniturile_2006_2008.xls)

<sup>77</sup> Number of persons living in households with expenditures per adult-equivalent (scale 1:0.7:0.5) below the poverty line versus the total number of population. Absolute poverty line is calculated based on food expenditures of the deciles 2-4, adjusted to 2282 kcal/person/day and adding to that the share of non-food expenditures.

<sup>78</sup> Median deficit of resources is - Poverty gap, which represents the median proportion between subtraction of the necessary resources per adult-equivalent of the poor from the poverty line, and the size of absolute poverty line, expressed as percentage.

<sup>79</sup> [http://www.anofm.md/Sites/anofm\\_md/Uploads/Sinteza%20bugetului%202009.04FACD598BC54CBFA42138058B564BD9.xls](http://www.anofm.md/Sites/anofm_md/Uploads/Sinteza%20bugetului%202009.04FACD598BC54CBFA42138058B564BD9.xls)

abilities is rising. In 2002, the number of people with disabilities amounted to 141,400; in 2009 this number rose to 176,700<sup>80</sup>. In households with people with disabilities in 2009, poverty incidence was 28.6%. Poverty risk is higher among men with disabilities (27.5 %), which is higher than for the overall population.

**The gap in incomes and expenses between rich and poor has narrowed over the last few years.** The evolution of 80/20 distribution<sup>81</sup> shows that the gap between the wealthy and the poor has narrowed. It shows that the wealthiest people reduced their consumption expenses so that the gap with the expenditures of the poor people narrowed. Thus, the expenses of poorest 20% of the population are 4.3 times lower than those of the wealthiest 20% of the population. Inequality decreased significantly in rural areas as well, where poverty continued to increase in 2009 (Table 4.3).

### Many social groups and individuals do not have access to affordable housing

Adequate housing conditions for children are of major importance for their human development. According to the HBS, the highest degree of crowdedness is recorded in households with

three and more children, with an average of almost two people per room (1.9 in 2009), as well as a relatively small housing area per person (9.53 square meters) compared to other households. The Government provides a housing subsidy to certain fixed categories, including police, prosecutors, judges, persons from Transnistria, and persons involved in the clean-up of the Chernobyl nuclear reactor catastrophe.

As real estate prices have increased over recent years, barriers have been created for people trying to purchase housing, especially for poor households with children. The Labor Market Survey data show that over 20% of the people interviewed use remittances to cover the costs of renovating/purchasing of housing, which is the second highest share after expenses for daily needs<sup>82</sup>. People working abroad invested and continue to invest mainly in housing, particularly in the capital city. According to the experts<sup>83</sup>, during the recent years about 80% of flats were purchased by Moldovan citizens working abroad or on money they sent home. This situation has a double impact - on the one hand it stimulated the development of the construction sector, and on the other hand it increased real estate prices, making them unaffordable to many poor households and increased their vulnerability to economic exclusion.

**Table 4.3.** The Trend of Inequality Indicators

Distribution S80/S20	2006	2007	2008	2009
Urban	5.27	4.41	4.18	3.99
Big towns	5.48	4.30	4.13	3.74
Small towns	4.72	4.19	3.86	3.65
Rural	4.48	4.22	4.00	3.72
Total	4.94	4.49	4.41	4.28

Source: NBS, HBS

### Some groups and individuals have limited access to utility services

A lack of or limited access to utility services is another barrier that the vulnerable or excluded groups face. Only 53% of the population has access to safe drinking water<sup>84</sup>, about 45.9% access to improved

<sup>80</sup> MMPSF (2010). Social Annual Report 2009. (draft)

<sup>81</sup> Ratio of the total consumption expenditures of the 20% of the country population with highest consumption registered (the top quintile) to the total expenditures consumption of the 20% of population with lowest consumption (the bottom quintile), calculated for each group of population. Distribution of population by quintiles is carried out according to consumption per person, separated for each group of population.

<sup>82</sup> HBS (2009) Labor Force Migration, Supplementary Module to LFA No. 2., 2008

<sup>83</sup> <http://www.gazda.md/forum/13-86-1>

<sup>84</sup> Permanent access to safe drinking water sources is defined as share of people having access to improved sources of water, based on drinking water tests obtained within the monitoring process of underground and surface water quality. Law on public services of communal services, No. 1402-XV as of 24.10.2002



**Box 4.7. Access to appropriate utilities is limited for people living in rural areas and small towns.**

*The houses of about 60% of respondents in rural areas do not have running water, 70% are not connected to the gas pipeline. Also about three quarters of those houses do not have a sewage system, and 85.1% have no toilet inside their house. About 90% of the rural population does not have a central or independent heating system.*

*Access to facilities is also limited for people living in small towns which are not rayon centers. Almost a quarter of these are not connected to the gas pipeline, 45.1% are not equipped with a heating system, a sewage system is absent in 34% of houses and almost half of this population does not have a toilet inside their home.*

Source: Study on Social Exclusion 2009, UNDP BRC

sanitation facilities<sup>85</sup> and 45.7% to improved sewage systems<sup>86</sup> (Chart 4.9).

According to the HBS 2009, the highest share of people lacking a connection to water pipes in their homes and without access to an improved sewage system (80%) is recorded in households headed by persons employed in agriculture. The lack of facilities is worse for households with three or more children.

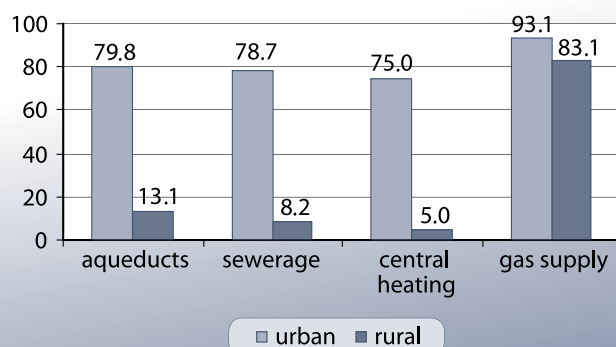
Significant resources are required to build public utility infrastructure in the rural areas. As local authorities and the population have very limited resources, access to utilities has been declining over the last years.

**Increasing costs of utility services reduced the opportunities for economic inclusion, especially for poor households.** Partly as a result of external factors, the tariffs for utilities increased by 29.2%, for transport by 20.1%, for public catering by 15.9%, and for health services by 8.8%. The rise in costs was influenced by significant increases in the price of central heating (75.9%) and water supply and sanita-

tion by 57.1% (Annex 4.6 contains consumer price indices for services provided to population). Over 32% of households with three or more children, 36% of households with persons with disabilities and 30% of retired persons mentioned that it was difficult for them to pay for public utilities in full and on time<sup>87</sup>. Even if access to a gas supply is rather good, its relatively high cost results in 64% of people in urban areas and 53% in rural areas being unable to afford to heat their houses sufficiently during the cold season (Table 4.4).

The number of households facing difficulties in paying for services, both in rural and urban areas, has increased. The situation in urban localities was more difficult, where the number of people experiencing challenges in paying for public utilities increased by 3 percentage points in 2009 compared to the previous year. The access of people in rural areas appears to be more secure, but this is an illusion primarily explained by the fact that the houses in rural areas continue to be heated mainly with traditional fuel (wood, charcoal, etc.). As a result of increased maintenance

**Chart 4.9. Housing Endowment**



Source: NBS, situation as of January 1, 2009

<sup>85</sup> Access to improved sanitation facilities is defined as share, in the total population, of people covered by services of collection, transportation, separation, processing, treatment, valorisation, neutralization (incineration) and storage of household waste, as well as the sweeping, washing and spraying streets, turning them green, disinfection works, deratization and knackerly. Law on public services of communal services, No. 1402-XV as of 24.10.2002.

<sup>86</sup> Report on the Achievement of Millennium Development Goals, Chisinau, 2009.

<sup>87</sup> NBS, HBS 2009, authors' calculations

**Table 4.4.** Access to utilities, %

	Year	Total	Urban	Rural
Share of households facing difficulties in paying for utilities, HBS	2008	31.0	47.4	18.2
	2009	34.0	51.7	20.1
Share of households that cannot afford sufficient heating during the cold season. HBS Ad-hoc module	2009	57.8	64.0	53.1

Source: NBS, HBS

costs in urban areas, vulnerable groups face great difficulties in covering these costs, accumulating significant arrears for utility services. Thus, according to HBS, in 2009 over half of households could not afford sufficient heating during the cold season. The most affected are

retired people (67%), households with people with disabilities (65.7%) and households with 3 and more children (55.6%)<sup>88</sup>. With an average of less than one person per room (0.71% in 2009) and a quite large housing area per person (29.31 sq. m.) compared to other households, elderly persons (65 years old and above) face higher utility costs.

There is no data available on discrimination on the housing market, or on rates and incidence of forced evictions in Moldova. Individual cases of forced eviction of Roma are reported sporadically.

### 4.3. Migration, remittances and their impact on economic inclusion

Labor force migration plays an important and significant role in both economic and demographic developments. According to the Labor Force Survey, over 23% of the active population in 2009 worked abroad (Table 4.5).

The overwhelming majority of labor migrants come from rural areas (over 30% of the total active population residing in rural

#### Box 4.8. Low income does not provide access to adequate living standards

*According to data from the social exclusion survey, 9.2% of rural respondents and 10.6% of the population in the rayon centers can never afford or rarely afford to maintain adequate house heating. About 4% of the interviewed said they never or rarely paid the bills regularly during the last 12 months, rural respondents (4.4%) and those living in the capital (4.3%) facing greater difficulties. These data confirm the vulnerability of the population regarding access to utilities because of low incomes.*

Source: SES 2009, UNDP BRC

#### Box 4.9. The global economic crisis has influenced migration processes and affected human capital

*According to NBS data<sup>89</sup>, 318,400 people worked or were looking for a job abroad during the last 12 months preceding the interview. With regard to distribution by sexes, most migrants are men and with regard to residence area, most migrants are people from rural areas. Over three quarters are 25-54 years old. The average age of migrants is 35 years, and 24% of migrants from rural areas are aged between 15-24 years. Over 50% of people working abroad attended secondary vocational, secondary specialized or higher education institutions. The main reasons why migrants left abroad for work were the lack of jobs in Moldova (51.5%) and low salaries (45.8%). Migrants who found a job worked mainly in the area of construction (53.0%), in private households (19.6%) and in trade (11.4%).*

Source: Labor Force Migration, NBS, 2008

<sup>88</sup> Approaches to social exclusion in the Republic of Moldova, Methodological and analytical aspects, UNDP, Chisinau, 2009

<sup>89</sup> [http://www.statistica.md/public/files/publicatii\\_electronice/migratia/Migratia\\_FM.pdf](http://www.statistica.md/public/files/publicatii_electronice/migratia/Migratia_FM.pdf)

**Table 4.5.** The Share of Population Working Abroad of the Total Active Population

	2006	2007	2008	2009
Total	22.8	25.5	23.8	23.2
<i>Residence area</i>				
Urban	15.0	17.5	16.4	15.0
Rural	29.4	32.1	29.9	30.7
<i>Regions</i>				
North	n/a	27.5	25.1	-
Center	n/a	28.8	29.1	-
South, incl. Gagauzia	n/a	42.4	35.9	-
Chişinău Municipality	n/a	9.5	9.6	-
<i>Sex</i>				
Men	28.7	33.1	30.6	28.7
Women	16.8	17.9	16.8	17.7

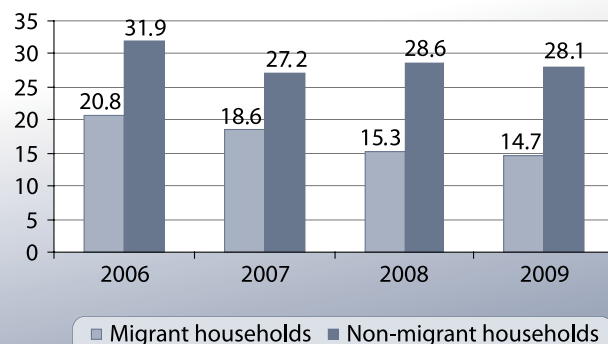
Source: NBS, Labor Force Survey, 2009

areas), and less from urban areas (15% of the total active population residing in the urban areas). Within the recent years, migrants have been predominantly men (almost 30% of all economically active males), who in 2009 started returning, while women continued head abroad to search for jobs.

The studies show that financial resources obtained from remittances significantly improve the access to goods and services of migrants' households and reduce vulnerability to economic exclusion. The lowest poverty incidence is recorded for this category of people (Chart 4.10). It must be mentioned that average incomes from remittances in 2008 accounted for 19% of average disposable incomes of the total population and in rural areas for over 25%<sup>90</sup>. In 2009, the share of remittances in total disposable income, according to HBS survey, fell by about 2.2 percentage points, amounting to 17% for the total population and 22.5% for rural areas residents.

Even if remittances help reduce poverty, migration has both economically and socially

**Chart 4.10** Absolute Poverty Incidence by Types of Households



Source: NBS

adverse effects and a negative impact on human capital.

The children of families of migrants that work abroad, particularly those with both parents out of the country, are particularly vulnerable. Often these children are left in the care of other family members, neighbors, and sometimes even under no supervision at all. Teenagers who are left unsupervised, but with significant money resources received from their parents, are especially exposed to social risks.

<sup>90</sup> [http://www.statistica.md/public/files/serii\\_de\\_timp/venituri\\_cheltuieli/veniturile\\_populatiei/06\\_Veniturile\\_2006\\_2008.xls](http://www.statistica.md/public/files/serii_de_timp/venituri_cheltuieli/veniturile_populatiei/06_Veniturile_2006_2008.xls)

### Box 4.10. Labor migration remains a valid solution for vulnerable groups of population

Over a quarter of the persons interviewed receive money from relatives and friends working abroad. 41.5% of persons interviewed aged below 65 plan to go abroad. 87.4% of them will emigrate for work. 36.2% of the total number of persons interviewed under 65 years of age plan to emigrate in search of a job. Over a quarter of young people interviewed (15-24 years old) intend to continue their education abroad. This trend is more significant in the capital, where approximately 40% of young people said they would leave to study abroad. The trend towards labor migration is stronger in rural areas, where 93.1% of the population said they planned to leave abroad for work.

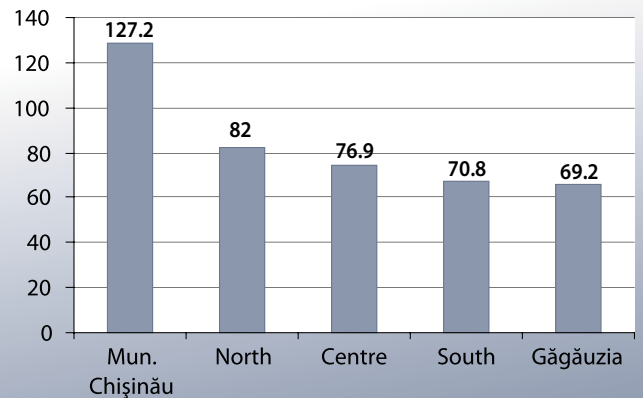
Source: Study on Social Exclusion 2009, UNDP BRC

Migration often results in the break up of families and the emergence of a certain type of family with children, where one parent lives abroad without any contact with his/her family. Another negative social impact of migration is that most of the migrants do not contribute to the state insurance budget. If migrants decide to return, they will be eligible for various allowances, payments and benefits, both from the central and local budget that will exert significant pressure on the budget.

## 4.4 Regional differences and their impact on economic exclusion

Living in underdeveloped areas increases vulnerability to economic exclusion. In Moldova there is a gap between different regions<sup>91</sup> of the country in terms of their development. The north is more developed, while the least developed part of the country is the southern part, recording the lowest industrial output per capita, the lowest level of investment in fixed capital, and the lowest number of reporting companies. However, in terms of demographic factors and infrastructure, the Central region is less developed, with the lowest degree of urbanization and less coverage in terms of water supply and sewage systems.

**Chart 4.11** The discrepancies in monthly average wage, 2009 by regions (in % compared to the average per country)



Source: NBS

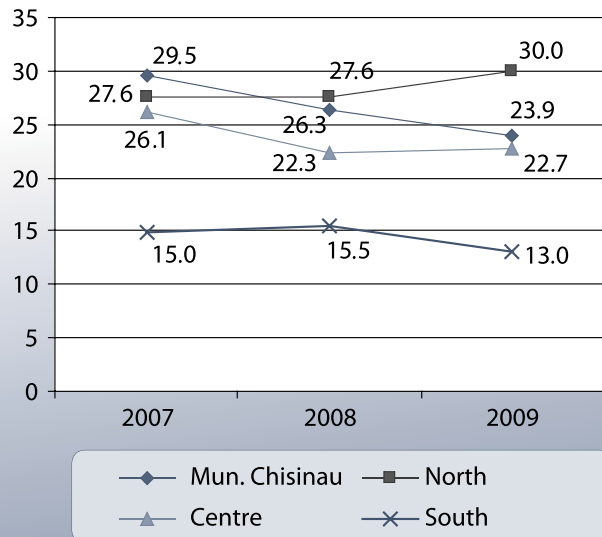
The comparison of regions revealed that the average monthly salary in Chisinau in 2009 was about 50% higher than in the North and about 60-80% higher than in Central, Southern and Gagauzia regions, exceeding by 27% the average value for the country.

Meanwhile, the average monthly wage in the Northern, Central, Southern and Gagauzia regions ranged between 70-80% of the country average (Chart 4.11).

There are differences in the employment levels as well, with the lowest levels in the north and in south of the republic. The highest employment rate is recorded in Chisinau, followed by the center region (Annex 4.7 contains

<sup>91</sup> Law on Regional development of the Republic of Moldova, no.438-XVI of December 28, 2006

**Chart 4.12** Share of population working or seeking work abroad (% of active population)



Source: NBS, authors' calculations

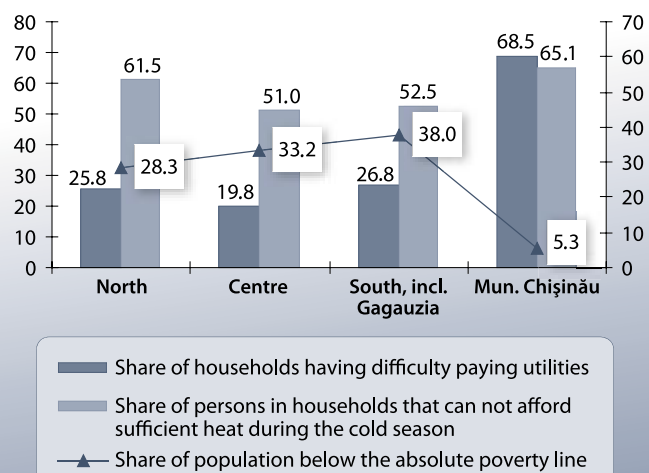
labour force indicators by region and Annex 4.8 presents trends for average wages, by region).

In the north of the country the share of employees in the informal sector is particularly high, amounting in 2008 to about 41% of the total employed population; the highest share of population working abroad is also recorded in this region. Thus, in 2009 about 30% of the active population in the northern region of the country was working abroad (compared with the average for the country of 23.3%). Declining trends of people leaving abroad for work are recorded in the south; this indicator has fallen by about 2.5 percentage points compared to previous years (Chart 4.12).

Access to utilities and poverty rates vary by region as well. The highest poverty rate in 2009 (38.0%) and its greatest increase since 2007 (8.5 percentage points) was recorded in the south of the country, while the greatest difficulties in accessing utilities are faced by the population in Chisinau. More than half the population

said they could not afford sufficient heating during the cold season, but the most affected in this context are the inhabitants of Chisinau and the north of the country. The largest share of households having difficulties in paying for utilities was also registered in Chisinau - about two thirds of the population (Chart 4.13). At the same time it should be noted that the poverty rate is almost five times lower there than the national average, amounting to 5.3% (compared to 26.3%). Compared to other regions of the country, Chisinau has the production factors and infrastructure elements

**Chart 4.13** Poverty by Geographical Regions, 2009



Source: NBS, HBS 2009 Ad-hoc module in social exclusion

necessary for attracting investments and for socio-economic development, providing opportunities for income generation necessary to overcome poverty status.

The population poverty estimates that are based on HBS 2009 data, as well as the access to utilities, also have geographical differences. The highest poverty rate in 2009 (38.0 per

cent) and its greatest increase since 2007 (8.5 pp) was recorded in the South of the country (Figure 4.13), while the greatest difficulties in accessing utilities are faced by the population in Chisinau.

More than half of the population said they could not afford sufficient heating during the cold season, but the most affected in this context are the inhabitants of Chisinau and the North of the country. The largest share of households having difficulties in paying for utilities was also registered in Chisinau - about two thirds of the population. At the same time it should be noted that the poverty rate is almost five times lower there than the national average, amounting to 5.3% (compared to 26.3%). Compared to other regions of the country, Chisinau has the production factors and infrastructure elements necessary for attracting investments and for the socio-economic development, providing opportunities for income generation necessary to overcome the poverty status.

A region is poorer when it has a higher share of rural population, especially if it includes small, peripheral villages (with weak infrastructure, far away from cities, from national roads, markets, and from the rayon center). Rural areas are highly dependent on agriculture, which does not provide sufficient income to meet the basic needs. Reduced access to jobs, low income, mainly from agricultural activity, limited access to goods and services, underdeveloped infrastructure are the essential disadvantages, especially for socially vulnerable groups in these areas. Rural areas are also disadvantaged in terms of access to public utilities and household comfort, as well as to education and health services.

## 4.5. Policies Targeting Economic Inclusion and Policy Recommendations

As this chapter presents, there is a wide range of factors and barriers that contributed directly to the economic exclusion of specific population groups including *age, education and health status*. These factors should be kept in mind in designing policy interventions promoting economic inclusion. Elderly people, for example, have limited adaptation capacities and are more vulnerable to economic and social shocks. The vulnerability of elderly people is also a result of their limited incomes, low pensions and lack of other sources of income, and often poor health conditions. For many unemployed individuals the barriers to inclusion are their low levels of *education*, insufficient training and skills and even illiteracy. The education and training levels determine, to a great extent, the abilities of people to obtain a job in the context of an increasingly educated labor force. Economic exclusion is also linked to *health* conditions. The most vulnerable groups in this context are people with various chronic diseases, including *people with disabilities*, who due to their low incomes and limited self-advocacy skills have limited access to education and healthcare services.

### Targeted interventions promoting employment

National Reports prepared by the European Commission in 2006 identified the promotion of active inclusive policies, aimed at integrating disadvantaged groups into the labor market, as the main priorities for the state. Actions aiming at sustainable economic development and creating new jobs were identified

as priority interventions. It implies not only the promotion of employment through the creation of new jobs in general, but also the improvement of the quality of employment, social security, integration of people who, for different reasons do not have a job, and human resources development for the purpose of ensuring an adequate sustainable level of the labor force.

Increased migration brought the Government's attention to labor market policies. Thus, the National Employment Strategy of the Republic of Moldova for 2007 - 2015<sup>92</sup> was approved. The achievement of the objectives of this strategy will help to increase the employment level, to settle imbalances on the labor market, to reduce the unemployment rate and to increase the number of new jobs and improve human potential development by applying reforms in the education and requalification system and by improving labor mobility. In the course of the Strategy implementation, new jobs were created, job fairs were organized, services and training opportunities for unemployed people were improved, especially for the representatives of socially vulnerable groups and people in rural areas. Although the unemployment rate has declined from 7.3% in 2005 to 4.0% in 2008, it increased to 6.4 per cent in 2009 because of the global economic crisis.

### **Interventions supporting wage increases**

In 2007, the Government initiated the implementation of a new payment system in the budgetary sector, ensuring a real increase in employees' income. As a result of the first implementation stage, the teachers' basic salaries were increased by 40%, the salaries of other employees in budgetary sector by 20-80% and the sala-

ries in the broader public sectors by 30%. A number of amendments to the budget sector wage system were made in 2008 and in 2009. Thus, in 2009 the average monthly wage of an employee in the national economy was 2748 lei, up by 8.6% compared to 2008 and by 33.1% compared to 2007. The level of state guarantees for the wage systems in the economy increased through the improvement of the tariff system. However, the wages level in most economic sectors remained low, meaning it was impossible to guarantee adequate standards of living.

### **Policies and interventions to prepare youth for the labor market.**

Since 2000, a number of strategies have been developed aiming at increasing the access of youth to the labor market, and to education and housing but not all of them were implemented fully. Another attempt was the declaration by presidential decree of the year 2008 as "The Year of Youth"<sup>93</sup>, accompanied by the approval of the Action Plan for the Year of Youth.<sup>94</sup> As in other cases, its impact was insignificant because of the declarative nature of the measures that were not supported through the budget funding. As young people in Moldova are particularly at risk of social exclusion and job and business opportunities are modest, they are at special risk of migration. In order to further promote policies in this area, the National Youth Strategy for the Years 2009-2013<sup>95</sup> was approved. The general objectives of this document are: providing education and information to young people, development of health services and social protection, providing economic opportunities for youth, youth participation in public life and promoting active citizenship, youth capacity building. Increasing the quality of life of young people by creating necessary conditions of education, development, participation and socio-economic integration.

<sup>93</sup> Decree of the President of the RM No. 1451-IV of 26.12.2007, on declaring the year 2008 the Year of the Youth

<sup>94</sup> Government decision No. 333 of 20.03.2008, on the approval of the Actions Plan concerning the Year of the Youth.

<sup>95</sup> Law on the approval of the National Youth Strategy for 2009-2013, no. 25-XVI of 03.02.2009, official Journal no.68/192 of 07.04.2009

<sup>92</sup> Government Decision No. 605 of May 31, 2007

### **Policies and activities facilitating the integration into the labor market of vulnerable groups.**

Since 2000, the emphasis of policies has shifted towards improving vulnerable groups' access to the labor market and integration. A series of national programs and strategies were developed, which have been only partially implemented due to a lack of budgetary resources and a limited political will to implement them. The Law on the employment and social protection of unemployed people sets a requirement for employers to employ persons with disabilities and former prisoners and other vulnerable groups. To a large extent these requirements were not implemented because of low enforcement and a lack of concrete actions stimulating their implementation. The situation started to improve with the implementation of the National Strategies for implementing employment policies at work 2007-2005, in the context of the project "Support for Public Employment Services Employment in Moldova" implemented with Swedish support. Three pilot centers for the employment of vulnerable groups were established. In 2009 vulnerable groups on the labor market were clearly identified, these being: (i) the disabled, (ii) persons released from detention, (iii) social-medical people (unemployed dependent on substances), (iv) victims of human trafficking and (v) persons who have been absent from the labor market for a period and need support for reintegration. The Strategy regarding the work of the NEA with vulnerable people and Guideline to work with vulnerable groups were developed to build public service capacity in implementing the legislation and policy promoting economic inclusion.

### **Targeted interventions addressing the economic vulnerability of migrants working abroad**

The evolution of migration within the recent years has revealed the need to improve the mechanisms of labor migration regulation, aiming at protecting Moldovan citizens who left to work abroad. The state policies in this area have been focused on protection of migrants' rights, in accordance with international standards, by establishing partnership relations with the destination countries. These objectives were pursued by signing bilateral labor migration agreements as well as by harmonization of relevant national law with international standards. In 2008 the Joint Declaration on the RM – EU Mobility Partnership was signed for the purpose of strengthening, with the support of the European Commission, the cooperation between Moldova and EU Member States in the regulation of migration, by creating new tools for the integration of the migration flow, more effective prevention and combating of illegal migration and institutional capacity building in implementing migration policies at national level. Also in 2008 the draft law on the regulation of the conditions of temporary employment of Moldovan citizens working abroad<sup>96</sup> was passed and the Action Plan on the Stimulation of Moldovan migrant workers return<sup>97</sup> was approved. A series of actions in the NDS aimed at guaranteeing the social security rights of migrants through the signing of agreements with the main destination countries, recognition of periods of contributory social insurance and labor protection, and the creation of opportunities for the investment of remittances in entrepreneurship development.

### **Targeted interventions supporting rural areas**

As was mentioned, the risk of economic exclusion is particularly high for farmers and agri-

<sup>96</sup> Law No. 180-XVI of 10.07.2008 on labor migration

<sup>97</sup> Decision of the Government of the Republic of Moldova no. 1133 of 09.10.2008



cultural workers. This is explained largely by the excessive vulnerability of the agricultural sector to climatic factors, by the slow and unstable development of the private sector in agriculture, the under-utilization of modern techniques and technologies in the agricultural sector, the increase in imports of food products and insufficient access to credits. In order to minimize the effects of these factors, a number of documents were developed and implemented: the National Strategy for the Sustainable Development of the Agro-industrial Complex (2008-2015), the Concept system of subsidies to agricultural producers for 2008-2015, and the Regulation on the Management of the Farmers' Subsidization Fund. These documents aim at achieving the implementation of the following policies: reviewing and improving the existing system of subsidization in agriculture, further adapting internal standards to EU standards and ensuring food safety, institutional capacity building in agriculture, as well as agricultural market development.

### **Supports provided to Small Business Development**

The policies aimed at employment promotion are closely linked to business growth, including the promotion of small and medium enterprises development. During transition from a planned to a market economy and the disintegration of large enterprises, the promotion of policies supporting SMEs became extremely important. The SME sector in this period became the pillar of national economic development and its development would ensure the sustainable development of Moldova and continuous welfare improvements for its citizens. SMEs create jobs, provide the market with goods and services, increase exports, re-

duce monopoly effects and promote competitiveness.

According to NBS, in 2008, the number of small and medium enterprise was 41,000, an increase of 2,000 companies (5.1%) compared to 2007<sup>98</sup>. This sector represents about 97.6% of the total number of enterprises with 57.3% of all employees.

In the context of migration, which increased significantly in the recent years, followed by negative social and demographic effects, the need to develop policies to support the business environment is very acute. Thus, the state program for supporting the development of small and medium enterprises for the years 2009-2011<sup>99</sup> will ensure the continuity of the Strategy for the supporting small and medium enterprises' development for 2006-2008, and the sustainability of the results of implementation of this political document. This document determines the priority directions of activities in that area by providing a favorable regulatory framework for the establishment and development of SMEs, improving the financial environment for SMEs, promoting an entrepreneurial culture and business performance management, developing the competitiveness and internationalization of SMEs, encouraging dialogue between government and the private sector. It is expected that this document will serve as the basis for the development and implementation of the programs and plans of action of the Central Public Administration, Local Public Administrations, as well as of technical assistance projects of foreign donors, aiming at creating the conditions necessary for the development of small and medium business. In order for this document not to remain declarative, considerable efforts must be undertaken.

<sup>98</sup> Sources of data were the financial reports submitted by economic agents holding accounts under the simplified and double beekeeping systems. Criteria for reporting in SME sector are determined according by the Law of the Republic of Moldova no. 206-XVI dated July 7, 2006 "on supporting small and medium enterprises sector": the average annual number of employees of up to 250 people, the annual amount of revenue from sales up to 50 million lei and annual balance sheet total assets up to 50 million lei will be allocated to the SME sector.

<sup>99</sup> Government Decision No. 123 of 10.02.2009 on the state program for the support of small and medium enterprises development for the years 2009-2011, Official Monitor No. 37-40, art no. 170

# Chapter 5.

EXCLUSION FROM  
SOCIAL LIFE AND THE  
SOCIAL PROTECTION  
SYSTEM. PROCESSES  
AND OUTCOMES

# Exclusion from Social Life and the Social Protection System.

## Processes and outcomes

### 5.1. Reducing barriers to social inclusion: improving access to education, healthcare and social protection systems

The human development paradigm recognizes the link between health, education and life conditions. Poverty, low education, economic inequality and poor housing conditions reduce life expectancy and increase infant mortality<sup>100</sup>.

The problem of social exclusion and inequality in terms of access to government programs and services is relatively new for the Republic of Moldova, having thus far been addressed within national policies and analyses in the field of quality of life primarily in terms of poverty and income inequality. Expressing its political will to join the EU, Moldova committed to adjusting its national political framework to European community regulations and standards. This requires the introduction of a new approach in the national social and economic development process, where accents are diverted from material-relative measures (combating poverty) to socially inclusive ones<sup>101</sup>, with the ultimate goal of improving quality of life and strengthening social cohesion at community level.

Realizing the extent of social challenges that Moldova faced and its long-term ambitions to

join the EU, the government implemented a series of reforms of the education, health and social protection systems. These reforms, however, were not fully implemented due to insufficient budget resources allocated for these purposes and inefficient use of these scarce resources.

The goals of social inclusion in the Republic of Moldova at the strategic level were first addressed within the *National Development Strategy for 2008-2011 (NDS)*<sup>102</sup>, where one of the five main objectives focuses on the „*Development of human resources, increase in employment and promotion of social inclusion*“. Sector-specific strategies had to be focused on achieving these goals, but the actual impact of these strategies has not been measured. To support proper monitoring and evaluation of the impact of Government policies and programs on social inclusion, the National Bureau of Statistics with UNDP support prepared national social exclusion indicators divided according to 10 distinct main aspects of the people's quality of life<sup>103</sup>. These indicators have not been officially adopted yet.

To support reforms of social system, the share of social expenditures in the state budget was on the rise and in 2009 made up 70.2% of the total budget (or 32% of GDP). In the overall social sector expenditures, the most significant share of expenditures was allocated for social

<sup>100</sup> UNDP (2007). National Human Development Report. Social Inclusion in Bosnia and Herzegovina.

<sup>101</sup> EC DGEMPL (2004). Joint report on social inclusion.

<sup>102</sup> Law no. 295 dated December 21, 2007 for approval of national development strategy for the years 2008-2011

<sup>103</sup> NBS/UNDP/UNICEF/UNIFEM/UNFPA (2009). Multiple approaches on social exclusion (methodological and analytical issues). Monitoring indicators are grouped by 10 main aspects of the people's quality of life: (i) poverty and inequality (14 indicators), (ii) housing and households' housing conditions (10 indicators), (iii) labour market (14 indicators); (iv) education (19 indicators), (v) healthcare (13 indicators), (vi) social protection (9 indicators), (vii) justice and security (8 indicators), (viii) culture, sports and leisure (4 indicators), (ix) participation in social life, governance, communication and access to information (10 indicators) and (x) environment (2 indicators).

protection, which in 2009 made up 15.1% of GDP, as compared to 10% in 2000<sup>104</sup>. The social insurance component has the biggest budget, accounting for about 12.7% of GDP, followed by transfers for social assistance making up 2.4% of GDP (the overall expenditures for social services made up 0.4% of the GDP)<sup>105</sup> (Chart 5.1).

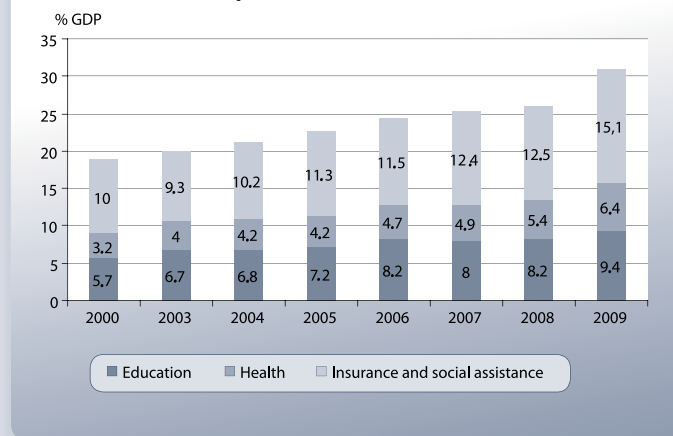
Education expenditures, which increased from 5.7% of GDP in 2000 to 9.4% in 2009, came second in terms of total budget allocations. They are approximately at the same level as an average CIS country but the allocation is still 4.3 percent than in South-East Europe and 2.6 higher than in EU countries<sup>106</sup>. However, the increase was not enough to reach the level of the years 1996 -1997, before the Russian economic crisis, when spending on the education system made up about 10% of GDP<sup>107</sup>.

CIS countries, the share of public expenditures for healthcare is quite significant, placing the Republic of Moldova among the top countries. In comparison with EU countries where average expenditures range from 6% to 13% of GDP<sup>109</sup>, the healthcare budget share is quite small.

The following discussion identifies institutional, policy and public attitudes factors that create barriers to accessing social protection, healthcare and education services. It outlines key interventions that the Government has implemented to promote inclusion for all and concludes with specific recommendations that can help to eliminate or reduce these barriers.

## 5.2 Access to education: Barriers to inclusion and actions undertaken to address them

**Chart 5.1** Dynamics of social sector expenditures, % of GDP



Source: MF<sup>108</sup>

In third place by share, came healthcare spending, which rose from 3% of GDP in 2000 to 4.7% in 2006 and 6.4% in 2009. Compared to

Like any other social sector in Moldova, the education system went through a dramatic transition period that eroded the socialist education system but did not establish a system resembling EU systems. The initial period of transition was especially traumatic for the education system: the budget for education was drastically reduced from 28% of consolidated budget expenditures (about 11% of GDP) in 1996<sup>110</sup> to only 16% in 1999 (6.1% of GDP)<sup>111</sup>. This resulted in a deterioration of the education system infrastructure and a massive exodus of teaching staff from the system. Between 1995 and 1999, according to official data, over 12,000 teachers left the education system<sup>112</sup>, the unofficial data

<sup>104</sup> MTEF 2008-2010 (Annex 2.2), MET. Annual assessment report on implementation of the Economic Growth and Poverty Reduction Strategy 2004-2007.

<sup>105</sup> NSIH (2010). The execution of the State Social Insurance Budget

<sup>106</sup> MF (2010). Evolution of the national public budget in 2000-2010 years.

<sup>107</sup> Common Country Assessment, conducted by UNO agencies in the Republic of Moldova, Chisinau City, May 2005.

<sup>108</sup> MF (2010) Evolution of the national public budget 2000-2010 years.

<sup>109</sup> OECD statistical database EU member states. 2007.

<sup>110</sup> Strategy of higher education in the Republic of Moldova in the context of the Bologna Process

<sup>111</sup> EC DGMPPL (2010). Report on Social Protection and Social Inclusion in Moldova.

<sup>112</sup> NSB (2002). Statistical Yearbook of Moldova. Authors' calculations.

indicating that over 20,000 had left<sup>113</sup>. These trends negatively affected the availability and accessibility of quality education, particularly in rural areas. At the same time, this period is also characterized by the beginning of unofficial payments in schools that created barriers for poor households in accessing quality education.

The education system reform that was declared a national priority started by adopting in 1994 the „Concept for education development in the Republic of Moldova”. Based on this Concept, in 1995, the Moldovan Parliament adopted a Law on Education establishing the principles and objectives of education, its system organization and structure. Overall, the reform carried out in this period can be characterized by: (i) the beginning of the reorganization of the compulsory general education system; (ii) implementation of content (based on formative education and national and universal values); (iii) improvement of teaching staff qualifications; (iv) development of new manuals and the application of a textbook renting scheme; (v) introduction of a private education scheme<sup>114</sup>. Both political and financial factors delayed the implementation of many planned activities.

In 2005-2007 the reforms focused on modernizing and improving the quality of education services and increasing children’s access, especially for those from vulnerable families, to the system. Some specific strategies targeting the vulnerable groups were implemented in the context of the „Education for All” Strategy included: optimization of the textbook renting scheme through which children from vulnerable families in V-XII classes were provided

with textbooks for free, and increasing attendance in primary education by introducing the mechanism of providing food in schools for children from vulnerable families.

### 5.2.1 Barriers to accessing pre-school, elementary and secondary education

Access to high quality education is essential for the human development and economic growth of a nation. It allows an individual not only to obtain the necessary skills and be gainfully employed but also adopt social values of the community. In 2009 children made up 21.5% of the total population of the Republic of Moldova<sup>115</sup> (Annex 5.2 on access to formal education).

**Measuring children’s vulnerability to social exclusion.** At the international level, children’s vulnerability to social exclusion is closely and regularly monitored by international institutions through UN MDGs, EU Laeken, and OECD indicators<sup>116</sup>. Children’s vulnerability to social exclusion in terms of education is reflected first in enrolment rates. Additional indicators capturing vulnerability to exclusion include education accessibility and quality, budget allocations for education, share of households’ expenditures on education, existence and level of development of education infrastructure and competencies of teaching staff, as well as distance from places of children’s residence to educational establishments.

The enrolment rates in pre-school education over recent years have been much influenced by birth rates that, after a continuous decline

<sup>113</sup> UNDP (2000). National Human Development Report

<sup>114</sup> IPP/UNDP (2008). Quality education as a factor in human development and international competitiveness of Moldova (draft)

<sup>115</sup> NBS(2010). Situation of Children in the Republic of Moldova in 2008. Information note.

<sup>116</sup> MDG indicator 2 “Achieve the universal primary education” is monitored through 3 global goals: (i) Net enrolment ratio in primary education; (ii) Proportion of pupils starting grade 1 who reach last grade of primary and (iii) Literacy rate of 15-24 year-olds, women and men. The OECD “Childcare” – self sufficiency social indicator is monitored through: (i) Average enrolment rate of children aged under three in formal childcare; (ii) Average enrolment rate of children aged 3 to 5 years of age in pre-school educational programmes and (iii) Public spending on childcare including pre-primary education. The EU portfolio of social inclusion indicators includes 2 primary and 2 secondary indicators in this sense: Primary - (i) Early school leavers; (ii) Child well-being – do be developed. Secondary - (i) Persons with low educational attainment and (ii) Low reading literacy performance of pupils – under preparation.

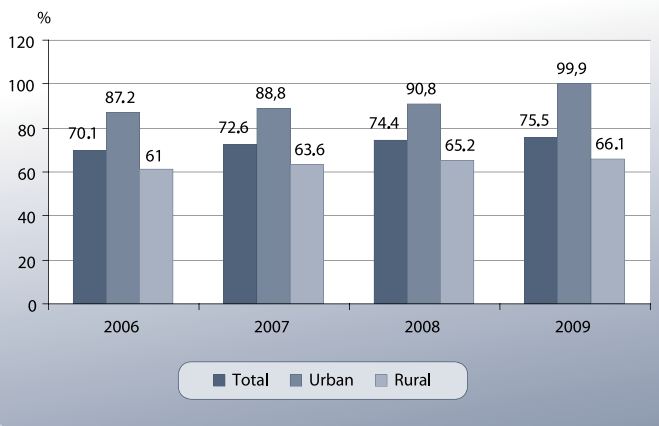
after 1990, began to increase slightly from 2003. In 2009 the number of children attending pre-school institutions rose compared to 2005 by 11.4%, in the urban area by 12.9% and in the rural area by 10.2%. The number of children under 3 years rose over this period by 18.0%, and of children aged 3 years and over by 10.3%<sup>117</sup>. It is estimated that in 2010 in Moldova there will be around 2500 5-6 year-old children more than in 2009.

Significant disparities in enrolment rates between rural and urban areas still persist. The enrolment rate in urban areas was at 99.9% or 33.8 percentage points higher than in the rural area (Chart 5.2.) In terms of gender, there are no major disparities in enrolment in pre-school education, the enrolment rate of children aged 3-6 being 87.5%.

In general the rate of enrolment in pre-school education in the Republic of Moldova does not differ from the average of South-East European and CIS states (over 70%)<sup>118</sup>, but as compared to the average of the 27 EU member states (over 86.8%)<sup>119</sup>, it is comparatively low.

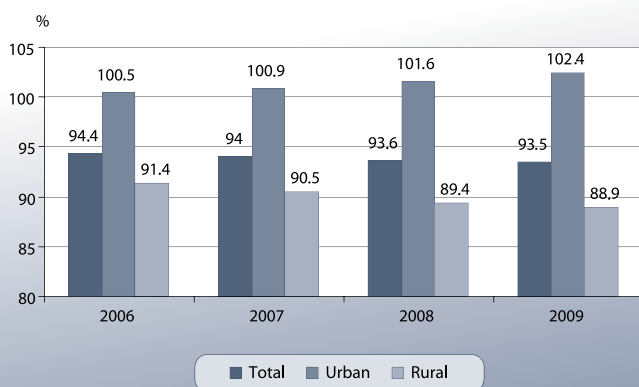
In 2009 the gross rate of enrolment in secondary compulsory education was 90.9%, compared to 94.4% in 2005 and 95.1% in 2002 (Annex 5.3 on education enrolment rates trends). In rural areas this rate is 10.1 percentage points lower than in urban areas, making up 87%, compared to 97.6%<sup>120</sup>. This decrease is largely influenced by the fall in the rate of enrolment in primary edu-

**Chart 5.2** Evolution of the gross enrolment rate in pre-school education



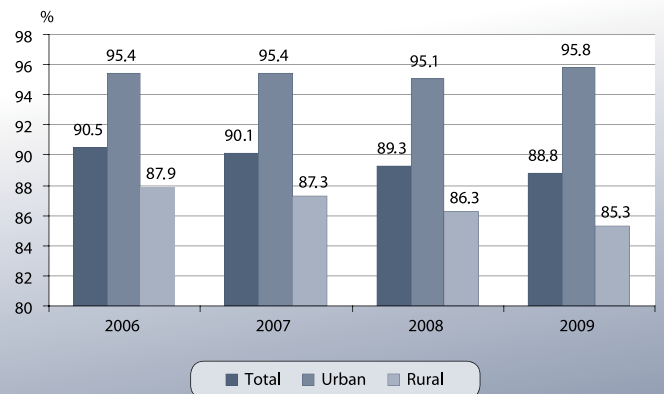
Source: NBS

**Chart 5.3** Evolution of the gross enrolment rate in primary education



Source: NBS

**Chart 5.4** Evolution of the gross enrolment rate in secondary education



Source: NBS

<sup>117</sup> NBS(2010). Situation of children in the Republic of Moldova in 2009. Informative note.

<sup>118</sup> UNESCO (2010). EFA Global Monitoring Report 2010. Reaching the marginalized. <http://unesdoc.unesco.org/images/0018/001866/186606E.pdf>

<sup>119</sup> EC/EACEA P9 Eurydice (2009). Pre-school education and child protection in Europe: elimination of social and cultural inequalities. Brussels. [http://eacea.ec.europa.eu/ressources/eurydice/pdf/0\\_integral/098RO.pdf](http://eacea.ec.europa.eu/ressources/eurydice/pdf/0_integral/098RO.pdf)

<sup>120</sup> Ibidem

education, as well as in secondary education. Thus, in 2009 the gross enrolment rate in primary education was 93.5%, a fall compared to 2006 of 0.9 percentage points, and of 5.9 percentage points compared to 2000 when the absolute Chart was 99.4%. The rate of enrolment in secondary education, after an increase from 90.2% in 2000 to 93% in 2005, began decreasing in 2006 and reached 88.8% in 2009 (Charts 5.3 and 5.4)

**Low household incomes are a barrier to accessing quality education.** The share of education expenses in people's overall consumption expenses is the smallest of all categories of expenses (0.5%), the largest share being food expenses (40.2%). Inhabitants of villages spend only 0.26% of total consumption expenses on education, while city residents spend 0.72%. The share of expenses on education of households' total expenses varies dramatically across the regions, being the highest in Chisinau - 0.9% - and the lowest in the south - 0.2% - and center - 0.3%<sup>121</sup>.

Households with one or two spend on education about 2.4 and 1.8 times more respectively than households with 3 or more children<sup>122</sup>. On average, a poor family with children enrolled in primary education has half the level of expenses of a well-off families. Poor families in urban areas spend more on education than poor households in rural areas<sup>123</sup>.

Poor households face particular barriers in terms of their children's access to quality education when they are charged **informal educational payments**. At the pre-school level, for instance, besides official costs, additional payments collected from parents for small children's nutrition range from 50-150 MDL per month, depending on the institution and the number of days of child attendance per month. Parents pay for individual private lessons, additional lessons (in groups), for the school fund, security, building repairs and heating systems, examinations, issued education documents, gifts for teachers, school festivities and better marks<sup>124</sup>.

### Box 5.1. Informal payments in the education system - a factor contributing to exclusion

About 58.7% of parents, 37.2% of teachers and 4.1% school directors stated that additional payments for education are collected in schools in the Republic of Moldova (Table 5.1). These payments are a burden for parents and a factor causing marginalization of poor children in school. Only during the academic year 2006-2007, such payments amounted to approximately 209 million MDL, representing about 13.3% of state funds allocated for that academic year.

**Table 5.1. Estimation of additional expenses of parents during an academic year.**

Categories of expenditure	MDL, mil.
Private lessons (individual)	92.5
Additional lessons (in groups)	26.0
Gifts for teachers	25.0
Payments to parents committee (School fund)	20.0
Repairs in school / class	14.6
Festivities / school events	13.0
Examinations	6.0
Heating (technical assistance/repairs) in school	5.5
Payment for a good mark	3.7
School security	1.7
Issued education documents	1.5

According to most of the parents, it is impossible to obtain a good education for their children without additional payments. This view is supported by one out of seven teachers and principals.

A large number of parents (48.6%) state that teachers provide more time and efforts to children whose parents paid more money for school needs. At the same time, parents and some of the teachers admit that, in these circumstances, some pupils from poorer families are disadvantaged and marginalized, because teachers pay less attention to them since their parents are not able to make additional payments for school. This was stated by almost half of parents interviewed (49.9%) and a number of teachers and school directors (12.6% and respectively 16.7%). There are cases of violation of a child's dignity if their parents are not able to make the required payments.

The negative impact of informal payments on the education process is recognized by 35% of parents, 25% of school directors and 25% of teachers. Meanwhile teachers and school directors, in a proportion of 80-90%, deny that pupils from poor families are disadvantaged, while parents, in a proportion of about 50%, say otherwise.

**Source:** IPP (2007). The „Informal payments in pre-university education and equal access to education” sociological study

<sup>121</sup> NBS(2010). Data CBGC 2009. Authors calculations.

<sup>122</sup> NBS (2009). Aspects on living standard of population in 2008. HBS Results

<sup>123</sup> ME (2010). Report on poverty and the impact of policies in 2008.

<sup>124</sup> ME/UNICEF (2009). Study on basic education in the Republic of Moldova in terms of child-friendly school.

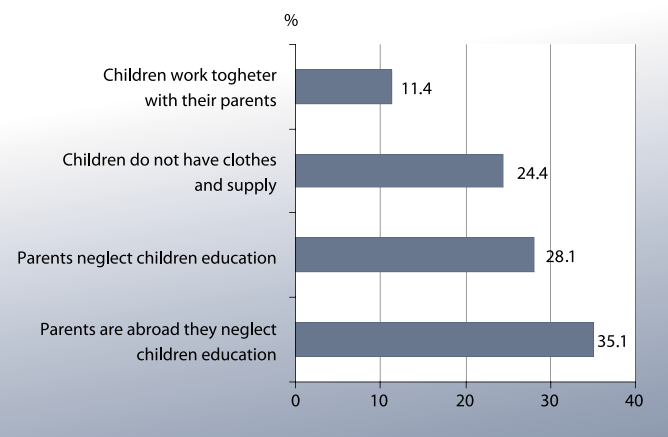
**Long distances to the nearest relevant education establishments and lack of transportation** negatively influence the enrolment rates as well as school attendance and contribute to early dropping out from the education system. According to SADI data<sup>125</sup>, in 2008 about 3.9% of families with pre-school age children, 1.1% with primary school age children and 6.4% with secondary school age children did not have access to education institutions. The main reason was the lack of such services in their communities and large distance to the nearest school. This difference is more noticeable at regional level, especially in the south (4.9%) and center (4.1%) in preschool institutions, and in secondary institutions in the north (9.8%) and south (8.6%).

**Parents' attitudes and low educational backgrounds often increase the vulnerability of children to exclusion from quality education.** The education level of parents and their views on the importance of education contribute to transmission of educational attitudes to children. One example is the gross rate of enrolment in pre-school education, where the level of participation of children whose mothers have at most a secondary education level is 40% lower than that of children whose mothers have higher education<sup>126</sup>. Often, children from the rural area are enrolled in kindergarten, but in fact stay at home during the cold period of the year because their parents prefer to keep children at home when they are not involved in agricultural labor, in order to save money. Therefore, about 1/3 of pre-school age children in urban areas and more than a half of those in rural areas do not attend pre-school institutions<sup>127</sup>.

School absenteeism has features specific to Moldova. Thus, even if the number of children not attending school at all is low, the number of those rarely attending school is high. Recent research conducted in 128 rural settlements of

the Republic of Moldova showed that, in many cases, being pressured by the school and authorities, parents send their children to school from time to time, and then they continue to be absent. The main causes of failure to attend school are: (i) parents neglect their children's education; (ii) parents work abroad and neglect their children's education; (iii) children have no clothes and supplies and (vi) they work together with their parents (Chart 5.5)

**Chart 5.5** School absenteeism reasons



Source: Institute of Education Sciences, 2007

**Barriers that make Roma children vulnerable to exclusion from education.** The levels of education and literacy of Roma people are lower than the national average. The enrolment rate of Roma children in primary schools is below 70% and in secondary schools below 50%. Every fifth Roma cannot write or even read; three of ten Roma people have at most primary education and the other three (of ten) have only secondary education (including incomplete or vocational education). Higher education is rare for this ethnic group, making up only 4% of the total Roma population, compared to 38% of non-Roma. In the circa 50-60 isolated rural Romani communities in Moldova, lack of physical access to a school poses major barriers to equal education. Thus, for example, until school integration programs began in Septem-

<sup>125</sup> ME, SADI Database

<sup>126</sup> ME (2010). Report on poverty and the impact of policies in 2008. (draft)

<sup>127</sup> IDIS Viitorul. Pre-school education in the Republic of Moldova in terms of social inclusion and equity. 2008

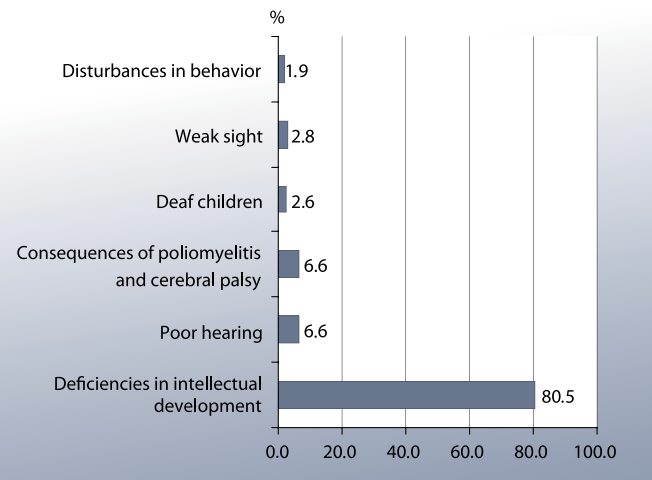


ber 2010, the entire settlement of Schinoasa, outside Tiberica, attended a school which went only to the fourth class. No one in the settlement can read. Also, dropping out of school is an issue among Roma, with cases of school dropout being frequent. The contributing factors are: (i) high costs of education; (ii) early marriage in those communities which maintain traditional practices; (iii) migration abroad of entire families in search of work opportunities (an issue of similar dimensions to non-Romani Moldovans); and (iv) unchallenged discrimination in schools<sup>128</sup>. As noted above, anti-Romani antipathy among school staff is high, and no programmes exist to counter it. Nevertheless, Moldova has among the highest levels of university enrollment among Roma in Europe.

**Negative or hostile attitudes, poor understanding of children's strengths and needs and limited skills of educators are barriers that make some groups of children vulnerable to exclusion.** For instance, some teachers have negative or hostile attitudes towards pupils who return to school that often lead these students to drop out. When students have learning difficulties or disabilities, which is clearly associated with absenteeism, instead of finding the right strategies to support them, teachers resort to excessive moralization and punishment. Thus, one out of ten children sometimes does not attend classes because he did not do his homework. Sometimes pupils are not allowed to enter the school because they do not wear a uniform (8%) or are late for classes (10%). In most cases, teachers do not recognize the application of corporal punishment to children, only 2% of teachers said they used such practices, while 16% of pupils stated that teachers used to punish them either occasionally or frequently. About 25% of boys and 8% of girls said that, in younger grades, they were verbally or physically abused by teachers. In older grades such

cases are rarer. Therefore, factors including a tense atmosphere, teachers' attitudes copied by colleagues, and low school performance generate repeated dropout<sup>129</sup>.

**Chart 5.6** Share of children with SEN in special schools



Source: NBS

**Barriers faced by children with special educational needs (SEN) to accessing regular schools.** The education system as presently constituted does not contribute to the social inclusion of children with disabilities. They do not regularly attend mainstream schools or classes, even in cases in which the nature of the disability would not preclude regular education and their education and inclusion into mainstream schools would be possible with some physical improvements in the school environment and training of the educational staff. Through mainstream education children with disabilities would develop their abilities to integrate into society and would not be isolated. This would also be beneficial for other children as they would learn tolerance and enhance their interpersonal skills<sup>130</sup>.

Out of 15,237 children with disabilities only 3,550 students with SEN are enrolled in specialist schools (21.9% of the total number of children with disabilities up to 16 years old)<sup>131</sup>.

<sup>128</sup> UNDP (2007). Roma in the Republic of Moldova

<sup>129</sup> MEd/UNICEF (2009). Study on basic education in the Republic of Moldova in terms of child-friendly school.

<sup>130</sup> Ministry of Education, "Baseline Study on Basic Education in the Republic of Moldova from the perspective Child-Friendly Schools", 2008, ps. 28-30.

<sup>131</sup> Ministerul Muncii, Protecției Sociale și Familiei al Republicii Moldova, Raport Social Anual 2009, Chișinău, 2010

Education of children with SEN is provided in the following settings: (i) education in specialized institutions, (ii) home education and (iii) education in general schools. The first two settings have been employed for a long time, while integration in regular schools is relatively new. The majority of children with SEN are enrolled in specialized schools. Thus, in 2009, 35 existing specialized schools had 3,550 children. Their number fell by 6.4% compared to the previous year and by 21.7% compared to 2005<sup>132</sup>. The decrease is explained by the fall in birth rates, as well as by the expansion of specialized social services in communities, which have been introduced over recent years by NGOs, and Local Public Authorities with assistance from the Moldova Social Investment Fund and donors. Most pupils of these schools have: (i) deficiencies in intellectual development - 80.5%, (ii) poor hearing - 6.6%, (iii) poliomyelitis and cerebral palsy consequences - 6.6%; (iv) deafness - 2.6%; (v) weak sight - 2.8%; and (vi) behavioral disturbances - 1.9% of all children with deficiencies<sup>133</sup> (Chart 5.6).

Children placed in auxiliary schools have a "watered down" curriculum and receive only the "certificate of completion" which stops them from ever applying to college. They are effectively denied equal education and a family environment.

The access of children with SEN to the general education system continues to be a problem. The main factors impeding the integration of these children into mainstream schools are the schools' lack of physical accessibility and a resistance to change among some school managers and teachers. Thus, according to data from the Education Institutions Mapping System, spaces for creation of rehabilitation rooms are available only in 280 education institutions (18.6% of all schools); only 775 educational institutions (51.5%) of education institutions that lack medical offices, can provide

rooms to establish them; elevators for pupils with motor disabilities could be installed only in 22 educational institutions (1.5%)<sup>134</sup>.

Resistance of teachers at mainstream schools to integration of children with SEN is largely caused by objective or subjective difficulties that they may have to face when such children are enrolled in school. Some teachers think that the integration of children with SEN in secondary school would disadvantage other children who will not receive enough attention from teachers and will negatively affect school performance. Educators believe that integration of children with SEN will disadvantage these students, the main risks being marginalization, discrimination and lack of proper attention. It is believed that education of children with SEN in regular schools will require additional financial resources, which will become an additional burden for school budgets. These points were confirmed by the results of the qualitative survey "Voices of people perceived as being excluded in the Republic of Moldova," which confirmed that these teachers' preconceptions on integrating of children with SEN are indeed one of the barriers that create barriers and marginalize them.

Teaching staff are insufficiently informed on integration of students with SEN; the best informed are the auxiliary school teachers. About 73.0% of teachers and 67.8% of educators from conventional schools say they do not have knowledge about psycho-pedagogical teaching strategies for different categories of children with special educational needs. However, about 46.1% of teachers, 32.1% of educators and 90.0% of auxiliary school teachers consider that conventional schools provide optimal conditions for the education of children with SEN. Only 14.6% of teachers, 10.7% of educators, 10.0% of auxiliary school teachers consider that optimum conditions for educating children with SEN are provided at home.

<sup>132</sup> NBS (2010). Education in the Republic of Moldova in 2009-2010.

<sup>133</sup> NBS. Activity of institutions of primary, secondary and general educational at the beginning of 2009/2010. Statistical information.

<sup>134</sup> UNDP/IPP (2010). Education and Human Development: Actual and Future Challenges.

**Box 5.2. The children with SEN face barriers in access to education**

*"A teacher was coming once a week, sometimes once a month. In the 9th grade I had to take an exam in geography, but I had no lessons in geography, neither in the 9th, 8th nor in the 7th, first I took my history exam, then he gave me a mark for geography, as well, I had no geography teacher. It all starts with the fact that education is not the same as for the others." (F, 24 years, mobility disability, urban)*

*"Enrolment in school was also difficult – the teachers from the high school came home and talked with my father – it is not a good idea to take her to school, because school is not good for her, school is very hard, take her somewhere else. But my father insisted and said that you what..., you are obliged to, I think he even went to the Ministry of Education ... then in order not to go in the 12th grade, they argued that I did not need 12 grades, I could do with 11, and then take the bachelor exam (BAC), within the university ... " (F, 24 years, mobility disability, urban)*

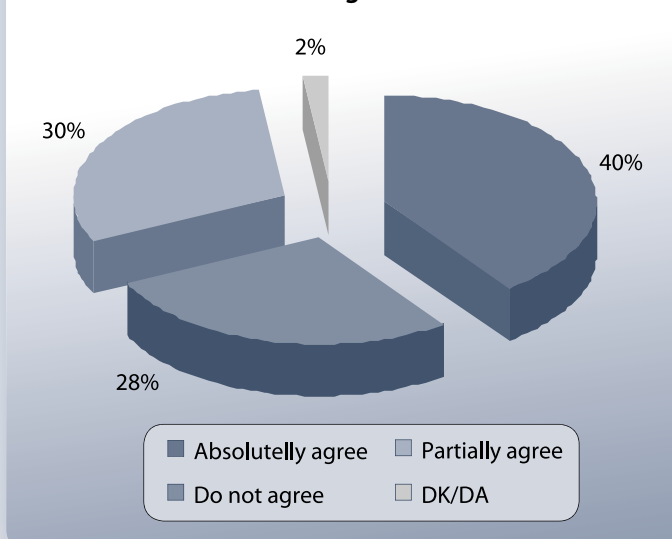
**Source:** CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

Currently general schools do not have the necessary conditions to integrate children with special educational needs such as accessible buildings, specially arranged spaces, adapted textbooks, equipment, etc. Conventional school teachers are insufficiently trained to work with students with SEN, and their motivation is based more on enthusiasm than on knowledge of appropriate teaching strategies

and skills of working with students with ASD. Consequently, only a small number of children with special educational needs benefit from mainstreaming in conventional schools alongside other children<sup>135</sup>.

Unlike teachers, pupils are more tolerant of the integration of children with disabilities in conventional education institutions. Thus, 40% of pupils absolutely agree that disabled children shall study in their schools, and 30% of them partially share this opinion. It should be mentioned that a significant share of pupils surveyed (28%) rejected this idea. (Chart 5.7)

**Chart 5.7 Tolerance of integration of children with SEN in general schools**



**Source:** IPP. *Sociological study „Basic education in the Republic of Moldova”, 2008*

**Barriers that children with HIV/AIDS face to access education** were examined only at the level of attitudes for this report, other drivers of exclusion warrant more in-depth analysis. The national legislation provides equal rights and non-discriminatory treatment for this group starting from constitutional norms. In accordance to the *Law on prevention of HIV/AIDS*, the children and the youth affected by HIV/AIDS have the same rights as their peers, benefit from access to

<sup>135</sup> MEd/UNICEF (2009). *Basic education in the Republic of Moldova in terms of child-friendly school.*

### Box 5.3. Tolerance of HIV-infected children and of disabled children in school still remains a problem

*In the Republic of Moldova, the tolerance level of the community towards people facing problems is lower than in many other places. Only 35.8% of surveyed households consider that HIV-infected children and those suffering from disabilities should attend community schools like all other children. The number of families with children is much lower. About 31.9% of households with children attending school share the opinion that their children shall study together with HIV-infected children or with those with disabilities. It should be noted that the degree of tolerance varies depending on the number of children in household, the education level of the parents and their employment status. Consequently, only 15.2% of households with three or more children would accept children in need at school, as compared to 31% of households with one or two children. A higher level of tolerance for HIV-infected children or disabled children is expressed in families whose parents are employed in the state sector (39.3%), or are entrepreneurs (31.1%) or students (32.9%).*

*The traditionalism of rural society based on inherited social values, including stereotypes formed over time, reduce the tolerance level in rural areas (29.6%), with the difference reaching 10.4 percentage points compared to small towns (40%), and 15.6 percentage points compared with Chişinău (45.5%).*

**Source:** *Study on Social Exclusion 2009, UNDP BRC*

education programs and prevention of HIV/AIDS activities, social and legal assistance, as well as the care and treatment they need because of their condition. Also the principle of access to secondary vocational education promotes equal rights and opportunities for all members of society to obtain qualifications of the required kind<sup>136</sup>. Public views on the enrolment of HIV infected-children in mainstream schools depend on the level of knowledge about HIV/AIDS. Teachers accept to a lesser extent than pupils the presence in classroom of HIV-infected children. Parents of healthy pupils are more reserved in this regard as well because they feel they have to protect their children.

Overall, pupils are more tolerant towards HIV-infected children than adults. The better informed children are about transmission mechanisms and methods of protection, the greater the degree of tolerance towards HIV-infected children. Although, the vast majority of pupils consider that HIV-infected children should learn in mainstream schools, they say

they would be more cautious with them, and many would even avoid them. Subsequently, there is a risk that pupils suffering from HIV/AIDS could be largely marginalized and excluded.

Pupils from rural area are less tolerant towards HIV/AIDS-infected children and few of them would agree to have such classmates. Students who accept the idea of having classmates with HIV/AIDS show empathy as they believe that they can be in place of these children as well. Most of the pupils mentioned that they would be concerned about having an HIV-infected classmate, even while knowing that HIV is not transmitted by air, handshake, etc.: „... even if we know how it is transmitted, I would still be afraid to get close to him ...”<sup>137</sup>.

**Barriers faced by Moldovan children living in Transnistria to accessing education.** According to the statistics, as of January 1, 2010 the resident population of Transnistria was 522,500<sup>138</sup>. In terms of distribution by nationality, 32% are Moldovans , 30.4% Russians and

<sup>136</sup> Law on prevention HIV / AIDS infection no. 23-XVI dated February 16, 2007; Government Decision no. 922 dated August 13, 2007, on approval of amendments to the Concept of professional development of secondary education.

<sup>137</sup> MEd/UNICEF (2009). Basic education in the Republic of Moldova in terms of child-friendly school.

<sup>138</sup> State Statistics Service of Transnistrian Moldovan Republic (2010). Social economic development of Transnistrian Moldovan Republic 2009. <http://mepmr.org/gosudarstvennaya-statistika/informacziya?start=25>.

28.8% Ukrainians<sup>139</sup> Although the official policy of the Transnistrian authorities is based on the multi-language principle and mother tongue teaching<sup>140</sup>, in reality in the majority of pre-school institutions and schools the language of instruction is Russian.

Moldovan children have limited access to education in their mother tongue, in both Cyrillic and Latin script. In most Transnistrian schools, 82% of the curriculum is developed in the Russian language, which promotes the policy of integration into the educational system of the Russian Federation. In only about 20% of schools in the region can children study in their mother tongue<sup>141</sup>.

In the three villages of Camenca and Rîbnița districts, for instance, education in schools is in Russian even if the population consisted exclusively of Moldovans. In Tiraspol, out of 29 schools, there is only one where teaching is in Romanian and one in Moldovan with Cyrillic alphabet, although given the proportion of Moldovan population there should be about

5-6 institutions. Other ethnic groups also face barriers to accessing education in their mother tongue. Thus, Ukrainian children, if they want to be taught in Ukrainian, have only two schools to choose from, which is only 1% of the primary education system of Transnistria.

As a child transitions through grades, the problem deepens. Thus, in 2009, in Transnistria there were 6 liceums and 15 colleges which enrolled 8,606 children; the teaching language was in 93.6% of cases Russian. Only 3.7% of children from liceums and 4.2% of students from colleges studied in the Moldovan language with Cyrillic script.

Regarding the quality of education and the structure of the education system, it does not correspond to the one of Moldova and is not adjusted to the Bologna process, it is mainly oriented towards the standards of the Russian Federation system and structure. The textbooks are mainly in Russian, and only a small part of them were translated into the Moldovan language with Cyrillic script.

#### Box 5.4. Education in Transnistria is a challenge

*In Transnistria, attending education institutions is a challenge, even from the very first grades. Access to institutions teaching in Romanian language is limited, parents are forced to take their children to schools situated a few kilometers or even tens of kilometers away, and there is pressure from Transnistrian authorities. In ordinary schools the ideology of the region is promoted and the curriculum is obsolete and represents a form of propaganda. Several respondents stated that families with children were forced to leave the region in order to provide access to education to their children.*

*It was also noted that there are deficiencies in the integration of young people from Transnistria into the educational system from Moldova. Although they enjoy advantages under the law, the specificity of region is not always taken into account.*

*"Children, in order to study in Romanian with Latin script had to cross Nistru River daily, and when my son came to study in Chisinau, his membership was not recognized, despite the fact that 15% of university places were reserved for children from Transnistria. They just took into account where he studied, not where he lives. He had to go through many unpleasant situations over the past 12 years ... " (M, 54 years, rural).*

**Source:** CBS AXA, UNDP (2010). *Voices of people perceived as being excluded in the Republic of Moldova. Qualitative sociological study.*

<sup>139</sup> Data of the census of 2004.

<sup>140</sup> According to Transnistrian legislation (Law „On the languages in RMT” and Law on education, art. 7), the language of instruction shall be one of the official state languages (Russian, Moldovan, Ukrainian). It is stated in law that there is the freedom choose the official teaching language.

<sup>141</sup> PPI (2009). Education in Transnistrian region of the Republic of Moldova. Public policy research done by Tiron, S.

### 5.2.2 Barriers to accessing high school and the higher education system

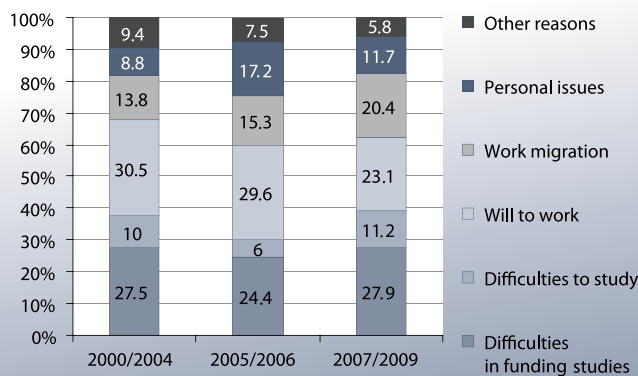
Young people in Moldova are very vulnerable to social exclusion, as they went through the hardships of transition with their parents. They usually have a weak position on the labor market because of insufficient experience, qualifications and funds, a lack of opportunities to improve their living conditions (to buy a house/apartment), and limited opportunities for self-assertion and self-realization, as well as a lack of confidence in tomorrow.

among men from rural areas. About 11.5% of young people have left the education system without graduating, 12.2% of them males and 10.8% females. The main factors contributing to departure from the education system by young people are: difficulties in paying for education - 28%; willingness to find a job - 23.1%; leaving to work abroad - 20.4%, personal/family problems - 11.7%; difficulties in study - 1.2% and other problems - 5.8% (Chart 5.8)

**Misaligned school curricula and labor market needs. Low capacity of secondary and professional education institutions to prepare students for the labor market.** Of all

young people aged of 15-34 years who leave the education system, a significant share of them - 88.5% - are people who graduated from general secondary or professional education institutions who no longer want to learn, or those who have graduated from a higher education institution. According to the Labour Force Survey 2009 data, the share of unemployed people aged 15-24 years is 10.2%. These data confirm that these education establishments do not deliver programs that help their graduates to find decent jobs.

**Chart 5.8** Reasons for leaving the education system



Source: NBS

The rate of enrolment of young people of 15-24 years old in education remains rather low and it has been falling. In 2008, the rate of enrolment of young people in education was 39.6%, down by 1.6 percent compared to 2007 and by 3 percent compared to 2006, when it was 42.6%<sup>142</sup>. According to the data of the National Bureau of Statistics, currently about 60% of all 15-34 year olds do not continue their studies, and the rate of early leavers (15-19 years old) is 20%. For the 20-24 years cohort it is about 60%. This trend is most common

Many young people want to look for jobs in other countries, which demonstrates that the national labor market cannot meet their expectations and that they do not always have the necessary qualifications to obtain well-paid jobs. During the years 2000-2004 only 13.8% wanted to leave the country in a search for a job, but during the period 2007-2009 this share rose to 20.4%. Respectively, the rate of young people willing to work in the Republic of Moldova declined steadily from 30.5% for the period 2000-2004 to 23.1% during 2007-2009.

<sup>142</sup> NBS/UNDP/UNICEF/UNIFEM/UNFPA (2009). Multiple approaches on social exclusion (methodological and analytical aspects). Annex 5, field 4.

**Table 5.2.** Distribution of active, employed and unemployed people by age groups, thousand people

	Active	Employed	Unemployed	%
15-24	143.3	121.2	22.1	15.4
25-34	263.2	244	19.2	7.3
<b>15-34</b>	<b>406.5</b>	<b>365.2</b>	<b>41.3</b>	<b>10.2</b>
35-49	511.3	483.8	27.5	5.4
50-64	319.7	307.5	12.1	3.8
65>	27.9	27.8	0	0.0

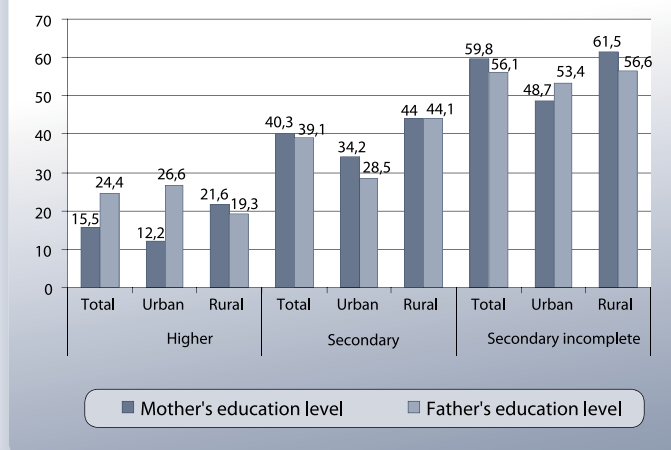
Source: NBS<sup>143</sup>

**High costs of higher education make students vulnerable to exclusion.** One of the indicators of the impact of high costs of high education is the share of young people who left the education system due to inability to pay. During 1987-1994, 10.2% of young people left the education system due to the high costs of studies, but for the 2007-2009 period this share rose to 27.9%.

**Parents' values and attitudes towards high education often increase the vulnerability of young people to exclusion from education.** The analysis based on HBS data demonstrates that young people from families where

parents have higher education are more inclined to continue studies than the youth from households where parents have secondary education or below average. Subsequently, if the mother or the father has higher education, the share of respondents who said they would not continue their studies was 15.5% and 24.4%, respectively, while those from households where parents have below average levels of education makes up about 60%. In cases where the mother or the father have higher education, the share who said they did not continue their studies was 15.5% and 24.4%, while among those from households where parents have the below average education, it was nearly 60%. (Chart 5.9)

**Chart 5.9** Intergenerational exclusion of young people from education



Source: NBS / UNDP. Multiple approaches to social exclusion. 2009

A problem in the transmission of intergenerational exclusion is not only the level of the parent's education shaping attitudes towards the future prospects of young people, but also parents' migration trends.

In families where one or both parents are migrants, the risk of young people leaving the education system early and working abroad is almost twice as high as in families without migrants. This trend is more pronounced in households where migrant parents have general secondary or specialized education,

<sup>143</sup> NBS (2010). Labour force in the Republic of Moldova, employment and unemployment. [http://www.statistica.md/public/files/publicatii\\_electronice/ocupare\\_somaj/FM\\_2010.pdf](http://www.statistica.md/public/files/publicatii_electronice/ocupare_somaj/FM_2010.pdf)

the difference recorded being about 16.4 percentage points for both parents. For migrants parents with higher education the difference is about 18.9 percentage points for mothers working abroad and 8.1 percentage points for fathers working abroad, a fact which again confirms the growing role of the mother in children's education and in the formation of their attitudes toward life.

**The quality of education** is an important factor influencing the ability of young people to integrate into the higher education system and obtain a well-paid job. Data from national surveys show that both pupils and their parents are satisfied with the quality of education. Thus, 90.4% of pupils assess the quality of education in the school they attend as being good or very good (70.2%), and those who consider the quality of studies to be satisfactory make up 25.3%. The share of parents who evaluate the quality of education in the schools their children attend as being poor or very poor is statistically insignificant<sup>144</sup>. These perceptions were also confirmed by the data of the Regional Study on Social Exclusion conducted by UNDP RBC in the fourth quarter of 2009.

Data from the „Basic Education in Moldova” sociological study carried out by the Institute for Public Policy in 2008 showed that although most parents are satisfied with the quality of education, they consider it less relevant for their children's future. Thus, only 24% of parents think that after graduating from school,

children are prepared for an independent life, and 14% of parents think their children are ready to continue their studies at a lyceum or at a vocational school and 20% of parents believe their children are prepared to study at a university.

Although the majority of respondents evaluate the quality of education as being good or very good, most also believe graduates' ability to apply the acquired knowledge in practice is limited. According to data from the National Bureau of Statistics, the share of people speaking a foreign language in the Republic of Moldova amounts to only 7.4% of all households; women make up 8.7% and men 5.2%. The urban population does not encounter difficulties in filling in forms to the same extent as the rural population (36% as opposed to 20.2%)<sup>145</sup>.

### 5.2.3 Government policies promoting inclusion in education and their implementation

#### Legislative developments supported inclusion in education

Optimizing and upgrading the education system by adjusting it to EU standards and requirements was seen as a key medium-term priority. In order to integrate into the Single European Higher Education Area, to facilitate university and professional recognition of qualifications, to ensure social cohesion, the Republic of Moldova signed up to the Bolo-

#### Box 5.5. Quality education in parents' view

*Only 15.6% of parents with children attending school think their children have less chance of obtaining a quality education than other children in the country have, while 6.2% consider that equal opportunities are limited even in areas where they live. In urban areas their share is 7.6 percent higher than in rural areas - 19.2% - where households are mostly made up of people employed in the agricultural sector with three or more children (25%).*

**Source:** Study on Social Exclusion 2009, UNDP RBC

<sup>144</sup> UNICEF (2009). Basic education in the Republic of Moldova in terms of child-friendly school.

<sup>145</sup> NBS/UNDP/UNICEF/UNIFEM/UNFPA (2009). Multiple approaches to social exclusion (methodological and analytical aspects).



gna Process<sup>146</sup>. Also, during 2009 and 2010, the Ministry of Education coordinated the team that worked on the draft Education Code that presents a new approach to education and is aligned with EU requirements. For instance, a draft Education Code envisages school district organization and the establishment of vocational technical education. Moreover, standards were set for financing the education and maintaining it at least an 8% share of the GDP. The draft Code emphasizes the link between the labor market and the university system, a connection that is currently lacking.

### **Other measures aimed at the elimination of barriers to inclusion in education**

Strategic documents and regulatory acts<sup>147</sup> were developed that focus on improving the quality of education and facilitating access of children from poor families and with special needs to different levels of the public education system. A number of regulatory acts and documents were drafted promoting social inclusion, respect for diversity in terms of gender, race, religion, ethnicity, culture, language, family structure, socioeconomic level, age, abilities, and creating equal opportunities for children with special educational requirements<sup>148</sup>. The following priority actions were identified:

- to create school inclusion mechanisms for children with insufficient parental supervision;
- to ensure a legal and regulatory framework to promote community services for vulnerable families and families with children at risk;
- to organise meditation hours for pupils from socially vulnerable families in primary school;
- to involve NGOs in professional counselling services.

In this context, a number of measures aimed at improving the quality of services provided by pre-school institutions were implemented: the structure and program of activities were revised, education technologies oriented to personality development were adopted, and the funding of child support expenses increased. In small villages with no capacity to open and maintain kindergartens, Education Community Centres were opened for socially vulnerable children and families, where children of preschool age can benefit from a pre-school experience. In the context of compulsory general education, in order to reduce the burden of expenses for education, especially for poor families, the state ensures meals for 99.8% of I-IV grade children and for about 42% of V-XII grade children. I-IV grade pupils receive manuals free of charge, and those from poor families are subsidized by local public administration bodies to rent them.

The Ministry of Education and Youth has mapped the entire network of pre-university education institutions. They have also developed a plan to optimize the network of education institutions, which provides for the reorganization of secondary schools into lyceums or gymnasiums depending on the number of children, material and technical resources, and teaching potential. Thus, 145 pre-university education institutions have been reorganized into lyceums. The strategy of optimizing the network of pre-university institutions also provides for the creation of district schools, provision of transport services, and development of extra-curricular education. The Republic of Moldova has undertaken to participate in the PISA 2009 Project<sup>149</sup> in order to integrate into the international system of learning efficiency evaluation.

In higher and secondary specialized education, the scholarship system was improved in order to motivate students to deliver good performance and to support socially disad-

<sup>146</sup> The provisions of the Bologna Process refers to: organization of higher education in cycles, implementation of the European Credit Transfer and Accumulation System, introduction of a new qualification system (diplomas) comparable to those in the Europe, development of the curriculum based on methodologies and criteria comparable to those from the European Community.

<sup>147</sup> National Strategy "Education for All"; 2009-2011 Institutional Development Plan, <http://www.edu.gov.md/>

<sup>148</sup> Learning and Development STANDARDS for children aged 5-7, UNICEF, MEY

<sup>149</sup> <http://www.edu.gov.md/files/unsorted/PISA2009.doc>

vantaged students, regardless of the form of financing<sup>150</sup>. At the moment, three types of state budget-funded scholarships are available: merit scholarships, study scholarships, and social scholarships. Social scholarships are awarded, on request, to students of the 1<sup>st</sup> cycle, 2<sup>nd</sup> cycle, integrated studies, medical and pharmaceutical education, from socially vulnerable families, who have not obtained a study scholarship. The scholarship is established depending on the share of income per family member.

### 5.3 Access to healthcare: Barriers to inclusion and actions undertaken to address them

#### 5.3.1 Overview of health indicators in Moldova

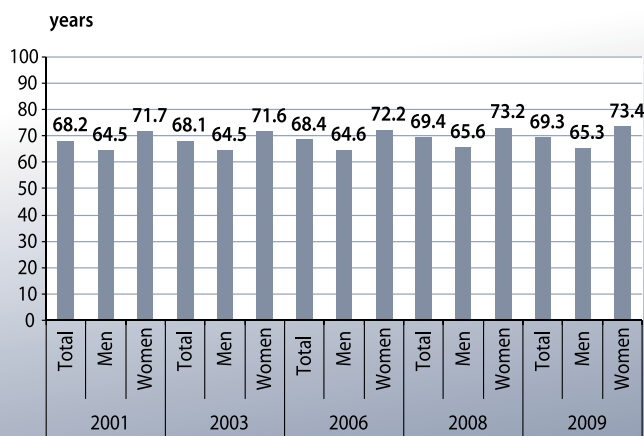
The possibility of living a long, full and healthy life is the basis and the goal of human development. Life expectancy at birth is one of the key indicators that characterizes the **quality of health of the population** in the Republic of Moldova. In 2009 it was 69.3 years, - 73.4 years for women and 65.3 years for men<sup>151</sup>. Since 2000, the life expectancy at birth indicator in

Moldova has been rising steadily, climbing by 1.7 years in 2009 (Annex 5.1 on demographic profile). This improvement can be attributed to a reduction in infant mortality and under-5 mortality rates. Life expectancy for women is 8.1 years longer than for men while the average life expectancy for urban residents is 3.5 years longer than for rural residents (Chart 5.10).

As a result of policies implemented in the field of mother and child assistance (including state insurance), the infant mortality rate fell over the years 2000-2009 by about 6,6 percentage points, while the under-5 mortality rate fell by about 8,1 percentage points<sup>152</sup>. Nonetheless, compared to the EU-27, these indicators in the Republic of Moldova are still about 2.7 times higher. (Charts 5.11 and 5.12., see next page).

**The mortality rate** of the population, which is an objective factor that reflects the quality of life, morbidity and disability status is rather high in the Republic of Moldova (Annex 5.4 contains a comprehensive set of health indicators). It rose from 11.3 deaths per 1,000 inhabitants in 2000 to 11.8 deaths per 1,000 of inhabitants in 2009. The predominant causes of population deaths are circulatory system diseases – about 56.1% and malign tumors – 13.6%, digestive system conditions - 9.8%, accidents, poisonings and traumas - 8.2% and respiratory diseases - 5.5%. The mortality of the older working-age population is still prevalent in the general structure of population mortality, mostly among the population of rural areas. In 2009, deaths of persons of working age from rural areas made up 65.1%, placing the Republic of Moldova among the first among the region's European countries<sup>153</sup>. This rate is 1.1 times higher among men than women, being largely influenced by their lifestyle (including alcohol consump-

**Chart 5.10** Development of the life expectancy at birth indicator



Source: NBS and MoH

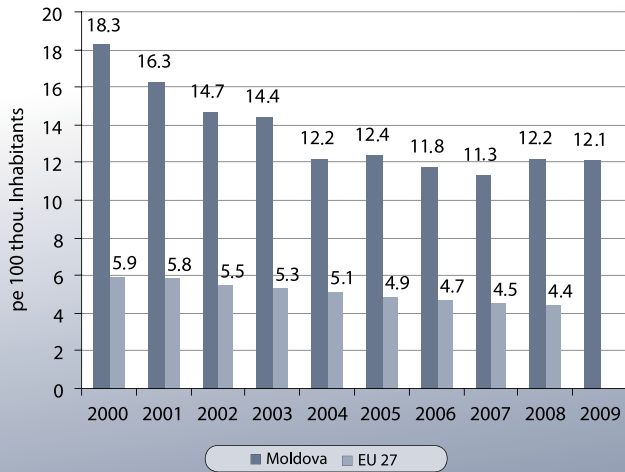
<sup>150</sup> Government Decision No. 1009 of September 1, 2006

<sup>151</sup> NBS. The demographic situation in the Republic of Moldova in 2008

<sup>152</sup> NBS data. Authors calculations

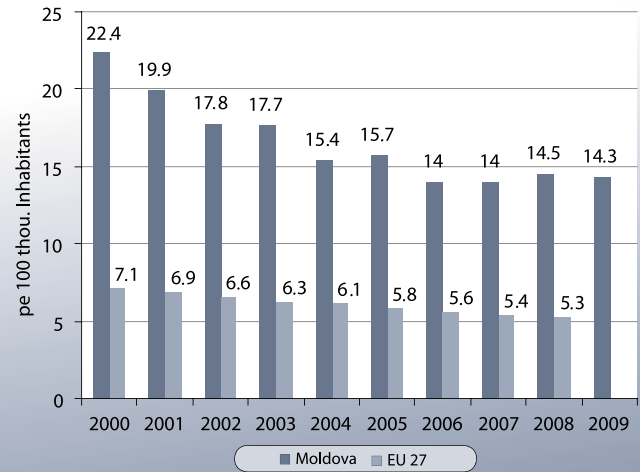
<sup>153</sup> MoH (2010). Annual Health Report 2009

**Chart 5.11** Comparative infant mortality dynamics



Source: NBS and WHO statistic database 2010

**Chart 5.12** Comparative under-5 mortality dynamics



Source: NBS and WHO statistic database 2010

tion and smoking), food culture and environmental conditions (Chart 5.13.)

### 5.3.2 Barriers to accessing healthcare services

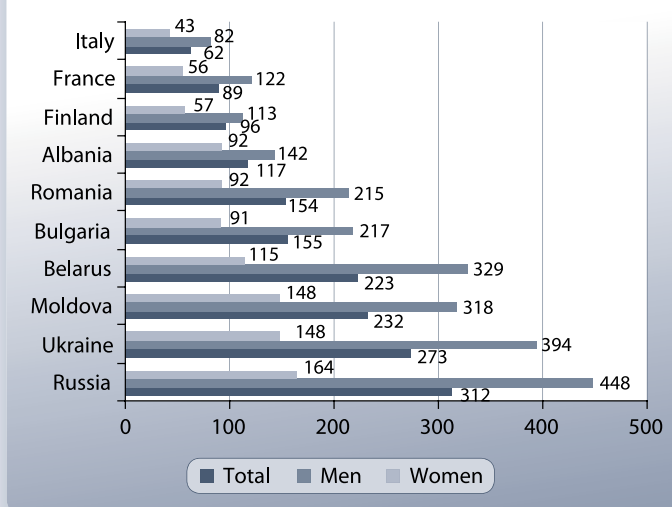
**Transition processes weakened the capacity of the health care system and negatively affected its quality and accessibility.** The

consequences of the economic crisis of the 1990s led both to a decrease in budget funding of state healthcare institutions as well as a reduction in the accessibility of healthcare services, thus worsening human development indicators. Within the 1996 – 1996 period, budget allocations for the healthcare sector fell from 6.9% of GDP in 1996 to 2.9% in 1999. As a result, over 9,000 medical personnel (doctors and nurses) left the healthcare

system during the period 1996-1999<sup>154</sup>. After the introduction of the compulsory medical insurance system and mechanisms of hospitals optimization, the financial situation of the system improved and its budget increased to 6.4% of GDP in 2009.

The exodus of medical personnel from the system slowed down. During 2000-2008 about 10,000 medical personnel left the system. Only in 2009 was a tendency observed of people returning back to the system, with an increase of 170

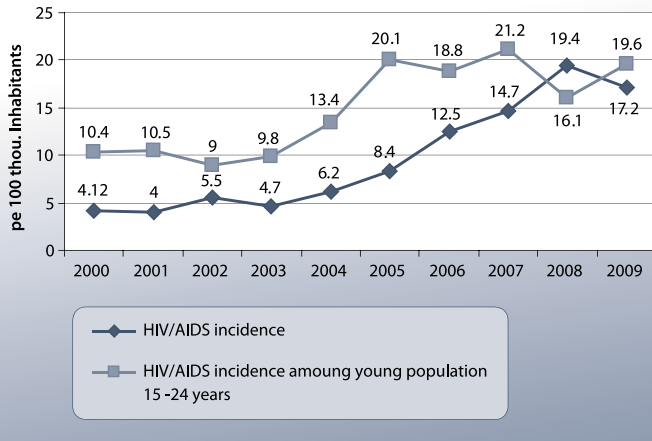
**Chart 5.13** Mortality rate of persons between 15-64 years, per 100 thousand inhabitants



Source: MoH 2008, World Health Statistics 2007

<sup>154</sup> MoH (2009) Preliminary indicators of people's health and activity of medical sanitary institutions for the years 2007-2008. Authors' calculations.

**Chart 5.14** Evolution of HIV/AIDS incidence in Moldova, per 100 thousand inhabitants



Source: MoH, WHO 2009

persons (99 doctors and 71 medium medical personnel) compared to 2008<sup>155</sup>.

**Barriers to accessing quality healthcare that patients with HIV/AIDS and tuberculosis (TB) face.** These diseases have a major impact on mortality, duration and quality of life and from the socio-economical perspective they are the main causes generating poverty, discrimination and marginalization<sup>156</sup>. Therefore, the level of access of persons with HIV/AIDS and TB to health services can dramatically improve their inclusion and improve overall health outcomes.

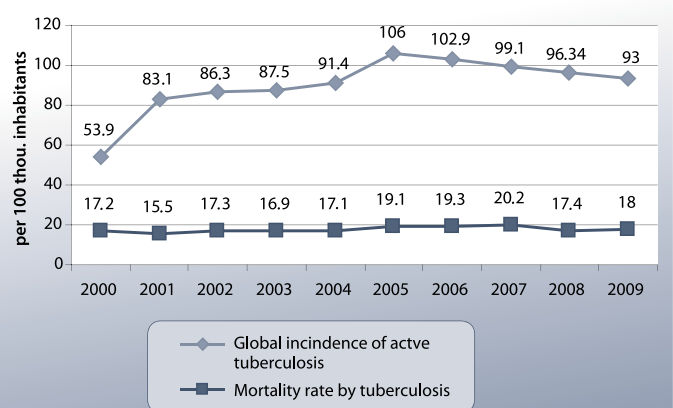
The evolution of HIV/AIDS incidence in Moldova over past years has been uneven, and since 2003 it has been rising. By the end of 2009, the number of people living with HIV/AIDS in Moldova was 5,625, about five times higher than in 2000<sup>157</sup>. HIV/AIDS incidence was 17.2 cases per 100,000, having increased compared to 2007. To a greater extent, high levels of these incidents are due to the Transnistrian region that annually generates over 36.8% of all new cases<sup>158</sup>.

The HIV infection primarily affects the young population. The HIV/AIDS incidence among the young population (15-19 years) was 19.6 cases per 100,000 inhabitants in 2009, increasing by 1.7 percentage points compared to 2008 (Chart 5.14).

Although the service on Counseling and Voluntary Testing was established, the number of persons voluntarily tested for HIV is still low. Specific barriers to accessing these services (e.g., counseling and testing) include the lack of confidentiality, ethical gaps and the medical

deontology, as well as the persistence of stigma and discrimination. A significant share of persons with HIV (about 39%) is not employed, a considerable number of them do not have medical insurance<sup>159</sup>. In addition to these institutional and policy barriers, society is anxious about people with HIV/AIDS and TB, something that is mainly caused by historical stereotypes and inadequate or erroneous information that feed such discriminatory attitudes.

**Chart 5.15** Trends in global incidence of tuberculosis and mortality rate by tuberculosis



Source: MoH

<sup>155</sup> NCMH (2010). Report on public health 2009.

<sup>156</sup> UN (2000). Millennium Declaration. <http://www.un.org/millennium/declaration/ares552e.htm>

<sup>157</sup> UNAIDS (2009). Mid-term evaluation report of the National Program for HIV/AIDS/ITS 2006-2010 Control and Prevention. (<http://www.aids.md/files/library/2009/3118/mid-term-review-nap-2006-2010-march-2009-ro.pdf>)

<sup>158</sup> Georghita, (2010). Epidemiological situation of HIV/AIDS. Tendencies for 2006-2009.

<sup>159</sup> Scutelnicu, Bivol, Osoianu, Survey on the situation of children and families infected with HIV and of persons with HIV in Moldova, the National Center for Health Management, 2008.

**Box 5.6. HIV/AIDS is still a reason for discrimination and marginalization.**

*The results of a study carried out in this field mentions that about 50.7% of persons with HIV/AIDS in the Republic of Moldova have been at discriminated against at least once because of their HIV-positive status. Persons infected through injections reported discrimination more frequently (58.6%) than people infected through sexual intercourse (46.5%). The hospital is the place where this discrimination is most frequently felt (55.8%), being followed by neighbors (16.8%), other situations obtaining less than 10% (at work – 8.6%, in family 7.9%, relatives – 8.9%, friends – 8.6%, mass-media – 3.1%). Parents of persons with HIV mentioned the high level of social stigmatization. They prefer to keep the HIV positive status secret, in order to avoid discrimination against their children. Accordingly, every fifth person infected has changed or lost work because of the disease, one in ten people would buy food from a vendor with AIDS and only 28% consider that an HIV-positive teacher should be allowed to teach children. About 90% of young people of 15-24 years, predominantly from rural areas express intolerance towards persons with HIV / AIDS.*

**Source:** MoH National Scientific-Practical Centre of Preventive Medicine<sup>160</sup>

Unlike HIV/AIDS which is a disease that needs proper care and expensive, specialized treatment, tuberculosis is a “social” disease that generates discrimination, marginalization and even isolation.

The overall incidence of tuberculosis in the Republic of Moldova over the last years has been falling. In 2009, the overall incidence of tuberculosis represented 116.0 cases per 100,000, a 4% fall compared to 2008. There has been a 3.7% fall in the incidence of new cases, with 3,804 in 2009 cases or an incidence of 93.0 cases per 100,000 inhabitants. There are considerable discrepancies, both based on gender and on residence. Thus, more than two thirds of new cases of tuberculosis were registered among men. At the same time about 60% of tuberculosis patients come from rural areas, of which 70% are men (See Chart 5.15)

Moreover, over the last years, there has been an increase in the number of new cases among emigrants, the majority of whom, due to frequent changes of residence, are not treated against tuberculosis. Thus, due to low adherence to the treatment and high population mobility, the incidence of multiple-drug

resistant tuberculosis has risen and in 2008 stood at about 43% of the total number of patients<sup>161</sup>.

The incidence of tuberculosis in penitentiary institution continues to be high. In 2008, it stood at 1,400 per 100,000 people, or 11 times higher than the overall incidence rate. Nevertheless, it is necessary to mention that since the implementation in penitentiary institutions of the strategy on DOTS (in 2001), the incidence of new cases of diseases fell by 3.5 times to 119 cases in 2009.

The total number of deaths caused by tuberculosis in detention is four times higher than the average in the country and there were 85.4 cases per 100,000 persons in detention. This Chart has fallen substantially. In 2001, for instance, there was a fiftyfold difference. In about 40% of deaths, AIDS was detected that confirms that there is a co-morbidity of TB and AIDS in persons in detention<sup>162</sup>.

**Limited coverage and limited services provided through medical insurance system restrict access of vulnerable groups and individuals to quality healthcare.** The compulsory health insurance system that covers

<sup>160</sup> MH / CNSMP (2008). The study “Initial situation of children and families affected by HIV and people with HIV/AIDS in Moldova

<sup>161</sup> MH(2010). Annual health report for 2009

<sup>162</sup> Gov/UNDP (2010). Report on Millennium Development Goals implementation (draft)

### Box 5.7. Person with TB may be subject of forced detention and coercive treatment

*In 2009, the UN Committee on Human Rights showed its concerns towards the new Government Decision<sup>163</sup>, according to which persons with contagious tuberculosis may be subject to forced detention and forced to a “coercive treatment” in the case that it is considered that someone is “avoiding treatment”. In particular, this document does not clearly define the notion of “avoiding treatment” (namely, what specifically is avoidance of treatment) and it neither provides for guarantees of confidentiality to the patient nor the possibility for court appeal or revision of a decision on forced detention of patient”.*

*The situation is even more complicated for persons in detention who are about to be released from prison. If the contagious infection is disclosed, the administration of the penitentiary institutions, must request, at least one month before release, the enforced hospitalization and the application of coercive treatments to this individual, infringing a series of fundamental rights and freedoms stipulated by the International Covenant on Civil and Political Rights and related law.*

**Source:** UN (2009). Conclusive observations of the United Nations Human Rights Committee on the second periodic report submitted by the Republic of Moldova (CCPR/C/MDA/2). [http://www.un.md/news\\_room/pr/2009/Human\\_Rights/CCPR\\_C%20MDA\\_CO\\_2\\_rom.pdf](http://www.un.md/news_room/pr/2009/Human_Rights/CCPR_C%20MDA_CO_2_rom.pdf)

in 2009 about 78.6% of the population was introduced<sup>164</sup> in 2004 (Table 5.6 on the share of population without compulsory health insurance). The basic package of healthcare services was reviewed and extended, the emphasis being placed on children, women, elderly people and the vulnerable groups of the population who are insured by the state. Nevertheless, in 2009, about 23.2% of households still were outside the insurance system<sup>165</sup>, the biggest part of them being from the rural area – 28.5%. Thus, about 46.5% of farmers, 34.4% of employees in the agricultural sector and a

quarter of households with children declared they have no medical insurance policy.

The share of individuals in rural areas that do not access healthcare and do not visit the doctor because they have no policy is about 23.8%, 14 times higher than in urban areas. Families with jobless persons – 48.8% and the households with unemployed people – 33.3% do not go to the doctor. Although children are insured by the state, the level of their parents’ awareness on the rights of free medical services is very low. About 61.1% of

### Box 5.8. Population views on credibility of the state medical insurance

*About 46.4% from the total number of respondents mentioned that they do not trust the current medical insurance system and that system is not able to offer them the services they need, in particular, this was stated by the households with three or more children making up 55%. The lowest level of confidence was expressed by youth between 15-24 years old – 5.7%, followed by persons aged 45-54 years old – 5.1% and elder persons of 65 and over years old – 4.1%. Also, 56.5% of individuals from uninsured households expressed their distrust in the medical insurance system and believe that it cannot provide the necessary services so that it is not worth buying the policy because they still have to pay when they go to the doctor.*

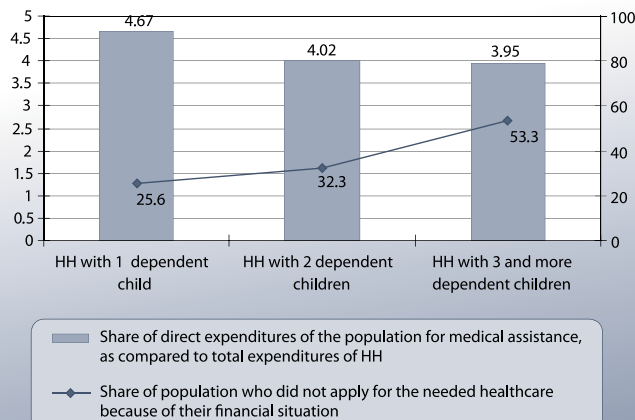
**Source:** Study on Social Exclusion 2009, UNDP BRC

<sup>163</sup> Government Decision nr. 472 din 7.08.2009, on implementation of the Regulation on the application of coercive treatment for persons with contagious tuberculosis.

<sup>164</sup> NBS (2009). Study of Public Health and Access to Healthcare Services in the Republic of Moldova

<sup>165</sup> MH (2010) Annual health report for 2009

**Chart 5.16** Financial access to medical services of families with 3 and more children



Source: NBS

households with three or more children do not go to the doctor because they believe that they don't have a policy<sup>166</sup>.

Only 40.9% of Roma and migrants' households access the healthcare system<sup>167</sup>. Only 23% of Roma households have a medical insurance policy, this being half the level of the rest of population<sup>168</sup>.

The HBS data reflected a rather small contributive participation of the population in medical insurance. Only 26.7% of the total number of households contribute to the system by paying monthly compulsory contributions and only 1.7% of households have purchased the policy, and 51.3% are insured by the state for free<sup>167</sup>. Much of this can be explained by the relatively

high costs of insurance in comparison with the incomes of persons in the rural area (in 2009, the price of policies rose by 39.3% compared to 2008 and about 5 times compared to 2004, when the insurance system was introduced).

**Low household incomes are a significant barrier that dramatically restricts vulnerable groups' access to healthcare.** The data from the HBS show that about 29.2% of households do not access healthcare services because of a lack of money (Annex 5.5 on share of health expenditures in the total households' expenditures).

The majority of these households are from villages – 36.4% and from small towns – 30.3%<sup>170</sup>. The direct expenses of these households for health are still small, and in 2009 they represented only 6.2% of total expenditures<sup>171</sup>. However, more than half of households with three or more children (53.3%) said they don't approach healthcare providers because of their difficult financial situation, registering the lowest share of expenses for medical assistance in the total expenses (3.95%)<sup>172</sup> (Chart 5.16).

Households with disabled persons and pensioners spend most on health – 10.3% and 9.1% respectively. The data of the qualitative sociological survey "Voice of people perceived as being excluded in Moldova" confirm this situation.

**Box 5.9.** The households cannot afford the treatment because of lack of resources

*About 44,2% of households mentioned that they do not go to the doctor because they cannot pay for his or her services. Out of them, the self-employed have the most significant share – 52.9%, unemployed persons – 52.3% and households without workers - 51.3%. Families with three or more children from rural areas have the lowest level of access to medical centres or hospitals, with 51.4% of them saying they do not ask for treatment because they don't have the possibility to temporarily leave their children or their elderly parents who need care.*

Source: Study on Social Exclusion 2009, UNDP BRC

<sup>166</sup> UNDP RBEC (2009). Regional study on Social Exclusion

<sup>167</sup> NBS (2008). Ad-hoc Health module data.

<sup>168</sup> UNDP (2007). Situation of Roma in the Republic of Moldova.

<sup>169</sup> NBS/MH (2009). Note on health in the Republic of Moldova

<sup>170</sup> NBS/UNDP/UNIFEM (2010). Multiple approaches

to Social Exclusion in the Republic of Moldova. Analytical and Methodological aspects.

<sup>171</sup> MoE (2010). Report on poverty and the impact of policies. (draft)

<sup>172</sup> NBS (2009). Ad-hoc health module.

**Box 5.10. Access to health services is an issue for people with disabilities**

*Although according to the law people with disabilities have more benefits: free of charge medical insurance policies, subsidized drugs, free rehabilitation treatment in sanatoriums, etc. In reality, however, their access to health services is very limited, especially in cases when they have no financial resources and/or when there is no presistance on their behalf or on behalf of their relatives. "The law is not observed, they say 50%, but they retain 2-3 lei, but we need medicines everyday" (F, 58 years, disabled in rural area).*

*There are problems with access to these institutions, in particular for people with mobility impairments, so for this reason they refuse to go to health centers. According to people with disabilities there are no conditions for rehabilitation outside the hospital.*

**Source:** CBS AXA, UNDP (2010). *Voices of people perceived as excluded in Moldova. Qualitative sociological survey.*

**Long distances and lack of transport services restrict access to healthcare services.**

According to NBS data, in 2008 about 5.5% of households were limited in their access to medical services because medical office/hospital/medical centres were situated too far from their place of living<sup>173</sup>. The most deprived, in this sense, are households made up of single parents with children – 17.3%, elder households, made up of one person – 8.1%, the elderly couples without children – 8.2%, the households with disabled persons – 8.6% and households with 3 and more children – 6.8%. This situation is also confirmed by data of the Regional Study on Social Exclusion conducted by UNDP RBC within the fourth quarter of 2009.

According to Ad-hoc Module on Health data, 8.5% of respondents from rural area and 2% from urban areas said that the distances and lack of transport are the problems, which limit their access to healthcare services. From the regional perspective, the most affected, in this regard, are the households in the south regions (including Territorial Administrative Unit Gagauzia) – 11.5% and north – 7.5%. In Chisinau municipality, this barrier is not significant (0.8% of respondents identified it as a challenge) due to better medical infrastructure development and higher levels of staffing with physicians, compared to other regions.

**Box 5.11. Long distances and lack of transport means and the oversteering at work are still limiting the access to health.**

*19.3% of the total number of respondent households declared that they don't go to the doctor/family medical centre/hospital because of long distance they have to get over, in this regard, the lack of transport being mentioned by 18.8% of households. Of which, the major share belongs to households from rural area that represents 23%. These households are made up of pensioners – 37.3% and jobless persons – 21.2%.*

*Lack of time during the working hours is another problem that has still an influence on the access to the healthcare system. This situation is more obvious for households whose members work in agricultural associations and budget sector employees – 25%, followed by those who work in the private sector – 23.1% and self-employed – 22.6%.*

**Source:** Study on Social Exclusion 2009, UNDP RBC



### 5.3.3 Government policies promoting inclusion in healthcare and their implementation

In the process of transition it became clear that a fully funded state healthcare system is unable to meet new challenges. A series of reforms were implemented: new principles of funding and organization of primary and secondary healthcare were introduced, private healthcare emerged, the mechanism of hospitals and hospital beds number optimization was implemented, and a package of free medical services guaranteed by the state was defined<sup>174</sup>.

More specific changes and reforms include: (i) expansion and strengthening of primary healthcare network; (ii) introduction in 2004 of compulsory health insurance and determination of main vulnerable categories insured by the state; (iii) development of private medicine; (iv) consolidation of Emergency Medical Service infrastructure; (iv) activities for maintaining and strengthening medical staff in the system (especially from rural area) by approving a special methodology in this regard<sup>175</sup>, (v) standardization of healthcare services quality in accordance with WHO requirements and (vi) monitoring of services quality through accreditation. Since 2008 the policy of an annual increase of insurance premiums is being implemented. Health system decentralization has started through direct contracting of primary healthcare providers by the National Health Insurance Company.

During the period 1997-2004 the number of hospitals decreased by 26.5% (rural hospitals, which were not economically and medically efficient, were closed), and the number of beds was reduced by about 50%. A significant part of resources saved by optimization of beds were redirected to the primary care sector. 48 family doctors centers were created in

towns, as well as 383 rural health centers and 554 family doctors offices, providing primary health care until now by means of family doctor team<sup>176</sup>. In order to reduce inequalities and increase the access to the healthcare system, including of vulnerable groups, the National Health Policy, which determined priorities and directions of healthcare development for a 15 year term, was adopted in 2007.

In the context of compulsory health insurance, all expenses related to healthcare of mothers and children at all levels are covered from the public budget. Perinatal care was regionalized, which ensured proper division of pregnant women and newborns, and implementation of transportation in utero. In the recent years the optimization of the system's operation was promoted as a result of the strengthening of a specialized regional ambulance service for transporting infants.

## 5.4 Social protection system: Barriers to inclusion and actions undertaken to address them

### 5.4.1 Evolution of the social protection system

The extent of social issues that Moldova faced in the period of transition after the declaration of independence in 1991 was too significant for the old social protection, healthcare and education systems to address effectively. The social effects of „shock therapy” economic reforms were devastating and led to a dramatic fall in living standards, growing unemployment, and a reduction in the capacity of the social protection system to support an increasing number of vulnerable people. In addition, people were affected by the economic and social impact of the country's territorial disintegration. The loss of the Transnistrian region that produced over 90% of the country's energy output not only re-

<sup>174</sup> Government Decision no. 668 dated July 17, 1997

<sup>175</sup> Government Decision no. 1345 dated November 30, 2007

<sup>176</sup> MH(2007). Evaluation of health information system in the Republic of Moldova

duced budget revenues but also resulted in a rather large number of internally displaced persons (over 51,000) and the emergence of the first socially vulnerable groups (over 6,000 refugees<sup>177</sup>, veterans and war invalids).

There were some other negative social outcomes to the transition process. The lack of economic opportunities and high unemployment rate, as well as increased income inequality spurred migration processes, being primarily directed to CIS states, as well as to several European countries. Over 20% of Moldova's labor resources emigrated, which is a good indicator of the unprecedented scale of the deterioration of social and individual welfare<sup>178</sup>. Intensive migration processes led to such socially adverse effects as trafficking in human beings, a rise in the number of children left under relatives' and neighbors' supervision or left unattended, and increase in the level of school absenteeism, and many others.

To address these and many more transitional challenges that the country faced, a range of reforms to the social protection system were implemented. They were insufficient to address the systemic issues and complex social challenges of the 1990s, however. The system became financially unsustainable so that in 1998 and 1999, only 40% of pensioners received some social payments<sup>179</sup>, and the average old age pension was 83.9 MDL (10.1 USD)<sup>180</sup>. Additionally, this period was characterized by a major increase in the demand for institutionalization, the number of persons in the existing 67 institutions exceeded 14,000, of which 78% were children.

The social assistance system was only developing and was viewed as a component of the pension system, and had different compensatory payments for various categories such as

persons with disability and war veterans. The first payments for children from large families were introduced only in 1997, with responsibility for payment being delegated to enterprises, which because of a lack of resources, often failed to pay.

The *Pension Insurance Reform Strategy*<sup>181</sup> and the *Social Assistance Reform Strategy*<sup>182</sup> were introduced, dividing the national social protection system into two distinct parts (insurance and social assistance). A series of structural social reforms designed to reduce the effects of poverty and increase people's access to services were initiated. An important role in this regard was played by the *National Program for Poverty Alleviation* (2000), the *Preliminary Poverty Reduction Strategies* (2000 and 2002) and the *Economic Growth and Poverty Reduction Strategy* (SCERS 2004-2006), which synchronized sector policies through national objectives and the Millennium Development Goals (their targets were adapted to the context of the country)<sup>183</sup>.

From 2000 onwards, the public social insurance system was being established and the state social insurance budget was created. According to the new social insurance policy, the Republic of Moldova maintained a distributive retirement system, consisting of a single pillar, introducing, at the same time, the new retirement formula (which linked the amount of paid contributions, with the amount of the future pension) and a formula for the transition period (which combined pension rights accumulated within the period before the reform and rights acquired in the new system).

Efforts have been made to phase out the privileges for new pensioners, and gradually increase the retirement age, reform, which was not fully implemented, being stopped by the

<sup>177</sup> UNHCR (1999). Global Appeal. The Republic of Moldova

<sup>178</sup> EXPERT-GRUP. Assessment of Corporate Social Responsibility. page.16, [http://www.expert-grup.org/library\\_upld/d77.pdf](http://www.expert-grup.org/library_upld/d77.pdf)

<sup>179</sup> WB. Improving Public Expenditure Efficiency for Growth and Poverty Reduction. Public expenditure review for the Republic of Moldova.2007, page 70

<sup>180</sup> MLPSF (2001). Annual Social Report 2000. Authors' calculations based on official exchange rates of the NBM

<sup>181</sup> Parliament Decision no.141-XIV dated September 23, 1998

<sup>182</sup> Parliament Decision no. 416-XIV dated May 28, 1999

<sup>183</sup> Government Decree no. 288 dated March 15, 2005, on approval of the Millennium Development Goals in the Republic of Moldova until 2015 and the First National Report „Millennium Development Goals in the Republic of Moldova”

Parliament. In 2003 the annual pension indexation mechanism was introduced, and, at the same time, the procedure for contribution redistribution between employer and employee was established. A series of steps for the harmonization of retirement rules were taken.

The development of the social assistance system was characterized by the development of a full set of compensatory programs based on the principles of access by category. The normative compensations program introduced in 2000 became one of the most costly and inefficient targeted social assistance programs. In 2007 it spent over 44% of the budget for social assistance, with a total number of over 272,000 beneficiaries grouped in 11 categories. For effective targeting of available resources, a series of measures were undertaken following which a mechanism for testing household income was created based on proxy, which helped the introduction, by the end of 2008, of a poverty benefit called „Social support”<sup>184</sup>.

Currently, the social assistance system provides 18 types of **cash benefits** regulated by various legislative and regulatory acts. Eligibility for these benefits continues to be determined on a category-based principle, payments being compensatory. Only in the case of three benefits eligibility are mechanisms applied by assessing applicants' income (child benefits from the age of 1.5/3 to 16 years old, materials aid from Republican Fund for Social Support of the Population and the newly introduced „Social support”). About 95% of these benefits are paid from state budget and only an insignificant part through the budgets of territorial administrative units.

The profile of households potentially eligible for welfare shows that the largest groups consist of the households of farmers (31%) and households with three or more children (16%), households where the household head has no educa-

tion (10%) and is aged between 40-49 and 50-59 years (9% and 8% respectively). It is important to note that the risk is more pronounced for households headed by men (7%) compared to those headed by women (4.2%)<sup>185</sup>.

With the adoption of the Law on social assistance, along with the monetary benefits system, the development of the community social services system started, a major role in this regard being played by the non-governmental sector. The network of community social workers was created, the standardization of service quality and the process of deinstitutionalization started (first to be considered were residential institutions for children). The result of actions implemented during 2007 allowed the number of children in institutions to fall by 10.2% compared to 2006 and by 13.8% compared to 2003.

#### 5.4.2. Barriers to accessing the social protection system

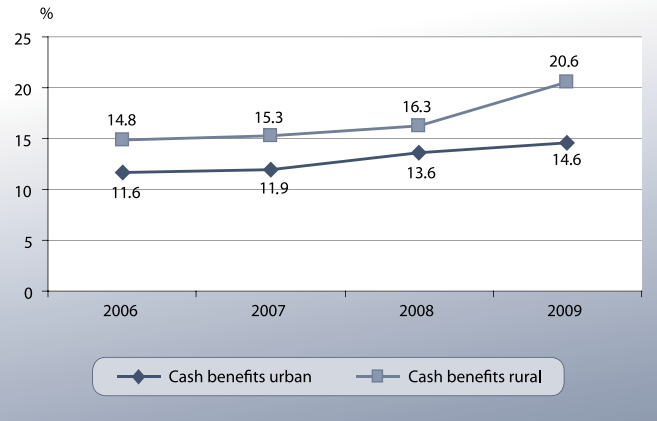
According to data from the Ministry of Labor, Social Protection and Family, as of January 1, 2009 the total number of beneficiaries of the national social protection system exceeded 1 million people, about 53% of them being pensioners<sup>186</sup>. **Social benefits** are an important source of income for a large group of vulnerable families and people (Annex 5.12 on share of social benefits in households' incomes and Annex 5.13 on share of households receiving social assistance benefits) According to the data of the HBS in 2009, 57 % of households receive some social benefits. Of these, about 47.8% of households received some type of pension (old age, seniority, disability, survivors) and 27% of households received social assistance benefits. Their share of incomes is 17.5%, 5.8 percentage points higher in rural than in urban areas. Thus, approximately 20.6% of household income in the villages and small towns (18.7%) are made up of social

<sup>184</sup> Law on Social Aid, No. 133-XVI of 13.06.2008

<sup>185</sup> NBS (2010). HBS 2009 data. Authors calculations.

<sup>186</sup> MLSPF (2009). Annual Social Report 2008. Authors calculations.

**Chart 5.17** Share of cash benefits in the household income by residence area



Source: NBS, HBS 2009

benefits. In rural areas, the share of the pension in the overall income was 16.7%, which shows the rapid growth rate of the rural elder population and the lack of opportunities for earning an additional income (Chart 5.17).

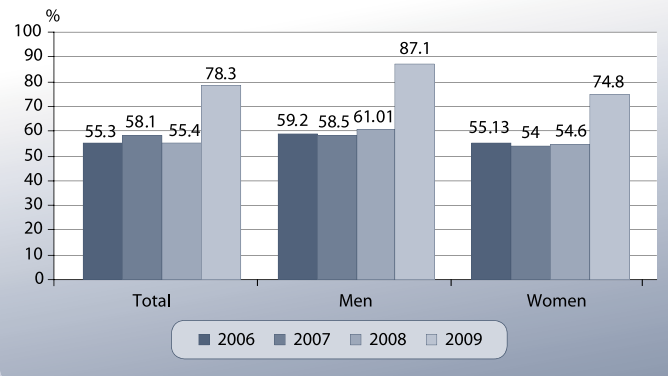
**Insufficient pensions are a barrier to social inclusion.** Elderly people are considered to be one of the main groups vulnerable to social exclusion, where two factors are the most important: age that limits personal autonomy as well as limited possibilities to obtain additional income (Annex 5.9 correlation between employed and retired population and Annex 5.11 on correlation between average old age pension and minimal subsistence level). In early 2010 there were 500,400 60-year-old people living in the Republic of Moldova<sup>187</sup>.

One of the main risks faced by the elderly is poverty. Thus, of all people living below the

absolute poverty line in 2009, elderly people made up 35.6%, their income being mainly from social benefits (54.8%). The share of social benefits within the incomes of these households is 4%.

Pensions are the main source of income for elderly people seeking to replace the income lost due to retirement (Annex 5.10 trends in pensions amounts and replacement ratios). In 2009 the replacement ratio was 29.1%, which shows that the average old-age pension covers only one third of the income obtained prior to retirement, while making up about 78.3% of the subsistence minimum for pensioners. Significant gender differences are noticed. Thus, although life expectancy at birth for women is higher than for men by an average of 8.1

**Chart 5.18** The ratio between average old-age pensions and pensioners' subsistence minimum



Source: MLSPF, NSIH

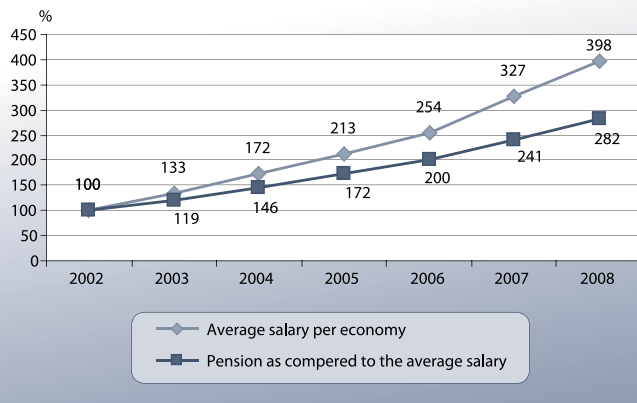
**Box 5.12.** The retirement system does not meet the basic needs of elderly people

*"We have no confidence in the social insurance system in Moldova, the small pensions are not enough for the elderly to cover their minimum needs. Old people who do not have the support of their children or relatives, are forced to look for ways to survive"*

Source: CBS AXA, UNDP (2010). "Voice of people perceived as being excluded in Moldova". Qualitative sociological study

<sup>187</sup> NBS(2010). Average life expectancy in the Republic of Moldova, 2009

**Chart 5.19** Discrepancies between the average salary increase per economy and annual indexation of pensions



Source: Ionita, V.(2008). Author's calculations

years, the assertion that women's opportunities are greater than those of men, to receive a full pension until death in relation to contributions made appears to be erroneous. In fact, the data shows that when reaching the age of 60, the difference in life expectancy between men and women are on average only about three years<sup>188</sup>.

Therefore, the difference between the average old age pension for women and the subsistence minimum for pensioners is 74.8%, this indicator is lower than for men by 12.3 pp<sup>189</sup>. This leads to the conclusion that the current retirement system is not able to ensure a decent old age free from poverty risk (Chart 5.18). This was confirmed by the data of the qualita-

tive sociological study "Voice of persons perceived as being excluded in Moldova".

In Moldova, which is mainly an agrarian country, pensioners in rural communities rely on their pensions to make ends meet. The average monthly pension in agriculture in 2009 was about 88.9% of the old-age pension, having decreased by 1.2 percentage points compared to the previous year. The replacement rate of the average monthly pension in agriculture was only 25.9% of the nominal average monthly wage

in the economy, representing a difference of about 3.2 percentage points compared to the overall rate of substitution per country. Therefore, these differences point out the need to develop some additional measures within social insurance policies, so that inequalities in redistributing resources for pensions do not lead to exclusion.

The pension indexation mechanism itself generates inequalities. The pension is indexed to a level well below the increase in salaries in the country (on which basis the size of old age pension is established) (Chart 5.19). Therefore, an employee of the national economy, retired in 2002, currently receives a pension of 1.4 times less than his colleague, who retired in 2008.

### Box 5.13. Trust in the social insurance system remains low

Data from the regional study on social exclusion show that about 52.7% of Moldovan people do not trust the current pension system. By occupational status, the most critical in this regard are unemployed people - 63.9%, entrepreneurs - 61.5%, the self-employed - 52.6% and young people (students) - 52.4%.

Over 55% of elderly people consider that the current pension system is not able to cover their needs. The most significant share of these people lives in Chisinau - 59.4%, and 71.7% in towns. Rural people are a little more optimistic in this regard, with only 48.5% expressing similar doubts.

Source: Study on Social Exclusion 2009, UNDP RBC

<sup>188</sup> NBS(2010). Average life expectancy in the Republic of Moldova in 2009

<sup>189</sup> Calculation made based on the data provided by the MLSPF and NHIB.

**Some vulnerable groups and individuals are not included in the social insurance system at all.** Since introducing individual contributions 2003, by 2009 about 90% of the country's residents were included in the state social insurance system. The levels of inclusion of self-employed in agriculture and migrants, for whom voluntary social insurance is made available, are low. It can be explained by the high cost of voluntary insurance and low levels of trust in the current social insurance system.

**Gaps in the social protection system in Transnistria that leave the needs of many vulnerable groups and individuals un-addressed.** On January 1, 2010 there were 134,200 pensioners in Transnistria, representing 25.7% of the total population of the region, this indicator being 15.6 percentage points higher than in Moldova. Over 96% of pensioners receive a retirement pension, and only 3.4% social pensions. The replacement ratio for 2009 was 29.6%, making up 30.2% for retirement pensions and 13.9% for social pensions. The same distribution can be noticed in the case of the minimum subsistence ratio. Thus, the average of this indicator was 97%, composed of 98.8% for seniority pensions and 45.6% for social pensions.<sup>190</sup>

The overall welfare system continues to be marked by elements of the old Soviet system, absolutely incompatible with the social insurance system in Moldova and only partially

compatible with the social assistance system (compensatory cash benefits based on the category principle). These conditions serve as barriers to people residing in the Transnistrian region in accessing the social protection system of Moldova, a fact confirmed by the results of the qualitative sociological study "Voice of people perceived as being excluded in Moldova".

**Poor targeting and low levels of social assistance benefits do not allow them to have a significant impact on ensuring the social inclusion of vulnerable groups.** Due to the small amounts, the share of social assistance benefits in household income is low, making up only 2.7%, being more larger in rural areas by around 0.9 percentage points than in urban areas. The most significant share of social assistance benefits is recorded in the incomes of households with disabled people - 8.2%, followed by households with three or more children - 6.7%, farmers - 4.5%, and pensioners - 4%.

The HBS data for 2009 shows that only 19% of all households with children aged below 16 years benefited from various types of allowances for children. However, in the case of allowances for children aged from 3 to 16 years coverage is quite low due to the income testing mechanism for accessing the system. Only 7% of households with children aged 3-16 years have received this type of benefits. Thus, 76% of households in quintile I and II benefited from these payments, and absorbed over 80%

#### **Box 5.14. The access of the Transnistrian region people to the social protection system of the Republic of Moldova is difficult.**

*"We are not at all protected by state institutions. I can't retire to this day.. I wrote two letters to the Minister of Justice, to Tarlev when he was prime minister. Together with Stephen Uratu, I went to both of them. I also wrote letters to the new Minister of Justice, Alexandru Tanase. All of them are indifferent, especially if you are a simple man, not rich, not a director." (M, 66 years, retired, rural).*

**Source:** CBS AXA, UNDP (2010). "Voice of people perceived as being excluded in Moldova". Qualitative sociological study

**Box 5.15. Population tolerance towards the social groups benefiting from social support**

*Some respondents were very dissatisfied with the way social benefits are granted, noting that families abusing alcohol and those who do not make any effort to overcome this situation are given priority.*

*"... To get material aid without problems, first I should be, so to speak – a drunkard, broken by drink, negligent ... and in this case I am considered a vulnerable family and only then do I get material aid without any problems. But when I go to ask for financial aid, they begin – no, you can not get it, because you live well ... in order to get material help I have to be broken and then I can get it without problems "(Female, 44 years, rural).*

**Source:** CBS AXA, UNDP (2010). *Voice of people perceived as being excluded in Moldova. Qualitative sociological study*

of their targeted amounts<sup>191</sup>. Although this program is viewed as an efficient poverty-targeted program, the impact of these payments on the welfare of families with children is insignificant mainly because of their small amounts. It served as a basis for reconsidering the benefits system through their inclusion in the scheme of "Social support", which is planned to be implemented, beginning with 2011.

As for the allowances for childcare for children up to three years, it has a better coverage in 2009, covering about 52% of households. Since households with many children are more exposed to the risk of poverty and social exclusion, coverage rates for allowances for children are higher for poor households<sup>192</sup>.

The impact on poverty of social assistance benefits (children benefits and normative compensations) continue to be insignificant, the differences before and after granting these benefits, raising by 3.4% allowances for dependent children under 16 years and 2.7% in the case of nominal compensation. In terms of the targeting efficiency of social assistance benefits, the HBS data show a uniform distribution of these payments by quintile. Thus, in 2009, 14.5% of the poorest households and 14.4% of the richest households received nominal compensations. In this situation a po-

litical decision has been taken, to freeze the access to the compensation system and to initiate the gradual process of taking over by the new "Social support" system, which, after a year of implementation, has proven to be more effective.

**Low levels of population trust in the social assistance system.** Although the targeting of social assistance benefits and supports has been improved, the satisfaction of people with the system is very low. This is mostly due to the lack of information and to eligibility criteria, perceived by the population as being discriminative, which also shows the tolerance level of the society towards certain groups of people.

**Barriers that people with disabilities face in accessing the social protection system make them vulnerable to exclusion.** Access to the state social security system is the key element in ensuring equal opportunities for participating in the social and economic life of society, thus reducing the risk of poverty and exclusion<sup>193</sup>. In 2009 the number of people with disabilities in Moldova amounted to over 176,700 people, of which 49.2% were women. There is an annual increase in the number of persons with disabilities. In 2009 this number increased by 2.1% compared to the previous year and 3.7% compared to 2007. About 59% of persons with disabilities live in rural areas.

<sup>191</sup> MLSPF (2010). Report for 2009. (draft)

<sup>192</sup> MLSPF (2010). Report for 2009. (draft)

<sup>193</sup> UNO Convention on the Rights of Disabled Persons (was signed by the Republic of Moldova dated March 30, 2007, currently is under ratification process).

### Box 5.16. The access of people with disabilities to rehabilitation services is difficult

*Although from the legal point of view they have more advantages, including free rehabilitation treatment in sanatoriums, etc., in practice, things are more complicated. Thus, persons with disabilities stated that they are being offered possibilities to go to nursing homes only during the winter season. Usually people with disabilities get free offers in those nursing homes that do not have a very good reputation and for an extra payment you can get a better offer. A person with disabilities stated that he could not go to a sanatorium in the autumn because of school obligations. Besides the above-mentioned issues, there are problems with movement within these institutions, in particular for people with mobility impairments, for this reason they refuse to go to these institutions. According to people with disabilities there are no conditions for rehabilitation outside hospitals and sanatoria.*

**Source:** CBS AXA, UNDP (2010). "Voice of people perceived as being excluded in Moldova". Qualitative sociological study

In terms of age distribution, most disabled people are between 40 and 59 years old; this age group makes up more than two thirds of cases of disability. Children with disabilities represent 8.7% of the total number of the disabled population<sup>194</sup>.

Social payments are the main source of income for people with disabilities, and the amount of such payments directly influence their ability to lead a decent life free from poverty. In 2009 about 93.3% of households with disabled people receive some social benefits. Compared to other households, the share of social benefits in the income of households with disabled people is very high. Thus, social insurance benefits make up about 34.8% of the total income of households with disabled people as compared to 14.5% for other households. In 2009, the average disability pension was about 70% of the absolute poverty line level<sup>195</sup>. The share of social assistance benefits in the income of households with disabled people makes up 8.2% compared to 1.7% for other households.

Over the period 2002–2008 the average size of the disability pension rose constantly, and in 2007 it was 2.8 times as high as in 2002 (€28 in 2007, which was 40% of the minimum subsis-

tence level, and €11.80 in 2002). This increase was achieved by an amendment to the guaranteed minimum pension index in 2003. Analysis of salary and disability pension growth over the same period reveals that disability pensions rose at a slower pace than salaries. In 2002, the average wage was €47.70, while in 2007 it was €123.90, indicating a three-fold rise. The average size of the disability pension in 2007 was only 22.6% of the average wage in the country<sup>196</sup>.

In addition, current rules on entitlement tend to be rigid and formalistic, and may exclude persons genuinely in need. The reform of social services would also be needed to develop community-based social services, which would be accessible to all people with disabilities and tailored to their individual needs and expectations. The present system favors dependence of this group on social benefits instead of contributing to their active rehabilitation. In addition, underdeveloped and unmodified infrastructure, and a disability assessment mechanism that favours exclusion from the labor market, and a limited number of specialized social services in communities, all lead to marginalization and/or exclusion of persons with disabilities from active participation in society.

<sup>194</sup> National Social Insurance House, upon the MPSFC request through the letter no.10/22 dated January 14, 2008.

<sup>195</sup> The absolute poverty line in 2009 was 945,9 lei MDA, and the average amount of disability pension was 652,23 lei MDA.

<sup>196</sup> Ibid.



Although legally speaking, disabled people have a number of social rights such as benefits and social services, in reality they do not have access to them. Among the biggest barriers are bureaucratic procedures that people with disabilities must follow as well as the inaccessibility of social infrastructure. The data of the study on access of people with social needs show that only 24% of public institutions are provided with ramps for people with movement disabilities and are completely inappropriate for blind people<sup>197</sup>. The data of the qualitative sociological study "Voice of people perceived as being excluded in Moldova" confirm this state of affairs.

**Roma face barriers to accessing the social protection system.** Compared to other ethnic groups, Roma are regarded as a group highly exposed to exclusion. Negative stereotypes of Roma by the majority population, reduced access to employment, education, health care and other services are the main barriers to social inclusion that this group faces. In Moldova, according to census data of 2004, the share of Roma makes up only 0.4% of the total population of the country, which is much lower proportion than in other countries in the region such as Romania, Bulgaria, Hungary and others. The regional experience demonstrates that these numbers should be interpreted with caution as regional censuses tend to underestimate the real number of Roma.

The distribution of social benefits is almost equal for both Roma households - 13% and non-Roma ones - 12%, although there is a pronounced trend for Roma households to receive social assistance benefits than social insurance benefits. Social assistance benefits make up 6% of Roma households' income (being mostly shaped by children benefits), compared to 4.7% for non-Roma households. Meanwhile the share of social assistance ben-

efits is much lower among Roma, fact being explained by low rates of Roma activity and salaries and from which social insurance contributions are charged<sup>198</sup>.

It should be mentioned that Roma participation in the social insurance system and their inclusion in social assistance programs are not fully examined in existing bodies of research. One of the reasons for the lack of data in this field is that no data on the ethnicity of recipients of social supports and assistance is collected. Within social protection policies, the approach is made on contributory participatory or category principles, consequently ethnicity is not considered, which makes it very difficult to monitor access of this ethnic group to the state social security system. Review bodies from the United Nations and the Council of Europe have repeatedly urged that data on the situation of Roma in various sectors in Moldova be improved.

**Variability in services and quality of social services across the country.** With the implementation of the National Program on creating an integrated social services system for the years 2008-2012<sup>199</sup>, the structure of the national system of services is divided into three levels<sup>200</sup>, which interact vertically from the lowest level to the highest: (i) primary services (communitarian); (ii) specialized services and (iii) highly specialized services.

A large-scale development of community social services started in 2003 when, based on an analysis on institutionalization and an increase in the demand for this protection measure, the government issued a decision recommending that Local Public Authorities create social services at a local level initiating in this regard partnerships with civil society.

The number of community services has been increasing steadily each year. As for the activ-

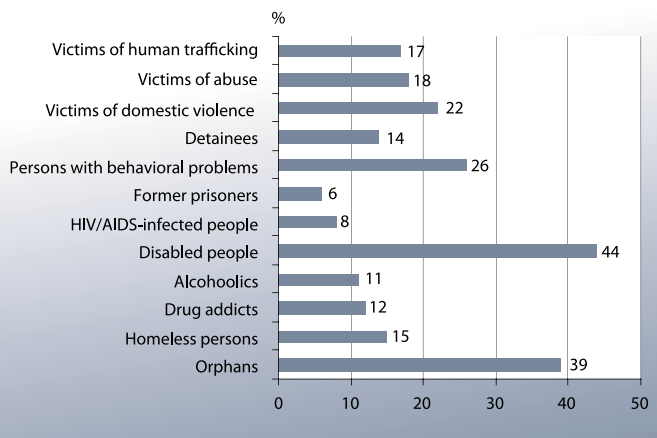
<sup>197</sup> CEDOM (2010). Access of people with special needs to social infrastructure: reality and needs. Authors calculations.

<sup>198</sup> UNDP, Roma in the Republic of Moldova, 2007

<sup>199</sup> Government Decision 1512 dated December 31, 2008, for approval of the National Program on creation of the integrated social services system for the years 2008-2012.

<sup>200</sup> Government Decision 1512 dated December 31, 2008, for approval of the National Program on creation of the integrated social services system for the years 2008-2012.

**Chart 5.20** Beneficiaries of social services,%



Source: EU TACIS Database of Social NGOs in 2007

ity area on groups at risk, most social services are provided to: (i) orphans- 39%, (ii) disabled people - 44%, (iii) victims of domestic violence - 22 %, (iv) victims of human trafficking - 17%, etc<sup>201</sup>. Less services are being developed for detainees, drug addicts or alcoholics, for homeless and HIV/AIDS-infected people and these services make up an average of 8% of all other services provided on the market<sup>202</sup> (Chart 5.20.).

After primary mapping conducted in 2008 by Ministry of Labour Social Protection and Family at a national level, 174 units of social assistance services were identified (as compared to 2004 when their number made up 80 units). In 2009 the number of these units was over 200, of which about 50% were services for children at risk.

The mapping was focused only on the numerical assessment of providing institutions and the number of assisted beneficiaries, without assessing the costs per service, the frequency of requests in particular on geographical areas and gender (who are the most frequent applicants and their type). Less emphasized are services for groups of adults at risk, services for women being only a little focused on interventions in cases of violence, trafficking or risk of child abandonment.

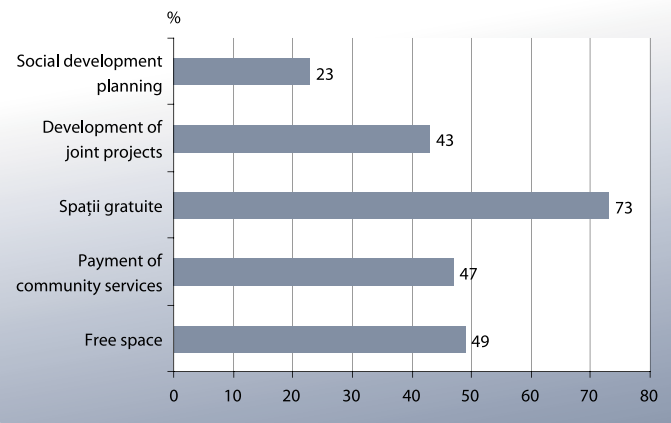
The quality of the services provided varies from one provider to another. Although within the period of 2004-2009 five minimum quality standards for child care services were developed and approved, and during 2007, with external support, another 8 sets of standards for adult care services were developed, a mechanism for monitoring the quality of social services is lacking. Currently the monitoring process is conducted by public authorities and providers only from the numeric point of view (the number of services and benefi-

ciaries), without assessing the costs and social effects on risk groups. This situation makes it difficult to develop of an accreditation mechanism focused on satisfying quality and efficiency conditions<sup>203</sup>.

About 67% of the activities of partnership between LPA and service providing NGOs are focused on providing social services (67%) or on the possibility of a free use of fixed assets (73%) and less on social and economic strategies of community development (23%) (Chart 5.21).

It is worth mentioning that although the principles of administrative decentralization<sup>204</sup> de-

**Chart 5.21** Areas of partnership between LPA and NGOs



Source: EU TACIS Database of Social NGOs in 2007

<sup>201</sup> EU TACIS. Database of social NGOs providing services. 2007.

<sup>202</sup> Study on social NGOs in Moldova. Carried out by TACIS Project, „Strengthening of civil society”. 2006.

<sup>203</sup> MEC. Report on poverty and the impact of policies in 2006.

<sup>204</sup> Law on administrative decentralization, No.453-XVI dated December 28, 2006.

terminated the degree of the LPA's competences to represent local community interests, without fully delegating the financial planning and tax management possibilities, this situation in essence led to an undermining of local initiatives and a limiting of the possibilities for initiating or maintaining social services.

Analysis in the field showed that the main obstacle to developing effective partnerships to ensure the sustainability of social services from the part of the LPA is a "resources deficit" - 46% (only every 4th LPA of those 35 has local budget funds for social services development) and the appropriate legislative framework - 30%. So, the participation of the LPA in conducting community development activities is more moral than financial, as a part of local NGOs consider<sup>205</sup>.

#### **Deinstitutionalization process proceeding more slowly than was initially expected**

The residential system reform started in 2007. Its main objective was to reduce the number of children in residential institutions by 50% and to integrate them into families and alternative family-type arrangements by 2012<sup>206</sup>. The effects of the reform were obvious already during the first year of its implementation: the number of children from residential institutions was reduced by 22%.

Committees for the protection of children in difficulty created in 2007 have a major role to play in the "gate keeping" process; only during the first year of their activity they examined 1,458 cases, of which: (i) institutionalisation was prevented in 51% of cases; (ii) 24% of children were reintegrated with their biological families; (iii) 6% were placed under tutelage/guardianship; (iv) 5% were placed in family-type children's homes; (v) 1% were placed in professional maternity assistance services; and (vi) only 13% of all the assessed children were

admitted to the residential system. Though initial achievements in the process of deinstitutionalization were quite significant, it seems that in 2008 and 2009 the process stagnated, and there is no information in this regard.

#### **5.4.3 Government policies promoting inclusion in the social protection system**

The global economic crisis, reaching the country in autumn 2008, being officially acknowledged by the Government of the Republic of Moldova only in 2009, put a strain on the social protection system and the welfare of citizens. It resulted in (i) a sudden fall in remittances, (ii) a rise in unemployment and a fall in people's income; (iii) an increase in prices for services and a reallocation of people's expenditures from food to education, healthcare and utilities; (iv) a fall in the level of social insurance contribution collection and an increase in the deficit of the state social insurance budget. Overall, the crisis affected people's quality of life and their access to services, with the most seriously affected being rural households and families with children<sup>207</sup>.

In recent years, national policies have been concentrated on economic development and poverty reduction. The poverty reduction objectives aimed at increasing the access of poor population groups to education, health, social protection and to the labor market, which, in fact, are the key sectors, according to the measured degree of social inclusion and inequality. Starting with 2008, the emphasis was moved to social inclusion and the promotion of the measures meant to achieve it.

Social inclusion and cohesion became national priorities and were reflected in *the National Development Strategy for 2008-2011 (NDS)*<sup>208</sup>. A special emphasis was placed on sector strat-

<sup>205</sup> Study on social NGOs in Moldova. Carried out by TACIS Project, "Strengthening of civil society". 2006.

<sup>206</sup> Government Decision No. 784 of July 09, 2007 on approval of the National Strategy and the Action Plan of Residential Childcare System Reform for 2007-2012

<sup>207</sup> UNDP/WB/ILO/UNICEF (2009). Impact of economic crisis on poverty and social exclusion in the Republic of Moldova

<sup>208</sup> Law no. 295 dated December 21, 2007 to approve national development strategy for years 2008-2011.

egies, and a suggestion was made to measure the effects of policies on social inclusion through a set of indicators, divided by main fields of quality of life.

**Social protection.** This system still faces a number of problems: a worsening of demographic indices, an expansion of migration processes, a reduced replacement rate, different tariffs and contributions from certain branches of economy, in particular from the agricultural sector. At present, the work is conducted to develop the optimum model for forecasting the evolution of the social insurance system.

The promoted **social assistance** policies are extremely important for the groups of the population mostly exposed to poverty risk (Annex 5.14 provides the information on distribution of social benefits by consumption quantiles). At present, the system offers 18 types of monetary benefits, the most important one being "Social support". Starting with October 1, 2008, the national legislation regulates the right of disadvantaged families to Social support<sup>209</sup>, which is established depending on the family's

global average monthly income and includes all its income sources and savings, regardless of their origin. Thus, a new mechanism of access to the state monetary Social support was introduced, which aimed at replacing the recompense model with that of income testing and a gradual unification of social benefit programs into one benefit entitled "Social support poverty benefit". Although this new programme has been proven to be more efficient, the mechanisms for its implementations should continue to be adjusted and a process for identifying and eliminating frauds in the system should be introduced.

The sustainability of social services is still weak due to the lack of resources in the local budgets and a lack of fiscal decentralisation. A mechanism for contracting out these services from private providers is needed. Although, during 2008-2009 the Law on social services was developed, which contains a number of provisions on service providers' access to public resources, and which was adopted by Parliament in June 2010, a mechanism of its implementation has not been developed.



# Chapter 6.

EXCLUSION FROM  
POLITICAL AND  
SOCIAL LIFE

# Exclusion from Political and Social Life

*This chapter examines the processes and drivers of exclusion from social life, culture and civic participation. Such diverse areas as access to cultural life, religious tolerance and self-expression, political processes and participation in the electoral process, access to justice and information and freedom of expression are analyzed.*

## 6.1. Political inclusion and social capital: conceptual foundations

An inclusive society entails the ability of all citizens, including the vulnerable and excluded individuals and groups, to have their voices heard. An inclusive society is comprised of citizens acting (capable and empowered to act) as agents, as individuals who feel represented by their government and have effective mechanisms to influence the government's decisions.

Social inclusion is impossible in the absence of democratic institutions and practices. The notion of democracy in a broad sense implies freedom and equality and efficient control by citizens of government, of the government bearing responsibility towards citizens, transparency and honesty in political decision-making, equal political participation and access to power<sup>210</sup>. Democratic institutions and practices allow society to identify the most important barriers to accelerated human development and social inclusion, agree on the best solutions to these problems, and implement them in the most effective manner. Democratic institutions should be fair and accountable to protect human rights and basic freedoms and provide greater participation, greater transparency, and more democracy.<sup>211</sup>

In the absence of democratic institutions and practices, a serious risk exists that those responsible for administering the resources of the state may be unaware of the true needs of the people, that vested interests will influence government decisions, and that, through ignorance or by design, state resources will be diverted to serve these interest groups, ignoring the interests of the vulnerable and socially excluded.

One of the main arguments of this chapter is that Moldova can promote human development and the social inclusion of all only when barriers to participation in political system are eliminated and a democratic system of governance is established that is based on inclusive participation and fully accountable to all people. Participation of all and especially of the vulnerable and excluded groups in decision-making processes can empower these groups to demand their economic and social rights and disseminate information about crucial development issues that benefit vulnerable parts of society. Social inclusion hinges as much on whether the vulnerable groups have a say in the political process as on their opportunities for economic advancement. For these reasons, advancing human development and social inclusion calls for a strengthening of democratic institutions with inclusive participation for the people and by the people.

The political and economic transformation in Moldova resulted not only in new democratic institutions, the emergence of a market economy and other key institutions of modern society, but also created new forms of relationships between private and public organizations, groups and individuals and ultimately shaped the country's social capital,

<sup>210</sup> Huntington S. The Third Wave: Democratization in the Twentieth Century Norman, 1991.

<sup>211</sup> UNDP, Human Development Report, 2002, Overview: Deepening Democracy in a Fragmented World. <http://hdr.undp.org/en/media/front.pdf>

which describes networks and norms of civic engagement. Social capital can be defined as relationships between actors (individuals, groups and/or organisations) that create a capacity to act for mutual benefit or a common purpose<sup>212</sup>. Without participation in public life, people lose feelings of trust, which undermines their ability to solve problems.

Social capital contributes positively to prosperity and wealthy communities did not become 'civic' because they were rich; rather, they became rich because they were 'civic'. There is a substantial body of research confirming that there are robust correlations between vibrant social networks and outcomes like better school performance, lower crime rates, better public health, reduced political corruption, improved market performance, and so on. The term social capital is also multidimensional, incorporating obligation, trust, information flows, organization, friends, membership, culture, norms, networks, and civic engagement<sup>213</sup>. In this chapter the focus will be only on some aspects of social capital and the barriers that some vulnerable groups face to participation in networks of social and civic engagement such as cultural events and religious and other community events and activities. Capacity is increased and the empowerment of the vulnerable groups can be achieved through social networks and the individuals linked through them.

## 6.2. Drivers of political exclusion

The recognition of the Republic of Moldova as an independent state by the international community encouraged the establishment of new institutions, a gradual reorganization of society and the establishment of new socio-cultural and political relations based on the principles of democracy. Citizens gained freedom of ex-

pression, linguistic and religious freedom, the freedom to travel, freedom of association, and the right to elect and to be elected within a framework of political competition.

The evolution from a single party to a pluralist system was quick and largely free from any significant social tensions. The first non-communist and even anti-Soviet movements emerged even before the collapse of the USSR. Among the first were the Popular Front, the "Gagauz Halki" movement, founded in 1989, the Social Democratic Party and the Edinstvo movement. These were joined after 1991 by the Democratic Agrarian Party, which brought together representatives of the nomenclature of the second division of the former Communist Party.

Overall, Moldovans' relative lack of active involvement in political processes can be attributed to a number of factors: their disillusionment with a transition that brought economic benefits to only a few; a traditional Soviet attitude of political passivity and state paternalism; and the belief that elites control the political processes and that their involvement would not make a difference. For example, according to the Barometer of Public Opinion of 2008, 15% of citizens state that they are not interested in politics at all, about 30% state that they are a little interested. Another 2% cannot answer this question. In other words, about half the population of the country is uninterested in politics<sup>214</sup>. In November 2010, some positive developments were recorded as 13.2% of respondents stated that they are not interested in politics at all, and 22.6% that they are a little interested. The level of trust in core institutions has increased as well as over the past two years according to Barometer of Public Opinion's studies of 2010 and 2008. In 2008, 32.3% of respondents indicated that they trust the Government, while in 2010 this number had risen to 44%. The level

<sup>212</sup> Spellerberg, A. 2001. Framework for the measurement of social capital in New Zealand. Wellington: Statistics New Zealand.

<sup>213</sup> On the importance of social capital, see Robert Putnam, *Making democracy work: Civic traditions in modern Italy*. Princeton, New Jersey: Princeton University Press, 1993; Robert Putman, *Bowling alone: The collapse and revival of American*

*community*. New York: Simon & Schuster, 2000. Lindon J. Robison, A. Allan Schmid and Marcelo E. Siles, *Is social capital really capital?* (the paper analyses the definition of social capital), *Review of Social Economy* 60.1 (March 2002)

<sup>214</sup> Institute for Public Policy (2008)



of trust in Parliament rose from 29.5% to 41%; in the President from 28.8% to 35%; and in the judicial system from 25.1% to 37% of respondents respectively.

Although there are some positive developments in terms of increasing levels of trust in core state institutions, citizens' level of confidence in the the country's direction of development did not display such a positive trend. In 2007, 27.7 % of respondents believed that the country was moving in the right direction. In 2009 this number rose to 29.2% but then fell to 23.9% in 2010 (Table 6.1).

Despite these shortcomings of a young Moldovan democracy, there is effective competition between parties. This is because political parties are moving towards programmatic or ideological types of parties. This gives them stability, political colour and a clear political position, based on certain principles, but also on relationships with voters of a universalist character. Some parties have been prominent in the political arena in the Republic of Moldova for several years: Alianta Moldova Noas-

tra („Our Moldova" Alliance), the Communist Party, the Liberal Democratic Party, the Liberal Party, the Social Democratic Party<sup>215</sup>.

The European Union's support played an important role in the gradual democratization of the country. After the signing of the Action Plan between the Republic of Moldova and the EU, Moldova defined its course towards European integration and moved closer to the initiation of negotiations for the signing of an association agreement with the EU.

The desire of political elites in Moldova to move closer to EU membership determines the direction and nature of reforms to the political system. For example, the Constitution of the Republic of Moldova incorporates clauses and provisions taken from the supreme laws of several European countries (France, Belgium, Romania) that often do not correspond to Moldova's realities. In 2009 these incompatibilities resulted in ambiguities that caused serious political gridlock, eventually resulting in a constitutional crisis and an inability to elect a president<sup>216</sup>.

**Table 6.1. Subjective opinion about the country's development**

**Do you think are things going in right or wrong direction?**

	2007	2008	2009	2010
Right direction	27.7	26.1	29.2	23.9
Wrong direction	59.3	59.6	58.8	64.9
Don't know, no reply	13.0	14.3	12.2	11.2

Source: IPP. *Barometer of Public Opinion, 2007-2010*

**Box 6.1. The condition of democracy in the Republic of Moldova is considered average compared to other members of CIS.**

*The study "Nations in transition", carried out in 29 countries in Europe and Central Asia with democratic processes in transition, showed that in 2009 the Republic of Moldova has a general rank of 5.14, which is worse than in 2007, when it was 5.00. The Republic of Moldova ranks better than Uzbekistan and Turkmenistan (6.93), Belarus (6.50), Russia (and Tajikistan (6.14), but worse than Georgia (4.93) or Ukraine (4.39)*

Source: Freedom House, *Nations in Transitions 2010*<sup>217</sup>.

<sup>215</sup> Protsyk, O., Bucătaru, I., Volentir A. (2008). Parties Competition in Moldova

<sup>216</sup> DM., M. Pompiliu (2010). State Powers Balance in Romania and the Republic of Moldova. Phd in Law thesis. [http://www.cnaa.md/files/theses/2010/15441/marian\\_drilea\\_thesis.pdf](http://www.cnaa.md/files/theses/2010/15441/marian_drilea_thesis.pdf)

<sup>217</sup> Freedom House, *Nations in Transitions 2010*. The ratings are based on

a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2010 ratings reflect the period January 1 through December 31, 2009. The Democracy Score is an average of ratings for Electoral Process (EP); Civil Society (CS); Independent Media (IM); National Democratic Governance (NGOV); Local Democratic Governance (LGOV); Judicial Framework and Independence (JFI); and Corruption (CO).

Political exclusion deals with the lack of *participation*. Exclusion from political life is understood as being and resulting *from* and limited access on the part of individuals to political rights such as the right to vote, the right to join a political party, the right to free assembly and to participation in meetings, and to the freedom of expression<sup>218</sup>. Some of the drivers of political exclusion are presented below.

Institutional weaknesses and limited separation of judicial and executive branches exclude many groups and individuals from political processes. An initial desire to create democratic, well-functioning institutions by design through the mere replication of some tried and trusted Western models has not been completely realized in Moldova. Although formal institutions that correspond in basic features to institutions of advanced industrialized and democratic states have been built in Moldova, these institutions only partially shape political actions. The Soviet regime collapsed with its political institutions, but such ideological foundations of the old regime as a culture of obedience, conformity, apathy, political passivity, protectionism, an inability to accept alternative opinions, as well as antagonism towards Western social models remained. These old die-hard institutions and public perceptions were superimposed on the democratic principles of freedom, pluralism, political tolerance, and the rule of law. This overlap and the incompatibility of the old and new institutions and views led to social tensions, and differences between formal and informal institutions and political practices. As a young democratic country, Moldova went through several early parliamentary elections and there was a degree of governmental instability caused by the political party system's own instability, and by a lack of ongoing, open and effective dialogue between government and opposition, as well as a lack of a holistic vision on the part of the political elite<sup>219</sup>. Obvi-

ously, the lack of political stability and of proper channels for citizens to voice their concerns limited opportunities for vulnerable groups to participate in political processes and make their concerns and aspirations heard.

The weaknesses of the institutional design, underdeveloped mechanisms for checks and balances and poor practices of democratic decision making negatively affected the processes of social inclusion in Moldova. For instance, to have effective democratic institutions that ensure the participation of all in political processes, the legislative branch and the judicial branch should counterbalance the power of the executive branch. In practice, in Moldova the executive branch exercises considerable control over the composition and operation of both the legislative and judicial branches. Control of the judicial branch is exercised primarily through control of the judiciary's budgets and a wide range of other non-transparent instruments.

Based on political, financial or other interests, the rights of thousands of people were prejudiced in the period 2001-2009 in the Republic of Moldova judicial institutions. Because of this, a great number of appeals were filed with the European Court of Human Rights (ECHR). In the period 2008-2009, the Government of the Republic of Moldova had to pay compensation exceeding 10meuros to comply with decisions of the ECHR.

Persons who have lost any hope of objective justice in domestic courts were subjected to political exclusion. As they disagreed with state authorities and disputed their decisions, they became undesirable persons who therefore could not fully assert their political interests and rights, resulting in a loss of confidence on the part of these people in the judicial and legal systems of the country. This fact is also confirmed by research in the field.

<sup>218</sup> [http://www.civica-online.ro/concepte/drepturile\\_omului.html](http://www.civica-online.ro/concepte/drepturile_omului.html)

<sup>219</sup> IPP. Building the State of the Law and Democracy (year?)

**Table 6.2.** Reduced level of confidence in the judicial system, % of persons

Location	
Urban	31.5
Cities	39.3
Small towns	21.8
Rural	16.4
Total	22.7
Age groups	
15-24 years old	24.2
25-64 years old	25.0
65-74 years old	5.5
75 years old and above	7.4

Source: NBS, HBS 2009, „Ad-hoc Module on Social Exclusion”

Thus, about a quarter of the population has a very low level of confidence in the current judicial system (Table 6.2). A more pronounced situation is observed in cities, where about 40% of respondents lack confidence in the system. It should be mentioned that most critical in this sense are young persons as compared with elderly persons who manifest a smaller loss in confidence, this being conditioned by perceptions and stereotypes they have inherited from the past. The fact that judicial and legal systems create barriers for social and political inclusion have been confirmed in decisions of the Strasbourg court that identified violations in a number of areas, including the following: (i) rights of the detained; (ii) inhu-

man treatment and torture, including physical abuse in custody, denial of medications to detained persons, and degrading conditions of detention; (iii) confidentiality of the correspondence of the detained; (iv) right to the peaceful enjoyment of one’s possessions, including the arbitrary seizure of privatized properties and the arbitrary termination of business licenses; (v) several cases involving political rights, including related to the suspension of political parties, as well as a ban on certain offices for persons holding dual citizenship; (vi) fair trial rights, including length and fairness of proceedings; (vii) arbitrary acts against whistleblowers;

(viii) cases concerning the wrongful termination of employment for persons with physical disabilities; (ix) arbitrary deprivation of liberty of persons with mental disabilities; (x) violations of the right to freedom of religion; (xi) denial of the right to freedom of assembly; (xii) systematic non-provision of public housing to persons entitled to it; (xiii) censorship in Tele-radio Moldova; as well as on other thematic issues. Cases concerning these such as discrimination against LGBTI minorities and failure to protect women from domestic violence are currently pending at the Court.

Although there were some positive trends in reforming the judicial system in the Republic

**Box 6.2.** Number of requests to the ECHR against the Republic of Moldova

*Up until 1 January, 2008, about 1830 appeals against the Republic of Moldova had been filed before a decisional body of the European Court. Until now, the Government of the Republic of Moldova had been informed about 360 applications. At the same time, RCHR pronounced 111 decisions in 109 of which at least one violation of fundamental rights and freedoms was found<sup>220</sup>. Overall, since 1998, 6400 appeals against the Republic of Moldova have been submitted to ECHR.*

Source: NBS, HBS 2009, „Ad-hoc Module on Social Exclusion”

<sup>220</sup> PromoLEX report on Human Rights in the Republic of Moldova

of Moldova, they have not produced the desired effects because of a lack of consistency and perseverance on the part of governments to reform this system irreversibly. Thus, the current shortcomings in the judicial system affect the image of justice, the level of economic, social and political development of the state in general and make it difficult and even impossible for vulnerable groups to defend their rights through the judicial system<sup>221</sup>.

**Practices of political processes limit the opportunities of vulnerable groups for voicing their concerns and influencing decisions.**

Operating within a fragile economic system, in conditions of political instability, the absence of well-established democratic institutions and strong pro-democratic coalitions, interest groups had strong incentives to advance their special interests without taking into consideration the costs that their activities impose on the economy and on society as a whole. These groups are inclined to maximize their interests at the expense of human development and social inclusion.

Political leaders, once elected, for various reasons, tend to focus on force and coercive actions to promote the interests of these powerful groups and limit the access of political opponents to decision-making processes. The leadership is usually intolerant towards a point of view different from that of powerholders and is tempted to treat opponents of the elites in power as political competitors who must be excluded from the decision making processes or political competition.

**Despite some positive improvements, the Roma community faces considerable barriers to political inclusion.** The Roma minority had been marginalized from the political pro-

cesses and its interests were not adequately addressed by the existing political parties. To address this limitation and integrate in political life in an organized way, the Social Political Movement of the Roma of the Republic of Moldova (MSPRRM), a political party “formed on the basis of a voluntary association of Roma citizens of the Republic of Moldova, irrespective of race, sex, ethnic background and confession, having ideals, doctrine and common goals”<sup>222</sup> was registered on March 31, 2010. This is a considerable step towards the inclusion of Roma into political processes. The Roma party will certainly motivate Moldovan citizens of Roma origin to participate in social-political processes.

As this is the only party in Moldova created on the basis of the ethnic principle, it indicates that the concerns and aspirations of the Roma, as compared with other national minorities, were not properly addressed by the existing political parties. Political programmes and the electoral platforms of other political parties did not address the situation of the Roma in the Republic of Moldova. Although these parties did put candidates of Roma origin on the election lists, it happened very infrequently and the were usually far down parties’ electoral lists, meaning they had little chance of winning a parliamentary seat<sup>223</sup>.

Census data is also problematic, particularly where Roma are concerned. The 2004 census identified 12,271 “Gypsies”, widely deemed a dramatic undercount. On the other hand, estimates by Romani organizations – sometimes running into the millions – are also implausible. Thus, unlike countries such as Hungary and the Czech Republic, a social consensus on the approximate size of the Romani community has not yet been reached<sup>224</sup>. In any case,

<sup>221</sup> IPP. Building the State of the Law and Democracy

<sup>222</sup> Statute of the Social Political Movement of the Roma of the Republic of Moldova, approved at the Constitutive Congress of March 1, 2010. // <http://www.e-democracy.md/files/parties/mrrm-statute-2010-ro.pdf>

<sup>223</sup> Necula Ciprian, Expert of the European Council. Roma of the Republic of Moldova: Governmental and Non-governmental Mechanisms of Development of a Comprehensive National Strategy for Improvement of the Roma's Situation. // [http://www.coe.int/t/dg3/romatravellers/archive/stabilitypact/activities/moldova/raportcoemoldova\\_en.asp](http://www.coe.int/t/dg3/romatravellers/archive/stabilitypact/activities/moldova/raportcoemoldova_en.asp)

<sup>224</sup> The organization Vocea Romilor recently announced that it had resolved the matter, by arriving at a figure of 250,000 Roma in the Republic of Moldova. However, this figure is doubted by significant segments of the policy community.

despite being a very sizable minority, official public reporting of numbers of ethnic groups in Moldova lists Roma (“Gypsies”) within the category “Other”, reflecting a continued view that Roma are not an ethnic group similar to other, more positively-viewed ethnic groups, such as Ukrainians or Bulgarians.

Roma representation in local public administration authorities remains insignificant. For example, as a result of the 2003 elections four local counsellors of Roma origin<sup>225</sup> were elected. The situation has improved since the local elections of 2007. As a result, ethnic Roma are represented in local authorities by three mayors, two district counsellors and four local counsellors<sup>226</sup>. Participation of Roma in political and administrative matters at the local level has improved over the last years as well.

**An incomplete decentralization process did not create effective mechanisms for participating in local decision-making processes.** In recent years, many measures were adopted in the Republic of Moldova to comply with the requirements of the European Union in the field of decentralization and the reinforcement of local autonomy. Decentralization means the delegation of tasks, responsibilities, resources

and decision-making authority to regions and local levels. It can improve resource allocation and services provision by bringing decision makers and service providers closer to residents. It can lead to a higher level of responsiveness and customization where local public servants develop and implement unique solutions to specific local problems. Decentralization allows the voices of the socially excluded and vulnerable groups to be communicated to local decision makers.

As the existing evidence suggests, decentralization in Moldova did not automatically lead to improved outcomes for socially excluded groups and did not empower them to participate in decision-making processes. It can be partially attributed to the limited authority provided to local public administration (LPA), misalignment of responsibilities among central and local governments, and the lack of or limited capacity of public administrations at the local level. For instance, some responsibilities were delegated to LPAs but they did not have the human and financial resources to fulfil their obligations.

As a result of these numerous factors, the levels of confidence of public in the abilities

**Box 6.3. Fields of activity where local public authorities do not have adequate financial and/or human resources include:**

- *distribution of potable water, construction and maintenance of sewage systems and systems for purifying used and rain water;*
- *construction, maintenance and illumination of streets and local public roads;*
- *construction, management, maintenance and equipping of preschool and non-school institutions (day-care centres, kindergartens, art schools, music schools);*
- *development and management of urban networks for gas and thermal energy distribution;*
- *construction of locations and provision with other types of facilities for socially vulnerable strata, as well for other categories of the population;*
- *organization of fire precaution services;*
- *economic development of localities*

Source: Media Monitoring Agency, 2008

<sup>225</sup> Necula Ciprian. Expert of the European Council. Roma of the Republic of Moldova: Mechanisms of Development of a Comprehensive National Strategy for Improvement of the Roma's Situation. //http://www.coe.int/t/dg3/romatravellers/archive/stabilitypact/activities/moldova/raportcoemoldova\_en.asp

<sup>226</sup> United alliance of Roma in the Republic of Moldova, Official Report No.8“On social-political situation of Roma in the Republic of Moldova”, December 2010. .//www.ertf.org.

### Box 6.4. Citizens of the Republic of Moldova have a limited ability to influence local-level decisions

*Data from the Barometer of Public Opinion, 2009 showed the population had an extremely low level of confidence in its ability to influence decisions at the local level, reflected by means of answers to the question: "To what extent can people like you influence decisions made at local level?"*

- To a very great extent 3.4%
- To a great extent 16.1%
- To a lesser degree 31.8%
- To a very small extent 47.7 %
- I don't know 7.1%
- Don't answer 8.2%

**Source:** IPP. *Barometer of Public Opinion, 2009*

of authorities and in their own abilities to influence community decisions and problems were quite low. Public opinion polls and research confirm this finding (Box 6.4).

**Mass media are not always free and objective, limiting access to objective and impartial information and limiting the transparency of political processes.** Access to information is a major tool in improving transparency and accountability and promoting the goals of social inclusion. When access to information is restricted, and the information provided by the media is distorted, the public and in particular vulnerable groups are unable to engage in the political process in a timely and effective manner.

According to the latest Barometer of Public Opinion<sup>227</sup>, newspapers represent the primary

source of information for 21.8% of respondents, while television is primary for 88.4%. Television enjoys the confidence of 55.4% of respondents and the print press of 3.4% of respondents. There is a general tendency for society to access information through TV.

A number of laws in the field of media such as the Audiovisual Code of the Republic of Moldova, the Law on Access to Information, the Law on Information and State Information Resources comply with international and EU standards. The biggest challenge is not the degree of compliance of existing legislation with EU standards but rather the mechanisms for the application and interpretation of legal provisions. In many cases, the ECHR has found Moldova guilty of violating freedom of expression due to erroneous applications of the law<sup>229</sup>.

### Box 6.5. Freedom of the press, freedom of expression and plurality of news continues to be a problem in the Republic of Moldova

*According to a ranking of 20 states from south east Europe and Eurasia, the Republic of Moldova takes the 16<sup>th</sup> position as regards freedom of the press, 15<sup>th</sup> as regards freedom of expression and 18<sup>th</sup> as regards the plurality of news sources. As regards press-supporting institutions, the Republic of Moldova takes the 12<sup>th</sup> position in the ranking<sup>228</sup>.*

**Source:** Media Monitor Agency, 2009

<sup>227</sup> Barometer of Public Opinion, 2009

<sup>228</sup> Study developed by IREX in cooperation with USAID. The study was carried out on the basis of five complex objectives among which the freedom of expression, journalistic quality standards, plurality of news sources, ability to support businesses and supporting institutions.

<sup>229</sup> Freedom of Expression and Defamation: Legal Provisions and Actual Practice / Ion Bunduchi, Janeta Hanganu, Iulian Balan [et al.]; project coordinator: Petru Macovei. – Chisinau: „Cu drag” SRL, 2010 (Printing house „Bons Offices” SRL). – p. 39-50.

**Table 6.3.** Freedom of information and expression

Do you think today in the Republic of Moldova:

	2007	2008	2009
Is mass media free?	22.2	24.6	20.7
Is there freedom to criticize the government?	27.2	24.6	37.4

Source: Institute of Public Policies. *Barometer of Public Opinion, 2009*

In 2008 the issues of freedom of press in the Republic of Moldova were put on the agenda of many national and international institutions and discussed at a number of national and international conferences and meetings. Despite this attention, the public found that freedom of press declined in 2009 in comparison with 2008 and 2007 but the freedom to criticize the government improved (Table 6.3). The decline in the freedom of the press and abuses of journalists negatively affected the ability of mass media to provide independent and objective information to the public<sup>230</sup>. It contributed to a distorted presentation of social events, disinformation of the society and manipulation of the public opinion. International studies show that while at the beginning of the current decade, the Republic of Moldova was considered a country with partly free press, by the year 2009 it was ranked among the countries without free press<sup>231</sup>. In terms of the freedom of the press, in 2009 the Republic of Moldova ranked 144, along with Iraq, ahead of Armenia and Cameroon, but behind by Algeria, Malaysia and Zambia.<sup>232</sup> As compared with neighbouring countries, the situation is far from ideal. Ukraine is considered to be a country with a partially free press, in the 108th place. Romania's press is also partially free, free, in 88th place.

Media coverage of election campaigns has been criticized by the public<sup>233</sup>, especially in the 2003- 2009 period. The publicly-owned mass media failed to perform its duties to inform the population of the Republic of Moldova impartially while private mass media demonstrated „a reduced capacity to resist pressures, especially political ones”<sup>234</sup> on the part of power. After 2009 election campaigns the majority of the mass media improved their impartiality and objectivity in covering political events<sup>235</sup>. These improvements were reflected in the monitoring reports of election campaign for parliamentary elections of November 28, 2010<sup>236</sup>.

As a significant share of periodical publications is state-owned, there was always a possibility of a disloyal competition and a danger that some state-funded publications will be used by political powers. To address these challenges, the Government launched a process of denationalization of public periodical publications and adopted a respective law in 2010<sup>237</sup>. According to the Law, denationalization of public periodical publications shall consolidate editorial and creative independence of periodical publications and develop competition in the field.

<sup>230</sup> IDIS „Viitorul”, Study „100 the most pressing issues of the Republic of Moldova 2008”

<sup>231</sup> FreedomHouse (2010). Freedom of the Press Survey. <http://freedomhouse.org/template.cfm?page=533>

<sup>232</sup> „Freedom House”(2009) „Freedom of the press in the World” Report

<sup>233</sup> Assessment of the State of the Media in the Republic of Moldova – is Free and Fair Coverage of the 2009 Parliamentary Election Campaign Achievable? Independent Journalism Center, Research. // <http://ijc.md/Publicatii/studiu.pdf>

<sup>234</sup> Assessment of the State of the Media in the Republic of Moldova – is Free and Fair Coverage of the 2009 Parliamentary Election Campaign Achievable? Independent Journalism Center, Research. // <http://ijc.md/Publicatii/studiu.pdf>, p. 11

<sup>235</sup> Political actors’ presence in TV programming during the post-election period. Analytical magazine „Mass-Media in Moldova”. // [http://ijc.md/bulmm/2009decembrie/BMM\\_2009\\_decembrie.pdf](http://ijc.md/bulmm/2009decembrie/BMM_2009_decembrie.pdf)

<sup>236</sup> Media Monitoring of the Election Campaign for the Early Parliamentary Elections of November 28, 2010. Reports 1-5. Independent Journalism Center, Coalition for Free and Fair Election. For example (Report No.5): [http://www.ijc.md/Publicatii/monitorizare/Raport5\\_8\\_14\\_ro.pdf](http://www.ijc.md/Publicatii/monitorizare/Raport5_8_14_ro.pdf)

<sup>237</sup> Law on Denationalization of Newspapers No.221 of 17.09.2010. // Official Gazette of the Republic of Moldova No.223-225 of 12.11.2010.

The role of the on-line press has considerably grown in the Republic of Moldova as it provides a range of different and uncensored views and perspectives. The number of visitors of certain news websites exceeded the number of subscribers of major newspapers with big circulation in the Republic of Moldova.

**Traditionalism and gender-based stereotypes in Moldovan society negatively affect women's access to and presence in decision-making making processes.** National legislation recognizes the equality of women's rights, and there were no cases before the courts of the Republic of Moldova regarding violations of women's political rights. Despite these positive legislative and institutional arrangements, participation of women in political life is limited. After the 2009 elections, women hold only 24.8 per cent of seats in parliament, which is higher than women's representation in 2005 and 2001 (20.7% and 15.8% respectively), but is still far from EU levels.

In 2010 there has been only one woman holding a Ministerial portfolio. Out of the total number of 70 people who form the Cabinet of Ministers and have managerial positions in institutions of state authorities, there have been only 11 women versus 59 men. Of these, only one woman held the position of minister, and 6 of Deputy Prime Ministers. In the position of director of the institutions subordinated to ministries there have been 104 men and 18 women (representing approximately 15% versus 85%). In 2003 only 10% of district councils were led by women and 15% of mayors were women, while in 2007 the proportion of these positions held by women was 13.2% and 18% respectively<sup>238</sup>.

Research conducted in 2006 demonstrates that there was a low (20.7%) representation of women among party leaders at both local

and national levels. There has been a wide discrepancy between parties in terms of women occupying top party positions: 33.3% of the Christian-Democratic People's Party's leadership positions were held by women while the Moldova Noastra Alliance had only 6.7%<sup>239</sup>. Despite declarations on ensuring women's participation in party life in parties' programmes and statutes, women's share in leadership positions continues to decline.

Women's representation on elections lists is low as well, although there have been some positive developments since the late 1990s. There was an increase in the percentage of women included in candidate list<sup>240</sup>: 1998 – 15.7%; 2001 – 18.1%; 2005 – 28.7%; 2009 (April 5) – 29%; 2010 – 28.4%<sup>241</sup>. "Women are also disadvantaged in terms of position, the majority being placed in the second part of the list, meaning they are less likely to enter parliament. Even if many political parties had electoral lists 30-40% of whose names were women, women are under-represented in the lists in the first 20 positions, with few exceptions from one campaign to another and from one party to another. For example, for the parliamentary elections of November 28, 2010 the median position of a woman in the list is 57, 10 higher than the median position of male candidates. The lists of just 2 from these 20 parties are headed by a woman. Only 16% of the parties' top 5 positions are occupied by women candidates. The parliamentary elections of November 28, 2010 were characterized by the traditional low level of women's participation in the candidate lists<sup>242</sup>."

Gender stereotypes are probably the most critical impediments and barriers to women's participation in political life. To address these drivers of exclusion, there should be a focus on changing the dominant stereotypes and empowering women.

<sup>238</sup> UNDP Moldova, Report on Millenium Development Goals, 2010

<sup>239</sup> Protsyk Oleh, Bucataru Igor, Volentir Andrei. /Party Competition in Moldova: Ideology, Internal Organization and Approaches to Ethno-Territorial Conflicts. Chisinau: CEP MSU, 2008, 204 p. Ethno-Territorial Conflicts/ Competiția partidelor în Moldova. Ideologie, Organizare internă și abordarea conflictelor etno-teritoriale. Chișinău: CEP USM, 2008, 204 p.

<sup>240</sup> Mardarovic Ecaterina. About the Electoral Lists from a Gender

Perspective.// [http://www.alegeriprogen.md/files/2683\\_Analiza\\_Gen\\_Liste\\_Candidati.pdf](http://www.alegeriprogen.md/files/2683_Analiza_Gen_Liste_Candidati.pdf)

<sup>241</sup> Gender Aspects in Parliamentary Elections for 2010: defects and disorderly progresses.// <http://www.info-prim.md/?a=14&id=1523>

<sup>242</sup> Aspecte de gen în alegerile parlamentare 2010: hibe și progrese stingace.// <http://www.info-prim.md/?a=14&id=1523>



**Moldovans living in Transnistria face barriers to participation in political life in Moldova.**

The barriers to participation in political life experienced by Moldovans from the *separatist Transnistrian region* of the Republic of Moldova reflect the lack of progress in resolving the *Transnistrian* conflict. Persons with identity documents from the Republic of Moldova are restricted in their participation in the electoral process if they reside in Transnistria partly because it has been impossible to place polling stations in this region. Even if they can officially participate in Moldova's elections, they had to travel to the nearest polling station and bear additional expenses.

**An institutionally weak civil society does not have sufficient capacity to address the needs of the vulnerable and excluded groups.**

At the beginning of the post-Soviet transition reformers, in Moldova like in many other post-Soviet states shared the idea that the support of civil society would generate a wide range of civil society organizations participating in public life, strengthening democratic institutions and promoting market policies. These expectations proved to be inflated as they did not reflect the institutional, historical and

political context of the post-Soviet transition. Civil society in Moldova like in many states of the region is still weak and poorly structured because in the Soviet system all forms of horizontal association were substituted for vertical ties connecting the Communist party, state, and the individual. As a result, there is often no network of strong civic organizations that can represent broad societal interests and especially vulnerable groups when bargaining in the democratic process.

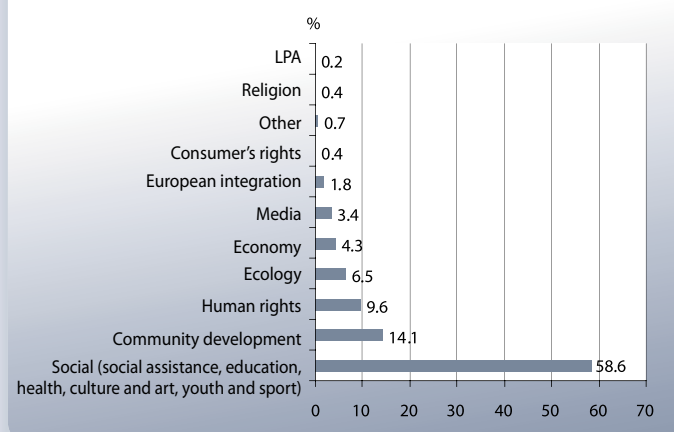
The institutional and legislative framework supporting Non Governmental Organizations (NGOs) is established in Moldova and the rights to freedom of expression and to association are guaranteed by the Constitution. As NGOs are not political parties and as such cannot nominate candidates in the elections, they are involved in the political processes through other avenues<sup>243</sup>.

Though by 2009 there were over 4,000 NGOs registered in Moldova, accumulating a high number of human, financial, material and institutional resources, the reports of foreign experts emphasize that Moldovan civil society is not yet sufficiently developed<sup>244</sup>. Since 2000, the number of NGOs has skyrocketed, a

development that was largely fuelled by the entry of external donor organizations into the national arena. To a large extent, these NGOs determined their main fields of activity such as social issues (about 58.6%) and less by political ones (human rights 14.1%, European integration 1.8%, media 3.4% etc.)<sup>245</sup> (Chart 6.1.).

One of the barriers to NGO sector development is the inability of the state to develop and apply a coherent and rational strategy that would support this sector<sup>246</sup>. Also the behaviour of NGOs is often based on

**Chart 6.1** Fields of activity of the associative sector in Moldova



Source: UNDP (2007) *Study of Non-Governmental Organizations Development in the Republic of Moldova*

<sup>243</sup> Electoral Code, No. 381 of November 21, 1997 (with further amendments and completions). // Official Gazette of the Republic of Moldova, 1997, No.81. Law on Political Parties No.294 of 21.12.2007// Official Gazette of the Republic of Moldova No. 42-44 of 29.02.2008.

<sup>244</sup> Freedom House (2007). *Nation in Transit*.

<sup>245</sup> Valeria Grosu, Compendium. Cultural policies and trends in Europe. Country profile Moldova, (in romanian), Last profile update: November 2009, p.MD-5.

<sup>246</sup> <http://www.ipp.md/publications/31.05%20Nedera.rtf>.

principles of loyalty either to donors or to domestic interest groups. The majority of NGOs seem to have been supply-driven, responding to available external donors' priorities and resources and less so to the genuine needs of local communities. As a result, the agendas of NGOs are shaped by their funders and some of them do not emphasize the task of building ties with their constituencies and operate only within a particular set of tasks envisaged by the funders. There is a peculiar split of the NGO community into two groups: 'professional' donor-driven organizations with access to resources but weak link to local communities, and a group of small (usually community-focused) organizations doing small but tangible things at the local level and facing problems raising even small amounts of funding. Bridging the gap between the two is a major challenge with important implications for social inclusion, particularly at the local level. As a result, popular trust in civil society is pretty low, limiting possibilities for vulnerable groups to unite their efforts and have their voices and concerns heard through NGOs.

NGOs participate in political processes through their involvement in public dialog regarding key subjects of the development of society, indirect participation in the legislative process, and advocacy or lobbying for certain political decisions. They are not politically involved, but are political partisans<sup>247</sup>. NGOs are involved in the monitoring and observation of elections, ensuring the transparency of electoral process. For instance, the Civic Coalition for Free and Fair Elections<sup>248</sup> includes 70 public associations and coordinates activities of observation of elections, ensuring the transparency of the electoral process, monitoring of media, electoral education etc. The coalition was established to observe the election of 2009, however, it continued its activity for

the 2010 elections. Reports presented by the Coalition have a real impact on the electorate of the Republic of Moldova, improving their knowledge and helping them better understand what various parties offer. NGOs have a wide range of instruments at their disposal to influence political processes and reflect the interests of the vulnerable groups in particular, such as policy dialogue, awareness building, monitoring and control, education and others but often they lack the necessary capacity to undertake these activities.

### 6.3. Exclusion from the social and cultural life of society: Patterns and drivers

Social capital positively contributes to multiple human development outcomes such as increased incomes, reduced inequalities, better school performance, lower crime rates, better public health, and reduced political corruption. As the concept of social capital is complex and multidimensional, the discussion below focuses only on some barriers that vulnerable groups face to their participation in the cultural and social life of society.

As Moldova expressed its strategic goal of integration into the EU and has committed to aligning itself with the norms and standards of the European community, some steps were undertaken to increase access, participation and the consolidation of social cohesion in the community<sup>249</sup>. The goals of increasing cultural and civic participation that are critical for social capital formation were identified in the five medium term strategic priorities in the National Development Strategy for 2008-2011 (NDS), under the priority 'Development of human resources, increasing employment and the promotion of social inclusion'<sup>250</sup>.

<sup>247</sup> Bucataru I. Political parties and non-governmental organizations: methods of interaction (case of the Republic of Moldova). // Non-governmental organizations and their impact on transformation processes (coordinators: V.Mosneaga, V.Teosa, Gh.Mohammadifard), Iasi: Pan Europe, 2004, p.105-116

<sup>248</sup> [www.alegiliber.md](http://www.alegiliber.md)

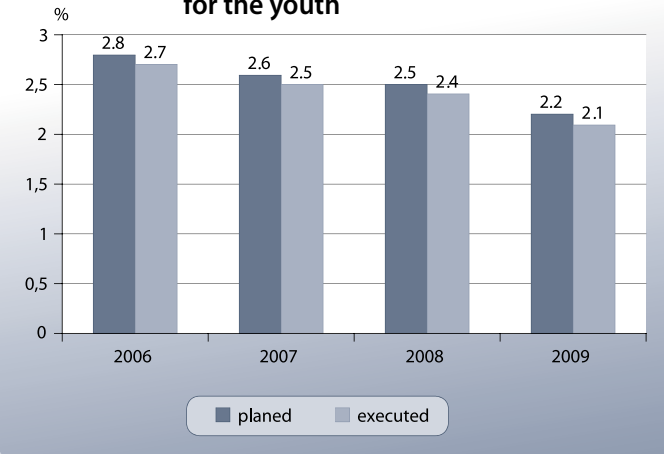
<sup>249</sup> Law No. 295 of 21.12.2007 on the Approval of the National Development Strategy for 2008-2011

<sup>250</sup> <http://www.edu.md/files/unsorted/1.%20Strategia%20Nationala%20de%20Dezvoltare,%202008-2011.pdf>, retrieved as of December 24, 2010.

**Participation in cultural life: Legislative and policy framework.** Since its declaration of independence, the Republic of Moldova has signed and ratified the most important conventions in the field of culture such as: (i) the European Cultural Convention, (ii) Convention on the Protection of World Cultural and Natural Heritage, (iii) Convention on the Protection and Promotion of the Diversity of Cultural Expressions and (iv) Convention on the Safeguarding of the Intangible Cultural Heritage, (v) Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property; (vi) Council of Europe Framework Convention on the Value of Cultural Heritage for Society, (vii) European Convention on cinematographic co-production, and others. Despite these positive legislative developments, “superficial reforms often confused with a partial or even total reduction of funds and the lack of a comprehensive cultural policy have compromised during that period many of the objectives defined by the culture”<sup>251</sup>. Some main drivers of exclusion are discussed below.

Limited state funding of culture and inefficient use of allocated resources limit vulnerable groups’ opportunities for participation in cultural life. Although culture is an indispensable element of the life of a society and characterizes its development levels, in Moldova culture continues to be regarded as an area of secondary importance in national social policies. Thus, in terms of the social system’s total expenditures, which have been growing constantly since 2000, expenditure on culture account for about 1% of GDP on average. Their share in national budget expenditure is insignificant, tending to decrease each year. Thus, during the years 2006-2009, both planned expenditures for culture as well as those completed, fell by 0.6 p.p. In 2009, they accounted for only 2.1% of total general government expenditures. In addition to the limited resources

**Chart 6.2** Trends in expenditure as a percentage of GDP on culture, sport, art and actions for the youth



Source: NBS

allocated to culture, the system has a limited capacity to effectively use them (Chart 6.2).

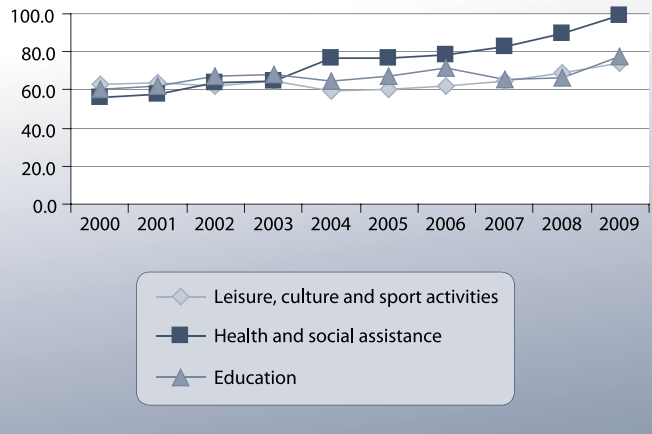
There are, for instance, inefficient mechanisms for the financing of cultural activities, and a lack of mechanisms for attracting human resources make this sector less attractive for young professionals. At the beginning of 2009 there were over 16,000 professionals working in the field of culture at the national level, and 57% of them were women. Employees in the cultural sector receive salaries from the accounts of the LPA budgets, which often experience problems with accumulating the necessary funds.

Limited LPA budgets result in lower salaries for employees of community centres, librarians, and museum curators. Salaries of these groups are the lowest in the social sector and in 2009 they amounted to 74% of the average monthly salary in the economy, about 25 percentage points lower than the average monthly salary in the health and social protection sector and by about 4 percentage points lower than in the education sector (Chart 6.3)<sup>252</sup>. These discrepancies in salary levels make the cultural sector less attractive for young professionals and make it difficult to hire high quality personnel.

<sup>251</sup> Council of Europe (2009). Compendium. Cultural policies and trends in Europe. Country profile Moldova

<sup>252</sup> Salaries in health and social protection sectors have increased significantly during the recent years as a result of active policies promoted in this area

**Chart 6.3** Trends in average monthly salary in social sector against the average monthly salary in economy, %



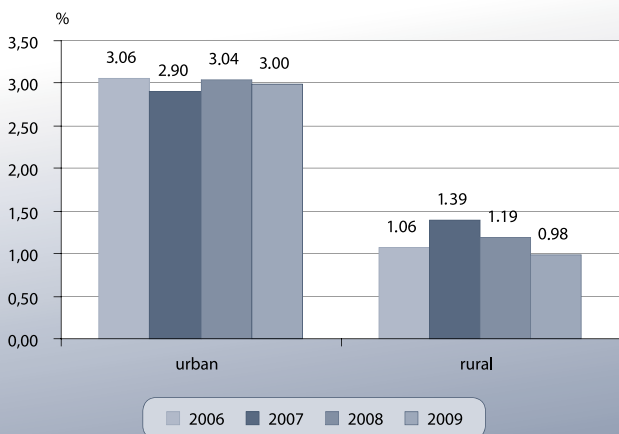
Source: NBS

the Southern region of the country. This can be explained by the status of capital city of Chisinau and by its socio-cultural infrastructure, as well as by the concentration there of the main cultural events. In the Southern region, the highest share of culture compared to other regions of the country is influenced by the involvement of the population in the region in the organization of cultural events in the town of Cahul, which is a major centre of concentration of academic institutions in the South (university, colleges) which is relatively closer than the capital (Charts 6.4. and 6.5.)

**Low household incomes and geographical remoteness from cultural institutions are barriers to cultural inclusion.** HBS data show that average expenditures on culture and leisure are very low as a proportion of total household spending. In rural areas in 2009 they accounted for only about 1% of total household spending, compared to urban areas where this amount amounts to 3%. From the regional perspective, most people spent money on culture in Chisinau, followed by

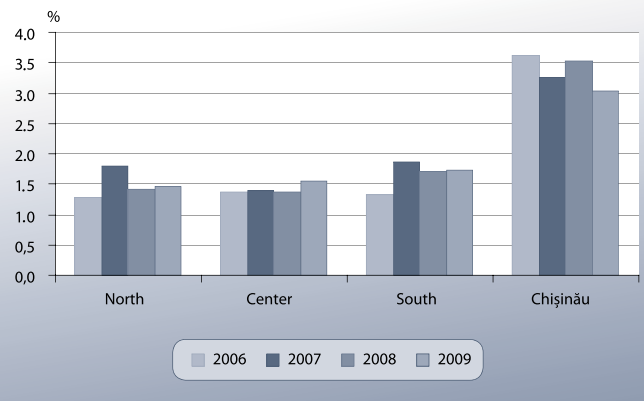
The economic crisis affected all socio-economic groups' access to culture but the analysis of household spending on culture shows that farmers and workers in agriculture are those at most risk of cultural exclusion. While in 2008 spending on culture by non-agricultural workers accounted for 3 per cent of their total expenditures; in 2009 these fell by 0.3 percentage points, though it was still 1.9 percentage points higher than among employees in agriculture and 1.7 percentage points higher than

**Chart 6.4** Trends in households' expenditures for leisure activities, by areas of residence, %



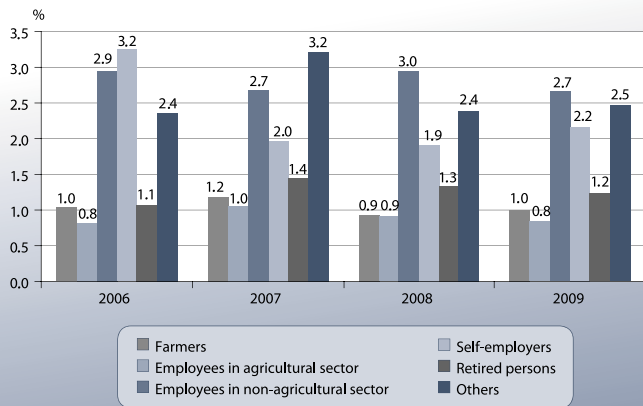
Source: NBS, HBS

**Chart 6.5** Trends in households' expenditures for leisure activities, by geographical regions, %



Source: NBS, HBS

**Chart 6.6** Share of expenditures for culture activities by socio-economic categories



Source: NBS, HBS

those of farmers. Note that spending on culture and leisure by employees in agriculture and farmers are the lowest of the total expenditures of the socio-economic groups and in 2009 these amounted to only 0.8% and 1% per cent respectively (Chart 6.6).

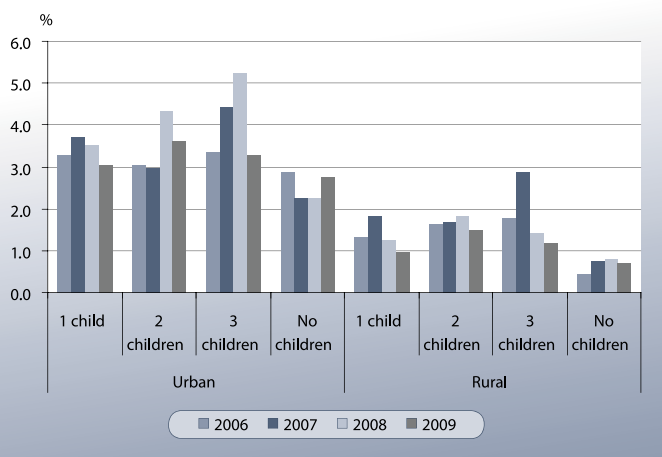
Despite limited spending on culture, households with children continue to invest in cultural development. Even if households with three or more children face a more pronounced risk of poverty, their share of spending on cul-

ture and leisure in total household spending is 1 percentage points higher than the spending of households without children. Households with children with only one parent invest 0.5 percentage points more in culture than family couples without children or single people. However significant differences are recorded depending on area of residence. Thus, in 2009 urban households with children spent 2.1 percentage points more than those in rural areas and the gap compared to the spending of households without children was 2 percentage points in favour of the

urban environment (Charts 6.7 and 6.8).

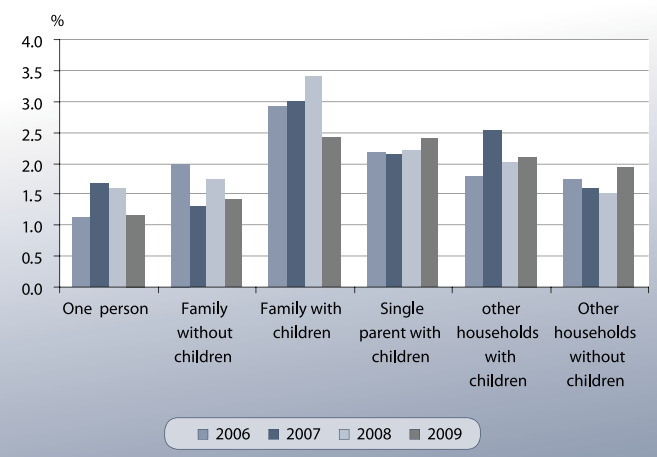
The Romanian-speaking population in Transnistria faces barriers to participation in cultural life. The territorial division of the Republic of Moldova resulted in both economic and social barriers, affecting access to cultural life. Though the Transnistrian legislation (the Law on languages in the self-proclaimed Dnestrean Moldovan Republic) recognizes 3 official languages used in the region (Russian, Moldovan and Ukrainian), in reality the Russian language is the only one recognized in Transnis-

**Chart 6.7** Share of expenditures for culture activities depending on the number of children



Source: NBS, HBS

**Chart 6.8** Share of expenditures for culture activities depending on the family structure



Source: NBS, HBS

### Box 6.6. If you do not speak Russian, you have fewer opportunities in Transnistria

*„Smirnov personally said in Moscow that there are 3 official languages. A person wrote an employment application in Moldovan with Cyrillic alphabet and it was not accepted.” (M, 49 years, urban).*

*Source: CBS AXA for UNDP (2010). Voices of People Considering Themselves Excluded in the Republic of Moldova”*

tria. Thus, the Romanian-speaking population in Transnistria faces barriers to speaking and studying in their mother tongue, including in Cyrillic alphabet. This was confirmed by data of the quality sociological study Voices of People Considering Themselves Excluded in the Republic of Moldova.

Access to information in Romanian language is restricted in Transnistria. Romanian-speaking TV stations, including the public broadcaster Moldova 1, are not received, and Ukrainian stations have been blocked in recent years too. The written press is in Russian, there are no subscription opportunities to media sources in Romanian language and cultural events are mostly in Russian. The rural population has access to cultural events very rarely, 1-2 times

per year, on special occasions such as the village festival day. Otherwise most people cannot afford to go to a movie on the one hand and recognize that these activities are not priorities for them on the other hand<sup>253</sup>.

**Exclusion based on religious belonging.** The population of Moldova is quite diverse in terms of their religions, as over 25 churches and religious unions with different prominence, age and geography are registered. Between 80% and 90% of the population belong to the two main Christian Orthodox denominations. The law on religions states that “religious intolerance, manifested by acts that impede the free exercise of a religious faith, and the promotion of religious hatred are considered offences and are punishable under the laws in force”<sup>254</sup>.

### Box 6.7. The Jewish Menorah broken down by a group of Orthodox Christians.

*On December 13, 2009 a group of about 100 people, led by Anatoly Cibric, the parish-priest of St. Paraskeva Church broke the candlestick installed on Europe Square in the town centre a day earlier, on the occasion of the Jewish holiday Hanukkah.*

*Armed with hammers, crosses and flags of the Republic of Moldova, they chanted anti-Jewish slogans, tore the Menora and turned it over next to Stefan cel Mare monument. Then the Hebrew symbol was moved to Jerusalem street in front of the monument to Holocaust victims.*

*In the context of these events the Government expressed its regrets with the incident of Sunday, December 13, 2009, in the Europe square in Chisinau downtown, when a group of Christian Orthodox vandalized a Hebrew symbol. “The Republic of Moldova is a democratic country where fundamental rights and freedoms are guaranteed, and the hatred, intolerance, xenophobia and other negative acts are inadmissible”, says a statement of the Government made public today. Public authorities did not, however, restore the Menorah to Europe Square during the 8-day holiday. As a result of the 2009 events, Hannukah services were held in private in 2010.*

*Source: Stirea zilei, <http://www.stireazilei.md/news-2261>*

### Box 6.8. Barriers to the enforcement of religious rights persist

*Concerning religious freedoms, the European Commission report against racism and Intolerance says that the “registration of some minority religious groups remains an acute problem in Moldova”. The European experts note that following a decision of the European Court of Human Rights, the Bassarabian metropolitan Church was finally registered as a National Church in 2002. “However, there are still certain difficulties in the registration of local individual parishes, even if the general situation has improved in time”. As of 2010, the main groups not registered are predominantly or exclusively the main Muslim communities of Moldova. Also, during 2010, the Ministry refused to register a Falun Gong group.*

*Source: The third report of the European Commission against Racism and Intolerance (ECRI) on Moldova during 2003 – 2007.*

Despite this legislation, in a period of church mobilization, the level of threats to adherents or perceived adherents to minority religious groups is high.

Assaults are reported regularly on members of certain religious groups, particularly Jehovah’s Witnesses and other Protestant groups proselytizing in rural areas<sup>255</sup>. A high-profile anti-Semitic incident in December 2009 was condemned by a number of authorities, but the desecrated object was not replaced in Europe Square, contributing to a sense of impunity.

In November 2010, Orthodox denominations publicly urged the Chisinau municipality to ban public manifestations by Jews during the 2010 Hanukkah celebrations. The Muslim communities have been repeatedly refused registration, and no Muslim communities are today registered in the Republic of Moldova. In 2009, the European Court of Human Rights found Moldova in violation of the European Convention on Human Rights after police arrested and fined the head of one of the three Muslim communities for “practicing an unauthorized religion”<sup>256</sup>. Two Moldovan courts had reviewed and upheld the fine.

The state and political factors continue to influence the internal affairs of the Church undermining a formal separation of the state

and church. Past governments have sought to maintain the subordination of the Christian Orthodox denomination to the Moscow Patriarchate, which also maintained the Republic of Moldova in the Russian sphere of influence, distancing it from Romania and Europe. It was reflected in particular by the refusal to register the Bassarabian Metropolitan Church that continued for several years and was addressed in the European structures.

***Some groups cannot exercise their freedom of religion in Transnistria.*** The legislation of Transnistria regulates the legal registration of religious organizations, recognizing thus the role of the Orthodox Church in the region<sup>257</sup>. *De jure*, adherents of all religions, either registered or not, enjoy the freedom to attend services of worship, this right being guaranteed to foreign citizens too. Religious education is accessible and allowed in public and private schools with the consent of parents and the child.

However, Transnistrian legislation provides some restrictions to the freedom of conscience and religion, if they are required to protect the constitutional order, morality, the rights, interests and health of citizens or for the protection and security of the state. The prosecuting bodies monitor the enforcement of religious freedom. The legislation also provides a series of criminal and administrative punishments and

<sup>255</sup> <http://www.state.gov/g/drl/rls/irf/2009/127325.htm>

<sup>256</sup> European Court of Human Rights, Case of Mashev V. Moldova, judgment of September 2009.

<sup>257</sup> In November 2008, the Supreme Council of the Separatist Region of Transnistria adopted a new Law on free consciousness and religious organizations, which entered into force in March 2009.

other obligations for those who violate freedom of religion, but does not provide details in this regard.

The local public administration authorities discriminate against religions other than the Russian Orthodox rite. Thus, any manifestation of the intent to develop other religions is regarded with wariness. The persecution of other religious denominations can be noticed both from the heads of administrative bodies and from certain parishes.

There have been several cases when the law enforcement agencies in Transnistria prohibited the organization of religious services of evangelical groups in their own homes, arguing that these houses were not provided with the conditions necessary for such services. Jehovah witnesses in Transnistria say that their status of legal entity and religion is not acknowledged, as their registration is refused. Moreover, the local administrations lead propaganda against these religions<sup>258</sup>.

The drafting of young members of the Jehovah's Witnesses to the army service is a problem for them since the legislation in force does not provide alternative forms of service for those with religious objections to military service, which is the subject of several judicial processes in this regard<sup>259</sup>.

**Members of lesbian, gay, bisexual, and transgender (LGBT) communities and other sexual minorities continue to face intense hostility in Moldova**

Discrimination against LGBT persons and communities is also a serious problem, exacerbated by a current high-profile mobilization by conservative forces including elements in the majority Orthodox Churches against LGBT rights. A public event linked to the Moldovan LGBT Pride event was banned by the courts in April 2010 at the initiative of the Chisinau municipality. A spontaneous event to protest against the actions of the municipality was physically attacked. Moldova has never had a public Pride event, despite efforts every year except one since 2005. Homosexuals and other sexual minorities in Moldova report targeting by police for extortion, under threat of the public humiliation of being exposed as gay. Due to extremely high levels of stigma, there are very few homosexuals in Moldova who have "come out" and declared their sexuality publicly.

**Refugees, stateless persons, migrants and other third-country nationals**

According to Article 19 of the Moldovan Constitution, as well as other legislative and normative acts, foreign nationals legally resident

**Box 6.9. Refusing military service for religious reasons is grounds for prosecution in Transnistria.**

*Transnistrian authorities continued to prosecute Jehovah's Witnesses for their refusal to perform military service on religious grounds. As a result, between 1995 and 2008, over 30 Christians were tried for refusal to undergo military service on religious grounds. Some of them were sentenced to one year's imprisonment on probation, while others were fined the equivalent of 450 - 1,000 U.S. dollars. The cases were often delayed due to the absence of judges and representatives of the prosecution on the dates scheduled for hearings.*

Source: <http://www.state.gov/documents/organization/132841.pdf>

<sup>258</sup> Promo-LEX (2009). Human rights in Moldova

<sup>259</sup> <http://www.state.gov/documents/organization/132841.pdf>



in Moldova and stateless persons enjoy the same rights and freedoms as Moldovan nationals with certain exceptions provided by law, inter alia, the right to vote and to stand for elections. Nevertheless, there is cause for concern that non-citizens in Moldova may be particularly exposed to socially exclusionary forces. For example, although entitled to work if legally resident, few such persons are visible in the economy anywhere other than as vendors in public markets. Dark-skinned persons in Moldova report harassment, as well as difficulties in their dealings with public administration. There have been recent cases of serious and evidently racially-motivated attacks.

By law, a non-citizen is to be issued a residence ban in cases where the person concerned is HIV-positive. Blood testing for HIV is mandatory for non-citizens. In a recent positive development, in December 2010, the Supreme Court ordered that a residence permit be issued to a HIV-positive Russian national whose wife and children are Moldovan. Despite his family ties, the long-term nature of his stay in Moldova, and his ties to Moldova, he had been denied a residence permit by the authorities. The case should now trigger positive amendments to Moldovan regulations in this area, but as of the date of writing, these have not yet been made.

According to UNHCR, the number of persons certified as stateless is increasing in Moldova, for reasons which are unclear. The Government of the Republic of Moldova lacks specific

monitoring mechanisms for the education of the migrants, refugees and asylum seekers, who are enrolled in Moldovan education institutions. Moldovan education policy does not address diverse backgrounds and the specific needs of these people are not assessed. This problem applies also to their degree of attendance and learning outcomes. There is also concern regarding the racial hostility that dark-skinned migrants might face in schooling. Furthermore, teachers and other educational personnel lack special anti-racism training on the education and inclusion of migrants, refugees and asylum seekers.

***The availability and quality of the national leisure infrastructure and the financial resources of the population are among the drivers of exclusion from the leisure activities.*** Currently, the national leisure infrastructure is in disarray as a result of transition and chronic underfinancing. For instance, access to recreation facilities in the community is very limited. The lack of such facilities in the village is a barrier to the communication and socialization of people. Thus, about 21% of households reported limited access to recreational facilities or green areas in their town, of which 28% were from urban areas and 16.2% in rural areas. From a regional perspective, the problem of limited access to recreational areas is more pronounced in the South (including UTAG) and Chisinau, where about 31% and 25% of households expressed their limited access to leisure facilities within the community where they live<sup>260</sup>.

**Box 6.10. National cultural infrastructure**

*By the end of 2008<sup>261</sup>, there were 1,146 cultural centres in the republic, of which only 803 had the necessary equipment, about 532 of them were in need of capital renovation and 79 were declared damaged. In 312 sites there were no cultural spaces. Given this situation, for the rehabilitation of the national cultural infrastructure, during the years 2006-2008, within the priority National Program for the completion of construction and renovations of cultural buildings in the territory, 32 culture houses were renovated.*

*There are 22 art schools in the republic, 12 of which require major repairs and 54 music schools for children.*

*Regarding access to information from written sources, currently there are 1,218 libraries operating in the country, of which 104 are for children. Since 2002 and until now their number has decreased by about 24%. About 1.6% of the total number of libraries require repairs and 0.2% are damaged, while very few of them are heated during the cold season<sup>262</sup>. The activity of these institutions does not meet the needs of readers, holding an obsolete book collection, most written in the Cyrillic alphabet. The lack of information materials is felt mostly by pupils who, according to school curricula, must read additional literature and, failing to find books in the library, give up on reading books with Cyrillic characters. This situation casts doubts on the ability of libraries to be a source of current information for educational purposes. The Ministry of Culture's data show that in 2008 rural libraries received only 5,401 publications in Romanian, i.e. by an egalitarian distribution, this would mean almost five titles per institution.*

**Source:** Ministry of Culture and Tourism. Statistical Report for 2008

<sup>261</sup> Statistical report of the Ministry of Culture and Tourism for 2008.

<sup>262</sup> Statistical report of the Ministry of Culture and Tourism for 2008.



# Chapter 7.

CONCLUSIONS

AND RECOMMENDATIONS

## Conclusions and Recommendations

*The economic, social, political and cultural transition processes which have taken place in the last 20 years have opened up various opportunities for many citizens of Moldova but have had enormous social costs, the effects of which can still be felt today. The reduction in the population's real income and the explosion of poverty in rural areas, growing unemployment, intensification of migration processes, as well as the reduced capacity of the social protection system to respond to social challenges created barriers to social inclusion for many vulnerable groups and individuals. These developments compromised limited the prospects for sustainable human development in the Republic of Moldova. In addition to economic and social hardships, limited success in the consolidation of democracy has created barriers to political inclusion.*

Social exclusion and access inequality are relatively new concepts for the Republic of Moldova that were addressed until recently by the Government within the framework of its anti-poverty policies. From a strategic point of view, the goals of social inclusion in the Republic of Moldova were first outlined in the *National Development Strategy for 2008-2011 (NDS)* that includes specific sectoral strategies<sup>263</sup>. The effects of these interventions on social inclusion have not been measured and hence their effectiveness has yet to be evaluated.

The current world economic recession, which was accompanied by rising long-term unemployment and reduced opportunities for finding jobs, has put many people at risk of social exclusion and worsened the position of those already affected. The crisis intensified existing barriers to social inclusion and created new ones. As the analysis carried out within this Report has confirmed, economic factors con-

tributed the most to the emergence of various barriers to social inclusion. Thus, income inequality and poverty (which are the main material deprivation factors) are the most important obstacles in this respect.

In the Republic of Moldova *economic exclusion* is manifested both by difficulty in accessing the labor market and limited access to goods and services. Economic exclusion results also from the low quality of the social infrastructure of localities and the resulting emergence of areas with high levels of multiple types of deprivations. In these areas, practically all forms of social exclusion are more pronounced. In this case, there is *territorial (community) exclusion* which affects, as a rule, the entire population of the deprived localities.

As this Report demonstrates, economic exclusion is closely linked to exclusion from social life, health, education and social services, and cultural and political life. There are multiple barriers faced by vulnerable groups that stand in the way of access to quality social services. These include limited budget allocations, insufficient personal incomes, remote geographic locations of service providers that often make them inaccessible, low quality of services and limited personnel competencies as well as intolerable and discriminatory attitudes. Limited access to the labor market and low incomes are some of the most important factors, limiting the access of certain population groups to social services. Social exclusion has become more visible over the recent years as the state has not been able to allocate sufficient resources for the development and maintenance of an acceptable quality level of social services as well as guarantee access to them for the groups with lower incomes.

<sup>263</sup> Law No. 295 of 21.12.2007 for approval of the National Development Strategy for 2008-2011

Economic exclusion intensifies exclusion from the cultural life of society. Thus, for financially deprived persons deprived, cultural life becomes of secondary importance, coming after the need to satisfy essential wants, meaning access to cultural life becomes practically impossible. Exclusion from social life and from social services as well as from cultural life can also lead to economic exclusion. Low education levels negatively influence the opportunities for the highly paid employment, which would otherwise ensure a professional career and, as a result, a higher income for decent quality of life and sustainable human development.

Political exclusion is closely associated with economic, political and social exclusion as the groups and individuals excluded from the economic or social life of society, do not as a rule participate in political life. On one hand, this is because of the low level of political culture, caused both by people's relatively short experience of living in a democratic society and by the difficult process of strengthening society's democratic structure, which leads to passivity and non-participation.

In spite of the fact that efforts towards modernizing economic and social policies in the republic with a focus on social inclusion resulted in certain successes, their effects have been relatively modest. The negative effects of the world economic crisis on the republic have compromised Government efforts in this area. Existing mechanisms and policies addressing the goals of social inclusion should be revised, taking into consideration the effects of the global economic crisis and Moldova's experiences in the field of social inclusion.

**The goals of social inclusion should be mainstreamed and incorporated into the existing policy frameworks for education, health protection, social protection and cul-**

**tural policies.** Once "social inclusion" is mainstreamed, the inclusive policies will become better targeted by their content and philosophy and emphasize "access to services" and integration of persons excluded from different "networks" of social life. The mainstreaming of the social inclusion approach will help make the existing sectoral efforts more effective and less expensive as they will be better targeted and managed.

The recommendations outlined below focus on the strategic aspects of institutional reform, and on policies and practices to support social inclusion in Moldova as well as provide suggestions on how specific sectoral barriers to social inclusion can be eliminated. The recommendations developed below are built on the premise that central government alone cannot address the challenges of social exclusion. **This should involve collaboration among a wide range of ministries, local governments, CSOs, the private sector and vulnerable groups** who should be actively involved in political and administrative decision making and in the delivery of programs and services.

**There is a clear need to develop an overarching Social Inclusion Strategy with clearly articulated Government-wide priorities, including sectoral policies and approaches.** Although the Government has developed some strategies that address the goals of social inclusion, their goals and implementation approaches are not presented through the lens of social inclusion. It is advisable to develop one Social Inclusion Strategy with a clear set of goals, attached budget resources, clear lines of accountability and reporting requirements. The development of a Social Inclusion Strategy should involve central government offices and the relevant line ministries as well as local governments, CSOs, experts and the vulnerable groups themselves. Through such

an extensive consultation process, the Strategy can be better targeted, have measurable targets and better reflect the challenges of social exclusion.

Inclusion strategies and policies can be successfully implemented if greater policy coherence is achieved. One dimension of policy coherence relates to horizontal co-ordination within public administration. Different ministries typically share responsibility for different interventions addressing social inclusion (e.g., social cash benefits, training of the unemployed and promoting labour market re-integration). It is advisable for the Government to clarify the mandates and responsibilities of the ministries responsible for the social inclusion agenda, including the development of formal agreements to set the ground rules and the terms of engagement that commit a number of ministries to work together in the field of social inclusion. In the absence of effective collaboration, silo-based thinking about inclusion policy problems and solutions will continue to dominate.

**Strengthen the analytical capacity of line ministries in developing and implementing effective social inclusion policies.** Often line ministries have weak capacities in the areas of conducting research, developing policy options, conducting *ex-ante* policy assessments as well as estimating the costs of new policy initiatives. Capacity building interventions should focus in particular on developing skills for identifying the barriers and challenges that vulnerable groups face and developing policies and programs to address them. As people with disabilities may face barriers to their social inclusion that are different from the obstacles faced by Roma, civil servants should be able to conduct quantitative and qualitative analysis to explain the determinants of social exclusion to develop policies and programs offering tailored solutions meeting the needs of these groups.

**Promote participatory approaches to developing and implementing social inclusion policies involving the target groups, civil society and the public at large.** Consultation has always been an acknowledged means for creating consensus, exploring ideas, improving the acceptance of new proposals, finding cost-effective policy solutions and increasing transparency in decision-making. Stakeholder involvement in policy making is critical for achieving buy-in and ongoing cooperation and for ensuring that all relevant factors and views are considered. The capacities of line ministries in the field of public consultations should be strengthened so that they can learn how to collect and use information obtained through consultations to:

- improve the information base and gather information on all the potential consequences of government social inclusion policies and programs, including the fiscal impact;
- identify unintended side effects that may create unexpected costs when the policy is implemented;
- test whether a policy is likely to work in practice and assess its impact on eliminating barriers to social inclusion; and
- evaluate whether the policy addresses the actual needs of the targeted vulnerable groups.

**Strengthen the capacities of CSOs representing vulnerable groups to be actively involved in the development of policy and programs eliminating barriers to social inclusion, program delivery and monitoring their implementation.** As this Report found, the Government and public administration in Moldova has started to appreciate the value of consultations with CSOs in developing and implementing policies and programs supporting the vulnerable groups. Despite these positive developments, civil society in Moldova is

still too weak and poorly structured to be effectively involved in the development and implementation of a set of measures supporting social inclusion. CSOs can play an important role in the struggle against poverty and social exclusion. They could advance the debate on social inclusion policies being developed by the government and provide input from people with experience of social exclusion to the policy making process. Such involvement would not only pressure the public sector to do a better job of eliminating social exclusion but could also help identify priority areas for interventions. CSOs could in particular be involved in monitoring the quality of publicly provided goods and services and their impact or even deliver some programs targeting the vulnerable groups themselves. One of the potential capacity building interventions may focus on supporting umbrella organisations or networks of CSOs capable of acting as strong partners for public authorities. Building up a national network of NGOs focused on the fight against exclusion and representing excluded groups could be one of the Government's priorities in supporting social inclusion.

**Improve the equalization social transfers and other supports to regions with a high incidence of social exclusion.** Improved transfers to regions with high incidences of exclusion will help reduce inter-regional differences and promote regional development by enhancing regional social infrastructure and the services provided. Transfers could be very specific and target specific zones where the barriers to social inclusion are the most challenging.

**As many barriers to inclusion are of economic nature, the following recommendations address them:**

- Provide training and support to current and potential businesspeople. Current and potential businesspeople can benefit

from state-supported courses on business establishment, business management, preparation of business plans for financing, and market research into customers. Business establishment courses (e.g., entrepreneurship training such as "How to Start Your Own Business") could be provided to emerging entrepreneurs at no charge or for a symbolic fee. Consistent policies are needed to promote an entrepreneurial culture, which could lead to a reduction in the high share of informal employment.

- Align education programs with the needs of the labor market. One of the key challenges in the context of human capital development in the country is the high level of unemployment among skilled and trained young people, who lack necessary skills because of a lack of work experience. Formal school curricula and business needs have to be aligned to better prepare youth for the market. School curricula can be revised and a vocational education component could be developed in consultation with the businesses, and targeted training opportunities could be created for the unemployed, focusing on areas where there is a shortage of qualified employees. On-job training and other strategies could also be utilized.
- Increasing the access to labor market through targeted education and training of the vulnerable groups. Human capital development is one of the main challenges in the context of policies aimed at promoting the economic inclusion of people, especially of vulnerable groups. Vocational training can play an important role in this regard, especially if the training opportunities target vulnerable groups and meet their needs.
- Introduce a labor market monitoring and forecasting system. It is necessary to develop a labor market monitoring and forecasting system, which at the same time would allow for an evaluation of the impact of inclusive policies on the groups of



people to whom they are addressed, assessing the vulnerability of those groups based on relevant and measurable indicators. The monitoring and evaluation results can be used for the planning of employment policies and an improvement in the correlation with the labor market.

- **Targeting remittances in economical activity.** Incomes from remittances have a pronounced positive impact on the welfare of groups benefiting from them. But it is just a short-term impact, because of their use for direct consumption only. It is necessary to design tools and policies that would promote extensive investment of remittances in business, in order to obtain long-term impact and make it sustainable and the pilot program “Pare1+1” launched by the Government in 2010 is a step in that direction<sup>264</sup>.
- Support small business development in rural areas. In the context of entrepreneurial development and the development of small business sector, it is necessary to promote sectoral diversification by facilitating the launch of some businesses which are considered less attractive in terms of immediate impact. Rural areas require increased attention in this regard, as the entrepreneurial activity there is focused on subsistence agriculture, retail and wholesale, and to a smaller extent, on the processing of agricultural production and other activities. It is necessary in this context to pay special attention to promotion of domestic producers, of local production, ensuring its quality and competitiveness on the market.
- Develop irrigation systems, flood prevention measures to reduce the impact of climatic factors. The climatic shocks cause huge losses to country's economy, their influence on vulnerable groups being more significant, because of their lack of opportunities to overcome critical situations. In Moldova shocks are manifested by drought, hail, and floods following rain showers. The irrigation systems would

help mitigate the effects of drought, while flood prevention measures (strengthening of river banks, careful monitoring of water debits, deepening the waters of main arteries by removing the mud, etc) could be implemented as well. Implementation of these measures would help to reduce the dependence of the welfare of persons employed in agriculture on climate factors. Also taking advantage of the risk subsidization scheme provided by the Government will allow the prevention of losses from natural disasters.

- **Invest in alternative energy sources to reduce dependency on foreign energy sources.** Repeated increases in the purchase price of gas and electricity from Russia and Ukraine had a very pronounced negative impact on the living standards of people in Moldova. In order to reduce dependence on these external factors it is necessary to promote alternative energy sources. Active programs are necessary to promote advanced technologies for the production of electricity and heat by processing agricultural waste, use of solar batteries and other methods, which would reduce dependence on imported energy sources. As it may cut utility bills, it would also lessen the vulnerability of some social groups, ensuring at the same time adequate living standards. Alternative energy sources can be utilized in healthcare and educational institutions in rural areas, where the risks of economic exclusion are high. In addition to providing improved conditions for the beneficiaries of these institutions, new energy technologies may lower the pressure on the local budget allowing the local authorities to re-direct resources to other socially important areas.
- Invest in infrastructure. One major issue with a significant influence on human development is access to infrastructure. The development pace of a country depends to a great extent on the creation of modern infrastructure. Investments in infrastructure have always been and will

<sup>264</sup> Hotărârea Guvernului Nr. 972 din 18.10.2010, cu privire la Programul-pilot de atragere a remitențelor în economie „PARE 1+1” pentru anii 2010-2012

remain a priority. It should be mentioned that activities aiming at restoring infrastructure create the best jobs but require big investments. The Government has signed various agreements with the IMF, World Bank, EBRD and other donors for the development of social infrastructure, including roads, agricultural, educational, health, etc. It is necessary to define the priorities and plan the resources, targeting them effectively in order to generate an immediate impact while ensuring adequate quality.

**To eliminate barriers to inclusion in terms of employment, it is recommended to:**

- (i) promote viable economic policies aimed at increasing the employment level;
- (ii) eradicate long-term unemployment especially among youth as well as other categories of excluded persons. Often, the long term unemployed face a complex set of such barriers including illiteracy, outdated skills, and disability or poor health. Specific strategies may include introducing an individualized case-based approach that would address barriers that are specific to each individual's access to the labor market and provide subsidies to employers who hire the long-term unemployed;
- (iii) perform large-scale implementation of flexible forms of employment with a view to ensuring labor market balance;
- (iv) implement measures supporting the labor market integration of persons with disabilities and persons released from detention;
- (v) extend public remunerated works as a measure of temporary protection for the unemployed and implement them in regions where a significant portion of residents are at risk of social exclusion;
- (vi) develop certain policy measures targeting the integration of migrants into the labor market of the republic; and
- (vii) ensure better access of migrant workers to social services, especially to the welfare and health systems.

**To eliminate economic inclusion barriers and increase the *population's* quality of life, especially in rural areas, it is recommended to:**

- (i) apply measures to ensure the sustainability of incomes of the population from the rural area;
- (ii) diversify fields of activity in rural settlements; and
- (iii) improve the effectiveness of the measures supporting small business development in rural areas.

**To eliminate barriers in terms of inclusion in the field of education, it is recommended:**

- (i) to continue optimizing the educational sector infrastructure and improve the sector's effectiveness and efficiency by adopting a new funding formula where "the money follows the student";
- (ii) promote inclusive measures within the education system for certain at-risk groups (children from poor families or with migrant parents, Roma children, children with SEN, children with HIV) and consolidate capacities of didactic staff while working with them;
- (iii) implement reforms of professional and higher education to adjust the curricula to the needs of the labor market;
- (iv) organize an effective education and ongoing training system in order to preserve and develop existing human capital;

- (v) extend career planning opportunities, especially for young persons with a low level of training and skills;
- (vi) revitalize orientation training in schools and lyceums with a view to ensuring closer harmonization between the education system and labor market requirements; and
- (vii) develop measures to ensure the educational inclusion of children from Transnistria, including measures of curriculum adjustment.

**To eliminate barriers in terms of inclusion in the field of health protection, it is recommended to:**

- (i) change the emphasis within health policies from intervention and treatment policies to prevention and prophylaxis policies;
- (ii) optimize the policy of state health obligatory insurance and develop a new contributory scheme for poor groups and workers in the agricultural sector. Promote optional insurance more actively;
- (iii) change the emphases within the process of monitoring health policies and focus on their outcomes and cost-effectiveness.

**To eliminate barriers in terms of inclusion in the field of the social protection system, it is recommended to:**

- (i) review tariff and contribution policies to ensure a balanced correlation between salary and pension incomes (replacement rate);
- (ii) review the current individual social insurance schemes and develop new gradual schemes referred to insurable risks as well as to develop state cumulative support;

- (iii) review social assistance programs by shifting the focus from benefits to services;
- (iv) improve the targeting of social benefits. Review social commitment programs by means of transition from categorical approaches to those based on programs for at-risk groups, where access will be determined on the basis of identified needs along with the application of measures to reduce dependence;
- (v) develop public-private partnership schemes in the process of provision of social services as well as mechanisms for evaluating and accrediting services and assessing their cost-effectiveness impact;
- (vi) establish minimum standards of access to social services and ensure compliance on the part of local providers.

**To eliminate barriers in terms of inclusion in the field of culture, it is recommended to:**

- (i) promote policies to ensure cultural diversity and tolerance towards national minorities;
- (ii) provide targeted support for the development of the languages of national minorities and maintain and develop cultural heritage in disadvantaged areas (for example, rural areas);
- (iii) implement targeted interventions aimed at integrating national minorities considered to be socially excluded (Roma) into society and overcome the phenomenon of the isolation of some of them.

**To eliminate barriers in the area of political inclusion, it is recommended to:**

- (i) revise the current decentralization model to ensure that it supports the goals

of social inclusion at the local level. As this Report found, there are several limitations to the decentralization reforms in Moldova that create barriers for some groups' participation in decision-making processes at the local level. It is necessary to clearly delineate central and local government mandates and responsibilities in the area of social services provision, establish an effective local accountability regime by enhancing local democracy by requiring, in particular, local authorities to foster organized and systematic dialogue among stakeholders, including the vulnerable groups themselves, to determine in a participatory manner local priorities and mutual expectations for decentralized governance. It is necessary to explore a possibility for providing adequate revenue and spending powers to local governments so that they will possess sufficient tax and rev-

enue-raising authority to ensure that budget revenues are sufficient to cover the budget expenditures and fund programs promoting social inclusion;

- (ii) introduce a set of policies and funding model changes to promote the separation of the judicial and executive branches;
- (iii) continue with reforms promoting media independence;
- (iv) implement public service training programs targeting women managers to better prepare them to apply for senior management positions. Consider introducing quotas for women employed in senior management positions in the government; and
- (v) promote religious tolerance through targeted awareness-building campaigns.



# Annexes.

HUMAN DEVELOPMENT  
RELATED ANNEXES

# ANNEX 1.1. Human Development Index Methodology

HDI is a synthesis of the human development based on three major goals of development:

1. **Longevity** – as expressed by life expectancy at birth.
2. **Education** – computed as weighted arithmetic average of the adult literacy rate (with a share of two thirds) and of global gross enrolment rate (one third).
3. **Living standards** – estimated as GDP per capita expressed in US dollars at Purchasing Power Parity.

Based on minimum and maximum values (goalposts) established by UNDP for each indicator, the specific index for each of the three dimensions is computed as follows:

$$I_s = \frac{V_{real} - V_{min}}{V_{max} - V_{min}}$$

where:

$I_s$  – specific index;

$V_{real}$  – actual value of indicator;

$V_{min}$  – minimal value;

$V_{max}$  – maximal value.

The GDP index is calculated as difference between logarithmic values.

The extreme goalposts and the actual values for the Republic of Moldova used for calculating the HDI are the following:

HDI is calculated as arithmetic average of the specific indices:

$$HDI = \frac{I_{LE} + I_E + I_{GDP}}{3}$$

Below there is an illustration of the calculation of the HDI for the Republic of Moldova in 2008.

a. Life expectancy index ( $I_{LE}$ )

$$I_{LE} = \frac{69.3 - 25}{85 - 25} = 0.738$$

b. Education index ( $I_E$ )

b.1. Alphabetisation index ( $I_A$ )

$$I_A = \frac{99.1 - 0.0}{100.0 - 0.0} = 0.991$$

b.2. Index of the global gross enrolment index ( $I_{GER}$ )

$$I_{GER} = \frac{68.9 - 0.0}{100.0 - 0.0} = 0.689$$

By combining the two education indices with the corresponding weights one gets:

$$I_E = \frac{2I_A + I_{GER}}{3} = 0.890$$

c. The GDP index ( $I_{GDP}$ )

$$I_{GDP} = \frac{\log 2843 - \log 100}{\log 40000 - \log 100} = 0.559$$

As result, the Human Development Index

$$HDI = \frac{0.738 + 0.890 + 0.559}{3} = 0.729$$

Indicator	Maximum value	Minimum values	Actual value
Life expectancy at birth, years	85	25	69.3
Adult literacy rate (%)	100	0	99.1
Global gross enrolment rate (%)	100	0	68.9
GDP per capita at PPP, US dollars	40000	100	2843

## ANNEX 1.2.

# Gender-related Development Index (GDI)

**GDI adjusts the level of human development to the gender differences in the three major areas of human development. The calculation of the GDI involves three stages:**

a. Calculation of the gender disaggregated specific indices ( $I_F$ ;  $I_M$ ), according to the general formula:

$$I_{F/M} = \frac{V_{real} - V_{min}}{V_{max} - V_{min}}$$

where:

$I_{F/M}$  – specific index for women / men;

$V_{real}$  – actual value of indicator;

$V_{min}$  – minimal value;

$V_{max}$  – maximal value.

b. The female and male indices are combined in a way that the differences between achievements in each dimension are perceived as negative factors and penalised. The resulting index, referred to as Equally distributed index ( $I_{EDI}$ ), is calculated according to the following general formula:

$$I_{EDI} = (P_F * I_F^{1-\epsilon} + P_M * I_M^{1-\epsilon})^{\frac{1}{1-\epsilon}}$$

where:

$I_{EDI}$  – equally distributed index;

$P_F$  and  $P_M$  – shares of females / males in total population;

$\epsilon$  – a measure of aversion to inequality. For GDI the UNDP has established the  $\epsilon=2$  for which the general formula transforms in a simple harmonic average

of the indices calculated for men and women:

$$I_{EDI} = \frac{1}{\frac{P_F}{I_F} + \frac{P_M}{I_M}}$$

c. GDI is calculated as simple arithmetic average of the equally distributed specific indices:

$$GDI = \frac{I_{LEEDI} + I_{EEDI} + I_{GDPEDI}}{3}$$

where:

$I_{LEEDI}$  – equally distributed life expectancy index;

$I_{EEDI}$  – equally distributed education index;

$I_{GDPEDI}$  – equally distributed income index.

d. Calculation of the equally distributed income index is rather complex. For its calculation the following data are necessary:

Total number of population;

GDP per capita, US dollars at PPP;

$W_f/W_m$  – ratio of the female wage to male wage in non-agricultural activities;

$E_f$  – share of women in economically active population;

$E_m$  – share of men in economically active population;

$S_f$  – contribution of women to total income;

$Y$  – total GDP calculated in US dollars at PPP;



- $N_f$  – total number of women;  
 $N_m$  – total number of men;  
 $Y_f$  – estimated income received by women (US dollars at PPP);  
 $Y_m$  – estimated income received by men (US dollars at PPP);

The extreme and actual values of the Republic of Moldova (except GDP which is computed below) used for GDI are included in the table below:

Indicator	Maximum value	Minimum values	Actual value
Women life expectancy at birth, years	87.5	27.5	73.4
Men life expectancy at birth, years	82.5	22.5	65.3
Women alphabetisation rate (%)	100	0	98.5
Men alphabetisation rate (%)	100	0	99.7
Global gross enrolment rate of women (%)	100	0	71.3
Global gross enrolment rate of men (%)	100	0	66.5
GDP per women, US dollars, PPP	40000	100	2244
GDP per men, US dollars, PPP	40000	100	3489

Other indicators used for calculation are:

- GDP per capita at PPP: 2,843 US dollars
- Total population: 3,565.6 thousand  
 Women: 1,850.5 thousand  
 Men: 1,715.1 thousand
- Share in total population of (%):  
 Women: 51.9  
 Men: 48.1
- Share in economically active population of (%):  
 Women: 48.7  
 Men: 51.3
- Ratio of women wage to men wage in non-agricultural activities (%): 73.1.

Based on the data above the following specific indices are calculated:

a. Equally distributed life expectancy index ( $I_{LEED}$ )

a.1. Gender disaggregated life expectancy indices:

women:

$$I_{LEF} = \frac{73.4 - 27.5}{87.5 - 27.5} = 0.765$$

men:

$$I_{LEM} = \frac{65.3 - 22.5}{82.5 - 22.5} = 0.713$$

a.2. Equally distributed life expectancy index:

$$I_{LEEDI} = \frac{1}{\frac{0.519}{0.765} + \frac{0.481}{0.713}} = 0.739$$

b. Equally distributed education index ( $I_{EEDI}$ )

b.1. Gender disaggregated alphabetisation indices:

women

$$I_{AF} = \frac{98.5 - 0.0}{100.0 - 0.0} = 0.985$$

men

$$I_{AM} = \frac{99.7 - 0.0}{100.0 - 0.0} = 0.997$$

## b.2. Gender disaggregated enrolment indices:

women

$$I_{GERF} = \frac{71.3 - 0.0}{100.0 - 0.0} = 0.713$$

men

$$I_{GERM} = \frac{66.5 - 0.0}{100.0 - 0.0} = 0.665$$

## b.3. Gender disaggregated education indices:

women

$$I_{EF} = \frac{2I_{AF} + I_{GERF}}{3} = \frac{2 * 0.985 + 0.713}{3} = 0.894$$

men

$$I_{EM} = \frac{2I_{AM} + I_{GERM}}{3} = \frac{2 * 0.997 + 0.665}{3} = 0.886$$

Equally distributed education index:

$$I_{EEDI} = \frac{1}{\frac{0.519}{0.894} + \frac{0.481}{0.886}} = 0.890$$

c. Equally distributed income index ( $I_{GDPEDI}$ )c.1. Index of females contribution to total income ( $S_f$ )

$$S_f = \frac{\frac{W_f}{W_m} E_f}{\frac{W_f}{W_m} E_f + E_m} = \frac{0.731 * 48.7}{0.731 * 48.7 + 51.3} = 0.410$$

## c.2. Gender disaggregated income:

GDP per women:

$$Y_f = \frac{S_f * Y}{N_f} = \frac{0.410 * 10137000.8}{1850.5} = 2244 \text{ US dollars}$$

GDP per men:

$$Y_m = \frac{Y - S_f * Y}{N_f} = \frac{10137000.8 - 0.410 * 10137000.8}{1715.1} = 3489 \text{ US dollars}$$

## c.3. Gender disaggregated income indices:

women

$$I_{GDPF} = \frac{\log 2244 - \log 100}{\log 40000 - \log 100} = 0.519$$

men:

$$I_{GDPM} = \frac{\log 3489 - \log 100}{\log 40000 - \log 100} = 0.593$$

Equally distributed income index:

$$I_{GDPEDI} = \frac{1}{\frac{0.519}{0.519} + \frac{0.481}{0.593}} = 0.552$$

Applying the simple arithmetic average, the Gender-related Development Index is:

$$GDI = \frac{0.739 + 0.890 + 0.552}{3} = 0.727$$

## ANNEX 1.3.

# Gender Empowerment Measure

The Gender Empowerment Measure is calculated based on explicitly defined variables measuring the opportunities (capabilities) women have for participating in political and economic decisions and for controlling their economic resources:

1. The distribution of seats in Parliament by gender is used as an estimate for degree of participation in political decisions;
2. For illustrating women's participation in economic life the following ratios are used:
  - Share of women out of total number of managers and senior officials in public administration and socio-economic units;
  - Share of women out of total number of professionals employed in intellectual and scientific occupations.
3. Women's control over economic resources is estimated based on gender disaggregated GDP per capita (unadjusted).

For each of the three dimensions an equally distributed equivalent percentage is calculated (EDEP), using the following formula:

$$I_{EDEP} = (P_F * \%I_F^{1-\epsilon} + P_M * \%I_M^{1-\epsilon})^{\frac{1}{1-\epsilon}}$$

where:

$P_F$  and  $P_M$  – the shares of females/males in total population;

$\%I_F$  and  $\%I_M$  – the gender indices for every of the three dimensions.

To adjust the respective dimension of devel-

opment to gender disparities, as in the case of the GDI, a weighted formula is used with the aversion index  $\epsilon = 2$ .

For the first two dimensions the EDEP is indexed by dividing them by 50. The indexation is based on the hypothesis that in an ideal society women's participation in decision making is equal to that of the men.

Besides the data used for calculating the GDI, other indicators used for calculating the GEM are:

- Share in Parliament (%):

Women : 25.7

Men : 74.3

- Managers and senior officials in public administration and socio-economic units (%):

Women: 38.6

Men : 61.4

- Professionals employed in intellectual and scientific occupations (%)

Women : 62.6

Men : 37.4

**Calculation of the GEM involves three steps:**

- a. The EDEP for participation in political decision making is calculated based on female and male shares in total population and in Parliament seats ( $I_{DP}$ ):

$$EDEP = \frac{1}{\frac{P_F}{\%M_F} + \frac{P_M}{\%M_M}} = \frac{1}{\frac{0.519}{25.7} + \frac{0.481}{74.3}} = 37.50$$

where  $\%M_F$  and  $\%M_M$  is share of women and, respectively, share of men in Parliament seats

IDP = Indexed EDEP for parliamentary representation = EDEP : 50 = 0.750

b. The index for participation in economic decision making and economic life is calculated as follows:

b.1. for manager and senior officials in public administration and socio-economic units ( $I_C$ ):

$$EDEP = \frac{1}{\frac{P_F}{\%C_F} + \frac{P_M}{\%C_M}} = \frac{1}{\frac{0.519}{38.6} + \frac{0.481}{61.4}} = 46.99$$

where  $\%C_F$  and  $\%C_B$  are expressions of the female and male shares in this group of occupations

IC = Indexed EDEP for positions as managers and senior officials = EDEP : 50 = 0.940

b.2. for professionals with intellectual and scientific occupation ( $I_S$ ):

$$EDEP = \frac{1}{\frac{P_F}{\%S_F} + \frac{P_M}{\%S_M}} = \frac{1}{\frac{0.519}{62.6} + \frac{0.481}{37.4}} = 47.28$$

where  $\%S_F$  and  $\%S_B$  are the shares of women and men in this group of occupations

IS = Indexed EDEP for intellectuals and scientists = EDEP : 50 = 0.946

The average of the indices referring to these two groups of occupations represents the degree of participation of women in economic decision making and economic life ( $I_{DE}$ )

$$I_{DE} = \frac{I_C + I_S}{2} = 0.943$$

c. The equally distributed income ( $I_{GDPEd}$ ).

The gender disaggregated equally distributed income indices ( $I_{GDPF}$  and  $I_{GDPM}$ ) are calculated based on unadjusted GDP per women and per men (no logarithmic values).

Women:

$$I_{GDPF} = \frac{2244 - 100}{40000 - 100} = 0.054$$

Men:

$$I_{GDPM} = \frac{3489 - 100}{40000 - 100} = 0.085$$

$I_{GDPEd}$  is calculated according to the same algorithm as the GDI.

$$I_{GDPEd} = \frac{1}{\frac{P_F}{I_{GDPF}} + \frac{P_M}{I_{GDPM}}} = \frac{1}{\frac{0.519}{0.054} + \frac{0.481}{0.085}} = 0.065$$

The GEM is calculated as simple arithmetic average of the three equally distributed indices

$$GEM = \frac{0.750 + 0.943 + 0.065}{3} = 0.586$$



# Annexes

to CHAPTER 4

## ANNEX 4.1. Main Macroeconomic Indicators Trends

Indicators	Unit of Measure	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP, current prices	thou MDL	6479715	7797562	8916975	9122113	12321554	16019558	19051531	22555858	27618918	32031777	37651869	44754367	53429571	62840307	60043308
	thou USD	1441378	1694165	1928745	1697895	1170783	1288429	1480674	1661818	1980902	2598231	2988172	3408065	4402496	6048444	5402785
	thou Euro							1653219	1757549	1754663	2089674	2398544	2713735	3218920	4109466	3867574
GDP, comparable prices	thou MDL	4671646	6098898	7925993	8333611	8814858	12581258	17003387	20539386	24049814	29652576	34434607	39453380	46096295	57274182	58838218
GDP in % as compared to the previous year	%	98,6	94,1	101,6	93,5	96,6	102,1	106,1	107,8	106,6	107,4	107,5	104,8	103,0	107,2	93,5
GDP per capita, current prices	MDL	1798	2167	2441	2498	3379	4402	5247	6227	7646	8890	10475	12483	14937	17602	16839
	USD	400	471	528	465	321	354	408	459	548	721	831	951	1231	1694	1515
	Euro							455	485	486	580	667	757	900	1151	1085
GDP per capita by PPP	USD		2128	2207	2087	2033	2112	2300	2533	2765	2028	2362	2561	2715	2986	2843
GDP per capita, comparable prices	MDL	1296	1695	2169	2282	2417	3457	4683	5670	6658	8229	9580	11005	12887	16043	16501
GDP per capita in % as compared to the previous year	%	98,8	94,2	100,1	93,5	96,8	102,3	106,4	108,1	106,9	107,6	107,8	105,1	103,2	107,4	93,6
GDP deflator	%	138,7	127,9	112,5	109,5	139,8	127,3	112,0	109,8	114,8	108	109,3	113,4	115,9	109,7	102,0
Consumer price indices (annual average)	%	130,0	124,0	112,0	108,0	139,3	131,2	109,6	105,2	111,6	112,4	111,9	112,7	112,3	112,7	100,0
Annual average number of population	thou pers.	3604	3599	3654	3652	3646	3639	3631	3622	3612	3603	3595	3585	3577	3570	3566
Annual average exchange rate	MDL/ USD	4.4955	4.6026	4.6232	5.3726	10.5242	12.4334	12.8668	13.5730	13.9426	12.3283	12.6003	13.1319	12.1362	10.3895	11.1134
Annual average exchange rate	MDL/ Euro							11.5239	12.8337	15.7403	15.3286	15.6978	16.4918	16.5986	15.2916	15.5248

## ANNEX 4.2. Foreign Trade of the Republic of Moldova (thousand USD)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Export – total	874056,5	631817,3	463432,4	471465,6	565494,9	643791,6	789933,6	985173,6	1091254,5	1051621,1	1341735,1	1591184,7	1287536,3
Import – total	1171251,8	1023575,4	586368,0	776416,0	892228,4	1038000,2	1402347,1	1768533,9	2292291,6	2693183,7	3689524,4	4898762,0	3278269,8
Trade balance – total	-297195,3	-391758,1	-122935,6	-304950,4	-326733,5	-394208,6	-612413,5	-783360,3	-1201037,1	-1641562,6	-2347789,3	-3307577,3	-1990733,5
Degree of coverage of imports by exports – total, %	74.6	61.7	79.0	60.7	63.4	62.0	56.3	55.7	47.6	39.0	36.4	32.5	39.3

## ANNEX 4.3. Exports, imports and trade balance – monthly set

2009/2008	Jan	Feb	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Exports	82.0	80.1	83.3	68.6	79.5	83.8	71.2	63.3	68.8	83.1	112.0	106.9
Imports	77.3	69.4	71.2	53.9	61.4	58.6	59.3	51.5	65.3	71.1	84	89
Trade balance	74.9	64.3	65.3	47.5	52.9	48.3	53.0	45.4	63.5	64.6	71.1	81.4
Imports coverage rate by exports, % - 2009	35.2	37.6	38.0	38.4	41.4	41.5	42.0	41.8	37.1	41.0	42.0	35.5
2010/2009	Jan	Feb	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Exports	118.6	114.2	105.6	109.1	107.2	92.1	106.7	125.3	141.0	143.6	148.0	
Imports	98.3	97.9	106.2	121.3	122.4	124.3	118.6	128.9	120.6	122.6	123.1	
Trade balance	87.3	88.1	106.6	129.0	133.1	147.1	127.1	131.5	108.6	108.0	105.1	
Imports coverage rate by exports, % - 2009	42.5	43.9	37.8	34.6	36.2	30.7	37.8	40.7	43.4	48.0	50.5	



## ANNEX 4.4.

### Population structure trends, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Economically active population	45.4	44.4	44.5	40.8	39.7	39.5	37.8	36.7	36.5	35.5
Economically inactive population	54.6	55.6	55.5	59.2	60.3	60.5	62.2	63.3	63.5	64.5

## ANNEX 4.5.

### The main socioeconomic indicators characterizing incomes and the standard of living of the population

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Monthly average nominal salary in the economy, MDL	543.7	691.5	890.8	1103.1	1318.7	1697.1	2065.0	2529.7	2747.6
Agriculture, hunting and forestry	315.1	393.8	498.6	642.6	744.0	914.5	1098.6	1484.4	1468.9
Education	336.9	463.3	610.2	710.7	881.8	1209.3	1351.2	1670.5	2135.6
Health care and social assistance	314.6	439.1	578.8	844.7	1016.7	1333.5	1703.2	2265.5	2718.2
Income of households (monthly average per member of household), Lei	241.0	321.6	422.4	491.4	568.6	839.6	1018.7	1188.6	1204.3
Average amount of monthly pension <sup>263</sup> (at the end of the year), Lei	135.8	161.0	210.5	325.3	383.2	442.3	546.2	646.4	775.5
Subsistence minimum (monthly average per person), Lei	468.7	538.4	628.1	679.9	766.1	935.1	1099.4	1368.1	1187.8
Correlation with the subsistence minimum, %:									
Monthly average nominal wage	116.0	128.4	141.8	162.2	172.2	181.5	187.8	174.9	236.0
Monthly average nominal wage in agriculture	67.2	73.1	79.4	94.5	97.1	97.8	99.9	108.5	126.2
Disposable income	51.4	59.7	67.3	72.3	74.2	89.8	92.7	86.9	103.4
the monthly average pension	29.0	29.9	33.5	47.8	50.0	55.3	57.9	55.4	66.6
Consumer price index (annual average)	109.6	105.2	111.6	112.4	111.9	112.7	112.3	112.7	100.0

## ANNEX 4.6. Consumer price indices for services provided to population (December previous year = 100)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Services – total	104.5	104.4	112.6	111.8	106.6	120.1	113.0	117.5	102.2
Culture services	103.4	101.9	106.0	104.1	113.0	103.7	104.7	106.4	104.7
Healthcare services	101.3	102.9	118.4	123.9	103.9	102.5	110.5	108.8	102.5
Health resort and recovery services	103.5	103.1	111.2	101.1	103.7	107.7	105.5	107.1	103.7
Public utilities	106.3	105.5	110.6	105.2	102.4	131.8	119.9	129.2	<b>100.2</b>
electric power supply	108.2	102.5	110.2	100.0	100.0	100.0	131.0	115.2	100.9
water supply and sewerage	136.0	139.6	117.8	123.3	101.4	119.6	134.4	157.1	122.6
gas supply	98.0	99.7	119.2	108.9	100.0	214.1	110.6	128.2	89.9
central heating	100.0	107.5	100.0	100.0	100.0	104.7	106.6	175.9	100
hot water supply	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
Passenger transport services	100.0	103.5	103.2	120.0	114.2	117.9	103.4	120.1	105.0
Communications services	100.3	100.0	127.5	123.8	100.2	100.1	100.2	99.0	102.1
Public catering	114.8	110.6	117.5	121.9	127.0	120.0	128.4	115.0	<b>104.1</b>

## ANNEX 4.7. Labor Force Indicators Trends by Geographical Regions

	Chisinau			North			Center			South		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Activity level	52.8	53.0	54.0	43.0	42.5	38.7	44.1	42.9	41.0	39.2	38.8	38.6
Occupation level	49.3	49.9	49.4	41.2	41.1	36.6	41.6	41.6	38.5	37.8	37.4	36.7
Unemployment level	6.5	5.9	8.6	4.2	3.1	5.3	5.5	3.2	6.1	3.6	3.5	5.0

## ANNEX 4.8. Average wages Trends by Geographical Regions

	2006	2007	2008
Mun. Chişinău	2220.0	2696.5	3263.1
North	1390.4	1668.1	2088.6
Centre	1275.7	1530.2	1881.8
South	1194.5	1434.2	1749.1
Găgăuzia	1200.6	1438.3	1707.4

# Annexes

to CHAPTER 5

# ANNEX 5.1.

## Demographic profile

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Overall population in the country as of January 1 (thousand people)	4,281.50	4,264.30	4,247.70	4,228.90	4,208.50	...	...	...	...	...
Population without Transnistria region and Tighina (thousand people)	3,634.50	3,627.20	3,617.70	3,606.80	3,386.00	3,395.60	3,432.80	3,424.40	3,419.40	3,415.60
Annual population growth rate (%)	-1.1	-1	-1.7	-1.8	-1	-1.9	-1.5	-1.4	-0.9	...
Birth rate (per 1000 inhabitant)	10.2	10	9.9	10.1	10.6	10.5	10.5	10.6	10.9	11.4
Mortality rate (per 1000 inhabitants)	11.3	11	11.6	11.9	11.6	12.4	12	12	11.8	11.8
Natural growth rate (per 1000 inhabitants)	-1.1	-1	-1.7	-1.8	-1	-1.9	-1.5	-1.4	-0.9	-0.4
Life expectancy at birth	67.59	68.2	68.13	68.13	68.38	67.85	68.4	68.79	69.36	69.31
Men	63.87	64.5	64.4	64.47	64.5	63.84	64.57	65.04	65.55	65.31
Women	71.22	71.75	71.71	71.64	72.16	71.66	72.23	72.56	73.17	73.37
Marriage rate (per 1000 inhabitants)	6.0	5.8	6	6.9	7	7.6	7.6	8.2	7.5	7.5
Probability rate at birth to not to survive the age of 60 years (%)	...	12.2	13	13	13.4	13.6	12.5	11	10.4	...
Divorce rate (per 1,000 inhabitants)	2.7	3	3.5	4.1	4.1	4	3.5	3.9	3.5	3.3
Infant mortality rate (per 1,000 children born alive)	18.3	16.3	14.7	14.4	12.2	12.4	11.8	11.3	12.2	12.1
Mortality:										
0-4 years (per 1,000 children born alive)	23.3	20.3	18.2	17.8	15.3	15.7	14.0	14.0	14.5	14.3
maternal (per 100,000 newborn children)	27.1	43.9	28	21.9	23.5	18.6	16	15.8	38.4	17.2
Share of underweight newborn children alive (%)	4.3	4.7	4.4	4.7	4.6	4.8	4.9	5	5.3	...
Conjectural rate of fertility	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.3	1.3	1.3
Number of abortions per 1 newborn child alive	0.7	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	...
Share of population aged 0 – 15 years (%)	25.7	24.8	23.8	22.7	21.8	20.8	20.1	19.9	19.2	18.2
Share of population aged 65 years and over (%)	9.4	9.5	9.6	9.8	9.9	9.9	9.8	10.3	10.3	10.2
Demographic dependency ratio* (%)	54.1	47.6	45.6	43.9	42.1	40.6	39.2	39.8	38.7	...
Number of emigrants (thousand people)	9.1	6.4	6.6	7.4	7.2	6.8	6.7	7.2	7.0	6.7
Share of migrants aged 20-34 years in total number of migrants				40.7	42.4	41.2	43.3	44.5	44.2	...

Source: NBS

\*Stable population

## ANNEX 5.2.

### Access to formal education

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Pre-school education institutions, total	...	1128	1192	1246	1269	1295	1305	1334	1349
Preschool population, th	...	96.5	104.0	106.5	109.7	113.1	116.2	120.1	123.9
Teaching staff, th	8.9	9.0	9.6	9.8	10.0	10.3	10.5	10.9	11.2
Education institutions, total	1760	1780	1778	1766	1749	1722	1704	1696	1679
School population, th	753	746.7	738	726	709.4	697.2	675.4	641.5	607.9
Teaching staff, th	51.9	52.2	51.1	52.4	51.2	51.6	51.2	49.5	47.8
Schools, gymnasiums, liceums -total	1573	1584	1587	1583	1577	1558	1546	1541	1526
Pupils, th	629.3	631.2	605.2	580.5	548.5	519	493.5	462.8	436.1
Teaching staff, th	42.3	42.6	41.7	42.7	41.1	41	40.1	38.7	36.9
Evening schools	7	7	7	7	7	7	7	7	7
Pupils, th	1.9	1.9	1.8	1.8	1.9	2	2	1.8	1.8
Teaching staff, th	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Vocational education schools - total	80	82	83	83	81	78	78	75	75
Pupils, th	22.8	23	22.6	22.8	22.7	25	23.7	24.5	24.3
Teaching staff, th	2.3	2.3	2.2	2.2	2.3	2.4	2.5	2.4	2.3
Collegiums - total	60	67	63	60	56	51	49	49	47
Pupils, th	19.9	17	15.2	18.7	23.6	27.1	30.2	31.3	32.7
Teaching staff, th	1.9	2	1.7	1.8	1.9	2	2	2	2
Higher education institutions - total	47	47	45	40	35	35	31	31	31
Students, th	79.1	86.4	95	104	114.6	126.1	128	122.9	114.8
Teaching- academic staff, th	5.3	5.3	5.5	5.7	5.9	6.2	6.6	6.4	6.4
per 10000 inhabitants:									
Children in kindergartens		66	69	69	70	71	73	75	77
Pupils in schools	1737	1710	1671	1607	1522	1438	1372	1289	1222
Students in vocational schools	63	63	63	63	63	70	66	69	68
Pupils in collegiums	55	47	42	52	65	75	84	87	92
Students in higher education institutions	217	238	262	288	318	351	357	344	322

Source: NBS

## ANNEX 5.3. Education enrolment rates trends, %

	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
<b>Gross enrolment rate in preschool education</b>	44.1	44.1	47.6	57	61.1	66.1	70.7	70.1	72.6	74.4
Boys	47	44.3	45.9	48.9	62.1	66.9	71.2	70.8	73.2	74.9
Girls	43.4	42.5	46.8	52.9	60.1	65.1	70.2	69.5	72	73.8
<b>Net enrolment rate in preschool education</b>	34.3	38.5	42.4	52.4	58.7	63.7	68.6	68.5	71.1	72.7
Boys	23.1	23.3	23.6	24	59.6	64.5	69.1	69	71.5	73.2
Girls	33.8	37.1	41.7	50.2	57.7	62.8	68.1	67.9	70.6	72.3
<b>Gross enrolment rate in primary education</b>	100.1	99.4	99.5	99.5	99.8	97.9	96.7	94.4	94	93.6
Boys	100.5	99.4	99.7	95.1	100.1	98.6	97.2	95.2	95	94.4
Girls	99.6	99.4	99.2	94.9	99.6	97.2	96.1	93.6	93	92.7
<b>Net enrolment rate in primary education</b>	94	93.5	92.4	92.7	92.4	91	87.8	87.6	87.7	87.5
Boys	93.9	93.3	92.1	88.1	91.9	91.3	87.8	88.1	88.5	88.2
Girls	94.2	93.7	92.8	88.9	92.8	90.6	87.7	87	86.9	86.8
<b>Gross enrolment rate in secondary education</b>	90.7	90.2	91.1	92.3	92.2	92.5	93.0	90.5	90.1	89.3
Boys	90.5	89.7	90.5	87.1	91.5	92.5	92.5	90.9	90.3	89.8
Girls	91	90.7	91.7	89	92.9	92.5	93.4	90.1	89.8	88.8
<b>Net enrolment rate in secondary education</b>	87.0	87.0	86.8	87.9	87.5	88.5	86.8	86.2	85.6	84.6
Boys	87.4	87.3	87.0	83.7	86.9	88.4	86.2	86.4	85.7	84.9
Girls	86.6	86.6	85.6	84.0	88.0	88.5	87.3	85.9	85.5	84.3

Source: NBS

## ANNEX 5.4. Health

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Mortality rate (per 100,000 inhabitants) by causes:</b>										
- Circulatory system deceases	631.99	618.14	654.78	679.58	653.71	700.14	671.4	676	656.2	662.4
- tumors	126.55	129.94	134.72	138.53	141.54	145.75	153.41	152.62	157.4	160
-respiratory deceases	69.44	64.61	74.34	79.01	69.3	79.15	72.9	72.13	68.7	64.7
<b>Infant mortality rate</b>	18.3	16.3	14.7	14.4	12.2	12.4	11.8	11.3	12.2	12.1
<b>Maternal mortality rate</b>	27.1	43.9	28	21.9	23.5	18.6	16	15.8	38.4	17.2
<b>New cases of active tuberculosis (per 100,000 inhabitants)</b>	53.9	83.1	86.3	87.5	91.4	106	102.9	99.1	96.34	93
<b>Rate of mortality associated with tuberculosis</b>	17.2	15.5	17.3	16.9	17.1	19.1	19.3	20.2	17.4	18
<b>HIV/AIDS incidence (per 100,000 inhabitants)</b>	4.12	4	5.5	4.7	6.2	8.4	12.5	14.7	19.4	17.2
<b>HIV/AIDS incidence among population aged 15 - 24</b>	10.4	10.5	9	9.8	13.4	20.1	18.8	21.2	16.1	19.6
<b>Primary disability rate (per 100,000 inhabitants)</b>	31	39	30	30	32	37	38	39	39	39
<b>Primary disability rate among children (per 100,000 inhabitants)</b>	12.6	14.7	16.3	16.4	17.2	17.5	18.4	18.6	17.9	18.7
<b>Doctors (per 10000 inhabitants)</b>	...	...	...	35.1	34.9	34.9	35.4	35.6	35.5	35.9
<b>Medium health personnel per 10000 inhabitants in average</b>	...	...	...	74.1	72.3	77.8	77.2	77.4	76.7	77
<b>Hospitals beds (per 1000 places)</b>				66.8	64.2	63.9	62.7	61.3	61.1	61.6
<b>People in hospitals per 100 places</b>	13.7	14.7	16.2	16.9	16.5	16.7	17.2	17.8	17.8	...
<b>Visits to doctor per inhabitant</b>	5.3	6.2	6.8	6.4	5.6	6.1	6	6.2	6.3	5.8
<b>Health costs % in GDP</b>	2.9	2.8	3.5	3.4	4.2	4.2	4.7	4.9	5.4	6.4

Source: NBS, MoH



## ANNEX 5.5. Share of health expenditures in the total households expenditures, %

	2006	2007	2008	2009
<b>Residence area</b>				
Urban	5.45	5.67	5.8	6.34
Big cities	5.80	5.89	5.95	6.54
Small towns	4.87	5.33	5.57	5.99
Rural	5.11	5.19	5.34	6.10
<b>Total</b>	<b>5.27</b>	<b>5.43</b>	<b>5.58</b>	<b>6.22</b>
<b>Regions</b>				
North	5.0	4.94	5.5	6.25
Center	5.28	5.45	5.21	5.98
South, incl. UTAG	5.01	5.12	5.49	5.89
Chişinău	5.63	6.00	5.98	6.54
<b>Type of household</b>				
Households with 1 member	6.55	6.17	6.95	7.48
Family couple without children	7.52	8.44	7.49	7.90
Couple without children under 18 years	4.29	4.34	4.16	7.10
Single parents with children aged under 18 years	4.05	3.26	3.92	4.50
Other households with children	4.58	4.56	4.56	5.45
Other households without children	5.20	5.47	6.28	7.92
<b>Households structure</b>				
Households with 1 child aged under 18 years	4.69	4.17	4.67	5.44
Households with 2 children aged under 18 years	4.21	4.93	4.02	5.08
Households with 3 and more children aged under 18 years	3.78	3.59	3.95	3.54
Households without children aged under 18 years	6.31	6.61	6.87	7.44
<b>Socio-economic categories</b>				
Employees in agriculture	4.69	4.16	5.11	4.05
Employees in non-agricultural sector	4.85	4.47	4.93	5.43
Self-employed in agriculture (farmers)	4.39	5.10	4.58	5.59
Self-employed in non-agricultural sectors (farmers)	2.06	5.96	2.80	4.45
Retired persons	8.12	8.34	7.93	9.06
Other	3.80	4.43	4.60	5.15
<b>Type of household</b>				
Households with handicapped people	9.06	9.33	9.48	10.31
Households without handicapped people	4.71	4.84	5.0	5.46

Source: NBS HBS 2009

## ANNEX 5.6. Share of population not having compulsory health insurance, %

<i>Residence area</i>	2006	2007	2008	2009
Urban	17.3	16.9	14.7	15.9
Big cities	16.5	14.7	12.7	13.4
Small towns	18.5	19.6	17.3	19.0
Rural	26.3	26.9	26.4	28.5
<b>Total</b>	<b>22.5</b>	<b>22.6</b>	<b>21.5</b>	<b>23.2</b>
<b>Regions</b>				
North	22.6	24.0	23.4	24.5
Center	26.7	26.7	26.2	28.8
South, incl. UTAG	23.2	25.6	22.9	25.4
Chişinău	16.7	13.3	12.0	12.7
<b>Type of household</b>				
Households with 1 member	13.3	15.9	13.3	12.7
Family couple without children	19.4	18.0	17.0	16.9
couple without children under 18 years	22.8	23.2	23.8	26.9
Single parents with children aged under 18 years	13.7	13.7	11.7	24.4
Other households with children	23.4	24.0	23.0	25.9
Other households without children	27.8	27.7	25.2	17.9
Households structure				
Households with 1 child aged under 18 years	25.1	24.9	23.8	27.3
Households with 2 children aged under 18 years	20.6	21.9	21.9	23.5
Households with 3 and more children aged under 18 years	20.9	20.3	21.3	21.7
Households without children aged under 18 years	22.2	22.1	19.8	20.8
<b>Socio-economic categories</b>				
Employees in agriculture	24.8	23.4	28.3	34.4
Employees in non-agricultural sector	15.0	14.5	13.0	13.9
Self-employed in agriculture (farmers)	41.7	44.0	47.8	46.5
Self-employed in non-agricultural sectors (farmers)	14.4	16.6	7.0	9.9
Retired persons	10.4	10.5	9.2	10.6
Other	39.4	41.5	39.3	40.9
<b>Type of household</b>				
Households with handicapped people	14.7	14.5	13.6	14.7
Households without handicapped people	23.9	24.0	22.7	24.9

Source: NBS HBS 2009

# ANNEX 5.7.

## Subjective health perception, %

	2006	2007	2008	2009
<b>Residence area</b>				
Urban	13.6	12.9	12.1	11.7
Big cities	13.7	12.5	9.8	8.8
Small towns	13.4	13.4	15.0	15.4
Rural	15.6	15.9	15.5	15.0
Total	14.7	14.6	14.0	13.6
<b>Regions</b>				
North	15.3	14.7	15.8	15.9
Center	14.8	15.6	14.1	13.4
South, incl. UTAG	15.5	15.6	16.0	16.4
Chişinău	13.4	12.7	10.0	8.6
<b>Type of household</b>				
Households with 1 member	39.5	34.2	35.2	35.2
Family couple without children	24.8	28.8	27.6	24.2
couple without children under 18 years	6.1	5.4	4.3	15.2
Single parents with children aged under 18 years	7.5	8.7	8.1	4.2
Other households with children	11.0	9.4	8.1	9.7
Other households without children	17.3	17.0	15.9	10.5
<b>Households structure</b>				
Households with 1 child aged under 18 years	9.3	8.9	7.8	9.0
Households with 2 children aged under 18 years	8.2	6.9	5.9	6.0
Households with 3 and more children aged under 18 years	8.7	6.5	4.7	5.9
Households without children aged under 18 years	24.1	24.4	24.1	22.1
<b>Socio-economic categories</b>				
Employees in agriculture	8.1	10.1	8.1	8.2
Employees in non-agricultural sector	8.0	7.6	6.8	6.2
Self-employed in agriculture (farmers)	11.6	11.9	9.6	11.0
Self-employed in non-agricultural sectors (farmers)	2.7	10.9	3.5	10.3
Retired persons	32.2	31.6	30.9	29.3
Other	8.1	7.3	6.7	7.5
<b>Type of household</b>				
Households with handicapped people	32.7	35.0	33.6	29.3
Households without handicapped people	11.6	11.3	10.9	10.4
<b>Age groups</b>				
Children 0-17 years (under 18 years)	3.2	2.9	2.3	3.0
Economically active 18-59 years, total	13.0	12.6	11.5	11.2
Men	11.7	11.4	10.5	9.9
Women	14.1	13.5	12.2	12.4
Aged over 60 years, total	45.7	44.9	44.9	43.1
Man	40.5	40.9	39.6	36.5
Woman	49.0	47.4	48.3	46.9

Source: NBS, HBS 2009

## ANNEX 5.8. Self-declaration disability, %

	2006	2007	2008	2009
<b>Residence areas</b>				
Urban	5.3	5.2	4.6	5.9
Big cities	4.5	4.6	7.3	4.9
Small towns	6.2	6.1	5.1	7.2
Rural	5.1	5.6	5.1	6.4
Total	5.3	5.4	4.6	5.2
<b>Regions</b>				
North	6.2	6.2	6.3	6.6
Center	5.0	5.5	5.5	5.9
South, incl. UTAG	5.3	5.6	5.3	7.4
Chişinău	4.1	4.1	4.3	4.8
<b>Socio-economic categories</b>				
Employees in agriculture	2.6	3.2	2.6	3.8
Employees in non-agricultural sector	2.4	3.0	3.1	3.3
Self-employed in agriculture (farmers)	3.8	3.7	2.7	3.6
Self-employed in non-agricultural sectors (farmers)	0.8	4.4	6.7	5.0
Retired persons	12.0	12.1	12.0	13.5
Other	3.6	2.9	2.5	2.9
<b>Type of household</b>				
Households with handicapped people	35.6	38.2	38.6	36.8
<b>Age groups</b>				
Children 0-17 years (under 18 years)	1.4	1.7	1.7	2.1
Economically active 18-59 years, total	6.4	6.7	6.5	7.3
Men	6.8	7.0	6.9	7.4
Women	6.0	6.4	6.1	7.2
Aged over 60 years, total	6.8	6.4	7.0	8.1
Man	11.4	8.1	9.5	12.1
Woman	4.0	4.7	5.3	5.6

Source: NBS, HBS 2009

## ANNEX 5.9.

### Correlation between employed and retired population

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Active population, th. people	1654.7	1616.7	1615.0	1473.6	1432.5	1422.3	1357.2	1313.9	1302.8	1265.3
Employed people, th. people	1514.6	1499.0	1505.1	1356.5	1316.0	1318.7	1257.3	1247.2	1251.0	1184.4
Total retired persons, th. people	706.4	684.1	653.0	628.5	620.7	618.3	621.4	619.4	621.4	624.6
Active population/retired persons ratio, %	2.3	2.4	2.5	2.3	2.3	2.3	2.2	2.1	2.1	2.0
Employed population/retired persons ratio, %	2.1	2.2	2.3	2.2	2.1	2.1	2.0	2.0	2.0	1.9

Source: NBS, NSIH

## ANNEX 5.10.

### Trends in pensions amounts and replacement ratios

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average monthly nominal salary, lei	543.7	691.5	890.8	1103.1	1318.7	1697.1	2065	2529.7	2747.6
Average salary increase compared to the previous year, %	133.3	127.2	128.8	123.8	119.5	128.7	121.7	122.5	108.6
Average old age pension amount, lei, including:									
Men	140.34	166.87	217.98	336.75	397.18	457.51	565.83	666.28	800.82
Women	155.62	182.32	232.91	361.65	426.76	493.28	618.57	735.59	891.25
Consumption prices indicator (annual average), %	109.6	105.2	111.6	112.4	111.9	112.7	112.3	112.7	100.0
Indexation of the state social insurance pensions, %	*	*	19.3	22.3	18.2	15.7	20.7	17	20
Average old age pension increase compared to the previous year, %	63.0	18.9	30.6	54.5	17.9	15.2	23.7	17.8	20.2
Replacement ratio, %	25.8	24.1	24.5	30.5	30.1	27.0	27.4	26.3	29.1

Source: NBS, NSIH

## ANNEX 5.11.

### Correlation between average old age pension and minimal subsistence level

	2001	2002	2003	2004	2005	2006	2007	2008	2009
minimal subsistence level, total population, lei	468.7	538.4	628.1	679.9	766.1	935.1	1099.4	1368.1	1187.8
minimal subsistence level for retired persons , including	405.8	470.4	538.4	576.9	649.1	800.3	943.4	1167.4	1022.8
urban	448.7	522.3	616.3	664.4	727.5	875.1	1006.1	1251.1	1106.8
rural	370.6	427.9	498.2	531.9	606.2	759.8	909.4	1119.6	974.8
Average age pension, lei	140.34	166.87	217.98	336.75	397.18	457.51	565.83	666.28	800.82
Age pension and minimal subsistence level ratio, %	34.6	35.5	40.5	58.4	61.2	57.2	60.0	57.1	78.3
urban	31.3	31.9	35.4	50.7	54.6	52.3	56.2	53.3	72.4
rural	37.9	39.0	43.8	63.3	65.5	60.2	62.2	59.5	82.2

Source: NBS, NSIH

## ANNEX 5.12.

### Share of social benefits in the households' incomes, %

	2006	2007	2008	2009
<b>Including pensions</b>				
<b>Residence areas</b>				
Urban	11.64	11.87	13.57	14.79
Big cities	11.21	10.73	12.35	12.57
Small towns	12.42	13.94	15.97	18.66
Rural	14.76	15.25	16.32	20.56
Total	13.20	13.56	14.89	17.48
<b>Regions</b>				
North	17.49	17.02	17.46	23.57
Center	12.41	13.85	14.32	16.84

South, incl. UTAG	13.13	13.99	17.81	19.60
Chişinău	10.53	10.16	11.80	12.11
<b>Type of household</b>				
Households with 1 member	32.12	30.16	29.67	40.09
Family couple without children	26.09	29.83	30.59	35.00
couple without children under 18 years	3.50	4.66	4.57	13.89
Single parents with children aged under 18 years	8.81	6.74	9.77	4.02
Other households with children	8.87	8.43	8.95	12.45
Other households without children	11.87	10.38	12.18	20.73
<b>Households structure</b>				
Households with 1 child aged under 18 years	6.18	6.92	7.20	8.74
Households with 2 children aged under 18 years	6.41	6.38	6.33	8.09
Households with 3 and more children aged under 18 years	9.00	7.29	9.22	12.22
Households without children aged under 18 years	20.77	20.91	22.72	25.87
<b>Socio-economic categories</b>				
Employees in agriculture	4.88	4.76	5.90	8.11
Employees in non-agricultural sector	5.01	5.13	5.63	6.21
Self-employed in agriculture (farmers)	9.26	9.51	5.35	10.64
Self-employed in non-agricultural sectors (farmers)	3.11	3.98	6.16	4.19
Retired persons	43.16	44.58	46.61	54.83
Other	4.29	3.22	3.63	4.21
<b>Type of household</b>				
Households with handicapped people	28.63	29.18	30.61	34.80
Households without handicapped people	10.88	11.38	12.70	14.46
<b>Excluding pensions</b>				
<b>Residence areas</b>				
Urban	2.36	2.03	2.15	2.37
Big cities	2.42	1.71	1.75	2.10
Small towns	2.25	2.61	2.84	2.84
Rural	2.07	2.13	2.06	2.97
Total	2.21	2.08	2.11	2.65

<b>Regions</b>							
North	2.44	2.15	2.10	2.78			
Center	2.08	2.29	2.58	2.79			
South, incl. UTAG	1.98	2.45	2.38	3.36			
Chişinău	2.27	1.66	1.61	2.10			
<b>Type of household</b>							
Households with 1 member	2.72	2.51	1.79	2.42			
Family couple without children	1.78	2.04	2.55	1.71			
couple without children under 18 years	2.09	2.49	2.00	2.13			
Single parents with children aged under 18 years	2.96	1.20	1.70	3.07			
Other households with children	2.27	2.00	2.29	3.49			
Other households without children	2.30	1.77	1.85	2.56			
<b>Households structure</b>							
Households with 1 child aged under 18 years	1.92	1.76	1.84	2.85			
Households with 2 children aged under 18 years	2.07	2.25	1.78	2.91			
Households with 3 and more children aged under 18 years	4.35	3.65	4.69	6.71			
Households without children aged under 18 years	2.20	2.01	2.08	2.05			
<b>Socio-economic categories</b>							
Employees in agriculture	1.34	1.28	1.57	2.82			
Employees in non-agricultural sector	1.68	1.45	1.46	1.93			
Self-employed in agriculture (farmers)	2.10	2.36	1.86	4.45			
Self-employed in non-agricultural sectors (farmers)	1.34	1.20	0.96	0.30			
Retired persons	3.76	3.63	3.65	3.96			
Other	2.39	1.93	2.08	2.14			
<b>Type of household</b>							
Households with handicapped people	6.93	7.09	6.82	8.20			
Households without handicapped people	1.50	1.38	1.45	1.68			

Source: NBS, HBS 2009



# ANNEX 5.13.

## Share of households receiving social assistance benefits, %

	2006	2007	2008	2009
<b>Residence areas</b>				
Urban	48.1	24.8	23.4	25.7
Big cities	48.8	24.2	20.6	25.6
Small towns	47.2	25.5	27.6	25.8
Rural	32.4	50.5	30.6	28.0
Total	39.2	39.3	27.5	27.0
<b>Regions</b>				
North	33.1	41.8	29.5	25.3
Center	35.1	45.6	30.1	27.5
South, incl. UTAG	43.4	42.6	29.4	30.4
Chişinău	48.7	25.5	20.2	26.0
<b>Type of household</b>				
Households with 1 member	31.8	34.2	18.8	20.4
Family couple without children	35.9	37.6	23.9	22.3
couple without children under 18 years	39.6	43.6	33.4	29.9
Single parents with children aged under 18 years	41.8	32.6	20.6	23.2
Other households with children	45.8	46.8	38.1	37.4
Other households without children	42.3	36.6	27.6	27.0
<b>Households structure</b>				
Households with 1 child aged under 18 years	40.0	38.9	30.1	29.6
Households with 2 children aged under 18 years	41.2	46.6	33.4	30.2
Households with 3 and more children aged under 18 years	60.6	60.8	57.8	59.5
Households without children aged under 18 years	36.4	36.0	23.0	23.0
<b>Socio-economic categories</b>				
Employees in agriculture	27.5	44.6	27.1	25.2
Employees in non-agricultural sector	41.3	28.4	20.4	20.3
Self-employed in agriculture (farmers)	29.5	45.0	28.3	25.2
Self-employed in non-agricultural sectors (farmers)	41.5	44.8	27.9	20.3
Retired persons	42.8	47.2	34.0	35.4
Other	46.1	37.0	26.5	23.1
<b>Type of household</b>				
Households with handicapped people	96.3	94.9	92.3	93.3
Households without handicapped people	30.3	30.9	17.6	15.1

Source: NBS, HBS 2009

## ANNEX 5.14. Distribution of social benefits (excluding pensions) by consumption quintiles I and V, %

	2006	2007	2008	2009
Quintile I	17.4	18.9	17.8	19.3
<b>Residence areas</b>				
Urban	12.3	10.2	5.5	7.2
Big cities	10.7	7.0	4.9	3.3
Small towns	15.4	14.0	6.1	12.4
Rural	23.3	27.3	31.8	30.4
<b>Total</b>				
Regions	19.7	19.8	24.7	18.1
North	22.4	28.4	21.7	30.8
Center	19.6	21.6	23.9	29.3
South, incl. UTAG	10.9	5.5	1.3	2.1
Quintile V	25.5	25.7	27.8	24.9
<b>Residence areas</b>				
Urban	35.5	34.8	42.8	40.0
Big cities	39.1	42.1	58.6	53.6
Small towns	28.3	26.0	25.0	22.5
Rural	14.3	17.0	10.8	11.1
<b>Regions</b>				
North	27.0	15.6	20.6	15.3
Center	13.7	16.3	18.9	18.4
South, incl. UTAG	16.5	29.7	10.0	8.5
Chişinău	37.0	43.9	59.1	53.7

Source: NBS, HBS 2009

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**NOTES:**





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