POVERTY AND WELFARE OVER THE 1990’s
IN THE REPUBLIC OF MOLDOVA:
INDICATORS OF STATUS AND TRENDS

Country Paper

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Poverty and Welfare over the 1990
in the Republic of Moldova: indicators of status and trends


The Republic of Moldova ratified the UN Convention of Children’s Rights on December 12, 1990, which entered into force following the decision No. 408 of the Parliament as of 25 February 1993.

The issues of ensuring effective social and legal protection of family and children, in accordance with constitutional and international regulations have a significant role in the Republic of Moldova. The social and legal protection of family and children in the Republic of Moldova has a sound constitutional basis. In accordance with the article 48-51 of the Constitution of Moldova, the rights and interests of family, maternity, children, orphans, disabled children and youth are protected by the state.

1. System of indicators applied for monitoring of households and children’s wellbeing

The transition period caused various changes in political, economic and social life of the country. Unstable economic development, mistakes in the social and economic reforms led to a substantial polarization of the population in rich and poor.

The terms rich, poor and poverty are new for the country. The characteristics of poverty and its evaluation can be define by means of a system of indices and indicators, which determine not only the type of poverty, but also its characteristics and means of poverty reduction.

Poverty is a new phenomenon in Moldova. Not long ago, such sectors as education, culture, living conditions of the population were not affected by poverty. Following the economic difficulties during the last period of time, appearance of poverty can be characterized as a cycle process. Will poverty be a temporary or chronic phenomena, depends on economic development of the country and especially on the measures, undertaken by the Government in order to halt poverty.

At present, the necessary legal basis for determination of poverty in the Republic of Moldova is not secured. The existing subsistence minimum budget cannot be recognized as equivalent of poverty line. This is caused by the fact, that the methodology, used for calculation of subsistence minimum budget does not correspond with the current social and economic situation in the country and represents a rather increased level of minimum consumption and finally does not represent a real criteria for determination of poor groups of population in the country.

Within the framework of the Governmental Programme for Poverty Reduction, approved in July 2000, it is envisaged to elaborate a scientifically based methodology for poverty measurement, to calculate the subsistence minimum and poverty line and to implement activities for social protection of the poor.
The statistical offices undertake various activities focused on the determination of a system of indices and indicators, which could facilitate assessment of poverty level and characterize poverty at the extend possible.

It is known that the main source used for measurement of life level and poverty assessment is the Household Budget Survey (HBS). The data collected from the HBS facilitate the determination of the main welfare indicators of families from economic, social and demographic point of view.

Starting from 1997, due to the technical assistance provided by the World Bank, Department for Statistical and Sociological Analysis of the Republic of Moldova conducted a new survey on household budgets. This survey was organized and implemented in accordance with the international standards and criteria. The survey covered 8000 households. The existing sample is representative, both for the whole territory of the country, and for separate strata: urban and rural area, including data from Transnistria and without Transnistria. The survey, based on the data collected from the population, characterizes the life level of both, interviewed families and other hundreds of families.

The survey provides for estimation on the formation of income and directions of expenditures: procurement of food and industrial products, payment for services, transportation, health care, education and other expenditures.

It should be mentioned, that this survey is new for its approach towards identification of problems related to households’ activities, and matters of concern of their members: unemployment, meals, living conditions, health status, children’s education, opinion about their life level and payment for communal services.

Implementation of continuous monitoring of households’ provided for statistical and analytical possibilities for evaluation of social problems common for different groups of population – children, youth, and elder people.

Organization of a modern informational network for this monitoring permitted organization of sociological surveys among households’ members on various social and political problems: environmental pollution, unregistered crimes, identification of priority social problems, political view and population’s participation in the political life.

In the Republic of Moldova, there is an operational network of social and economic indicators, compiled by the state and state statistics, which characterizes the new tendencies in the society.

The existing system of indices must be flexible and receptive to the on-going changes and possible new problems.

In order to assess the existing and not existing yet tendencies during the transition period, the system of indices and indicators should be built based on the issues that have to be studied at each stage.

With reference to the topic of the report, the related issues can be classified as follows: living conditions of families and children in transition period, and changes that result during the transition period.
Integrated indices and indicators of the living conditions

First of all, it is necessary to identify the indices and indicators related to the economic development during the transition process, this will allow to identify the economic platform of family’s wellbeing in the society.

1. **Macroeconomic indices – indicators of economic crises:**
   - real growth of GDP and annual change in GDP;
   - share of budget deficit to GDP;
   - share of external debt in the budget or GDP;
   - annual inflation rate;

The system of the above indices and indicators must characterize the demographic situation and determine causes of changes, actual problems and measures focused on improvement of the current situation.

2. **Demographic indices and indicators:**
   - coefficient of demographic growth or population decrease provide for appreciation of population’s decrease or growth in general, taking into account all factors: natural decrease or growth and migration increase;
   - coefficient of natural population’s growth;
   - birth coefficient;
   - death coefficient, by main cases;
   - average life expectancy at birth in men and women.

3. **Indices and indicators on Education and Development**
   - human development index, which is used for the assessment of development of the society and is considered by all countries for determination of the place of each country among other countries. This index covers three main factors related to the quality of life: life expectancy at birth, education level, and living conditions;
   - literacy coefficient of population – education level of population;
   - education coverage by level primary, compulsory, general and high;
   - education coverage in the state language. Following the declaration of independence of the Republic of Moldova, the issue of circulation of the Moldovan language with Latin alphabet was settled in stages: there were linguistic courses, publications and manuals for secondary and high schools. In this particular case, the number of pupils and students who study in the state language define the process of national renovation;
   - number of pupils by type of school institution. Due to the reform process in the education system, it is necessary to emphasize the transition process to new educational programmes and gradual transformation of schools in gymnasiuems, lyceums, etc;
   - number of students who study on contract basis according to education programmes of the institutions. In the conditions of insufficient funding from the state budget, the transition to partial payment for education provides for efficient functioning of some school institutions. In addition to this, the Government guarantees free compulsory education. In the mean time, creation and functioning
of school institutions provides for an alternative in choosing education and ensures adequate coverage of children and youth with education.

It should be mentioned, that there are serious problems related to the organization and management of statistical evidence in the education system: number of students on education programmes and funds allocated per each level of programme.

The problem is, that statistical monitoring covers the institutionalized entities-school institutions. Given the on-going reforms in the education system, the teaching process, within each school institution is conducted in accordance with various education programmes. These facts, sometimes creates difficulties during the process of data classification by type of students and does not provide for a detailed characteristics of students’ enrollment by level of educational programme.

For example, in lyceums, the students can be taught based on basic, secondary compulsory, secondary and education programmes, in colleges based on short educational programme of lyceums and high school institution can be used. The financial support of school institutions is organized on institutional basis, with further re-distribution of funds to school institutions under the responsibility of central institution-kindergardens, schools, lyceums, colleges, etc. This organizational structure does not provide for an efficient statistical monitoring and accordingly the presentation of all the requested data for the MONEE report in the present version is not possible.

In the conditions of transition economy, there are several factors, which create conditions for development of crimes – significant difference between the financial status of families, continuous increase of unemployment, especially among youth, development of private businesses is very often based on the informal and on the shadow economies. As a rule, the above factors provide for the increase of number of crimes, related first of all to the theft of property, robbery and plunder. In such conditions, people do not feel safe at work, at home and in the streets.

4. **Social Security indices:**
   - coefficient of crimes, which characterizes the number of committed crimes per 10,000 population;
   - coefficient of convictions, per 10 000 population.

During the last period of time, given the increase of poverty level among the population, a considerable increase of diseases was observed. Most of these diseases have social character. The financial status of most of families affect, the quantitative and qualitative aspect of their nutrition ration. It was observed, that most of families, increased consumption of bread and grain products, in summer season of fruits and vegetable, many of families preserve tinned food and consume less meat, milk, eggs and fish products. In such conditions, the nutrition ration of families decreases, being lower than the standards recommended by WHO. All the above results in the lower immunity level and transform the treatment process in a difficult, long-lasting procedure for most of poor population. This situation is getting worse also due to the lack of interest and money to start treatment. Due to the introduction of fees for medical services and high prices for pharmaceuticals, the population refuses to apply for medical services. Given the above, during the past years, the health statistics registered a decrease in the number of people,
who apply for medical services in polyclinics, and in the mean time an increase of the number of hospitalized patients, who have chronic, and difficult forms of diseases.

5. **Health Status indices and indicators**
- number of patients with tuberculosis per 100,000 population
- number of patients with sexually transmitted diseases per 100,000 population;
- coefficient of immunizations;
- new cases of infections by type of disease.
- infant mortality rate;
- coefficient of death in children under 5, including causes;

The problem of unemployment is actual. It is related to the material income of families.

6. **Indicators on Economic Participation**
- registered and unofficial level of unemployment;
- number of dependents per one employed person;
- employment coefficient.

7. **Indicators on Family Wellbeing**
1. level of social protection criteria – consumer basket or subsistence minimum.
2. family wellbeing indices are as follows:
   - gross and monetary nominal and real income of households, per person;
3. indices related to non equal distribution of income among separate groups
   - Gini coefficient
   - deciles (quintile) coefficient of different incomes;
   - number of population with incomes lower than 50% of average income per capita (poverty line)
4. indices on personal consumption of family:
   - share of expenditures for food products in disposable income and consumer expenditures;
   - average consumption of main food products per capita;
   - consumption of food products in calories.

8. **Indicators on accessibility of social and cultural services** – access to the different tips of social and cultural services the members of families, based on the HBS or sociological studies.

9. **Indices and indicators on Living Conditions**
- availability of housing where the family lives – private house, apartment, rented flat or location used for lodging;
- coefficient on availability of communal services - number of lodgings, where communal facilities are used by all houses. It is not easy to evaluate this index, because statistically, only the characteristics of availability of communal facilities is calculated, and not their use. Such phenomenon, as cease of delivery of certain communal services to population is a frequent event. Today, in most of cities in Moldova, except for Chisinau, the supply of water, gas and hot water is ceased. The hot water is provided in the capital of Moldova only during the heating
season. During the autumn-winter period, electricity is provided according to schedule. During winter season, in some villages, electricity is supplied only 2-3 hours per day.

10. Indicators on Political Stability
- percent of families or population, confident in the stability and next day. This index shows in an adequate manner the main results of the on-going reforms. The public opinion, expressed during the sociological survey, shows the readiness of people to live and work in such conditions or to emigrate abroad, looking for better life;
- indicators of dismissing or change of heads of Government and states. Political stability is a basis for the development of the country during the transition period. Frequent change of governments, cabinets of ministers do not provide for a sustainable policy in the social protection and economic area. Political disagreements of parliamentarian and governmental leaders do not provide for consequent and efficient steps, cause disorders in the country, contribute to, increase of crimes, development of shadow economy and strikes;
- number of strikes. The indicator of political activity of passivity of the population, who considers that strikes are the most efficient measures to solve problems. In 2000, there were several strikes, organized by teachers, who receive their salaries with delay, by pensioners, who protest against the increase of prices for communal services, by students, who protest against the liquidation of benefits for transportation, by veterans, who participated in the war in Afghanistan, who protest against the liquidation of benefits for communal services. The above mentioned protests are focused on the solution of economic problems.

11. Indicators on Social Protection
- number of pensioners per 10,000 population;
- average monthly size of pension;
- number of working persons per pensioner
- coefficient of poverty among children: number of children, who receive social benefits as compared with total number of children;
- coefficient of adoption - number of children adopted or under guardianship as compared with the total number of children;
- coefficient of institutionalization - number of children, who live in institutions for children, orphans as compared with total number of children.

The state statistics, related to the provision of social assistance is an area, which needs improvement. This is the main reason of the absence of data and their periodical correction, in the statistical file of the MONEE report. In the Republic of Moldova, the Ministry of Labor, Social Protection and Family is the responsible agency for the state statistics on social protection, family and children. Regretfully, there is not adequate attention on these problems. Since the MONEE project was launched, the importance of development and organization of statistical reporting on social protection was emphasized several times. There were consultations, held for the staff of the above
Ministry and a system of indicators, aimed to solve the existing problems. The results of this work have been specified in the MONEE report accordingly.

Partially, this is caused by the existing practice of data collection in the Ministry. The “soviet” system of statistics was collecting data on the pensioners, registered by the social protection agencies, and on the amounts of pensions paid. The data on pensioners, who retired before reaching the pension age: military men, policemen and amounts of pensions received by this category of persons, were provided to state statistical agencies by the Ministry of Defense, Internal Affairs and KGB for official use only, without being published. The statistical survey in the area of social benefits was made based on the registration of recipients of these payments and sums, especially:
- pensions (for death of the main earner);
- compensations and different types of benefits.

This type of data collection does not provide for calculation of data on the number of families and children, who received social benefits, following the classification of available data by types of social assistance, approved by the existing legislation. Today the recipients of social assistance: pensioners, families (with and without children), families who lost their main earner are also subject of statistical monitoring. It is difficult, and sometimes impossible to desegregate these data.

Besides the above, all payments, made by the local administration, enterprises and international agencies (the humanitarian aid, received by the country is distributed by the NGOs), non-governmental organizations, public organizations, and individuals are not registered.

The general conclusion is as follows: during the transition period, when the social protection of family and children is especially important and necessary, the statistical monitoring is organized in such a way, that it is impossible to make a qualitative and quantitative characteristics of the financial assistance provided by the Government and within the Government (besides the number of recipients of payments made by the Government).

12. Indicators use free time - characterize the way the people spend their free time: reading, sports, TV and radio programmes, concerts, museums, theatres, cook, shopping etc. The data on the above aspect can be obtained from surveys. As an alternative source may serve: statistical reports on the numbers of visitors, submitted by cultural establishments (theatres, cinemas, libraries, etc)

13. A short overview on the indices related to salaries and their distribution among workers. In accordance with the data of the HBS, the share of salaries in the total income of the households decreased and made up one third of total incomes. The average indices of salaries do not characterize the financial wellbeing of workers, they cause errors among population and governmental agencies. The average data from more that one thousand economic agents cannot characterize the real situation, taking into account that the fiscal policy in the area of formation of salaries, stimulates and provides enterprises for hiding the real information about remuneration of workers.

14. The United Nations Children’s Fund, Innocenti Research Center (IRC) an important role in reformation and development of statistical monitoring on social problems. The
IRC organized the methodological and consulting assistance in the area of social statistics, preparation of national thematic report on actual problems common for countries in transition. This assistance has a supervisory role for the statistical agencies of CIS countries. Following the collapse of the Soviet Union, the national statistical agencies started to face a number of problems, of methodological and organizational character. This is caused mainly by the fact, that in the past, the above issues were solved in a centralized manner, in the statistical institutes from Moscow. The IRC contributes to the development of the social statistics, to preparation, publication and free of charge dissemination of analytical reports, which has permanent readers in the republic: school children, students, teachers, journalists, businessmen, politicians and leaders of local administration.

The work on the reports contributed to the in-depth analysis and assessment of social problems and publication of analytical information about Youth of Moldova, Children and Women of Moldova, Problem of Women in Moldova.

The list of users of the statistical and analytic information is very long: mass media and television, NGOs, public organizations, politicians, local government agencies, parliamentarian commissions, PMs, businessmen and entrepreneurs, school students and teachers, international organizations: UNDP, UNICEF, WB etc.

In accordance with the Decree Nr. 1254 of the President of the Republic of Moldova, dated 14 December 1999, the year of 2000 was declared the Year of the Child in order to implement the stipulations of the International Convention on Children’s Rights and to create adequate conditions for development of future generations. By implementing the decree of the President, the Government of the Republic of Moldova, in cooperation with responsible ministries and departments, developed an Action Plan, which was approved by the decision of the Government, No. 395 of 21 April, 2000. It includes concrete activities, dedicated to the celebration of the Year of the Child.

In 2000, a working group, is charge of the preparation of the First Country Report on the Status of Implementation of the Stipulations of the UN convention on Children’s Rights during the period of 1993-2000, was appointed by the Government of Moldova (it was accepted by decision 1031 for 16 October 2000 and would be presented to the Secretariat UN).

2. **Family wellbeing’s trends in the transition period.**

Availability of an appropriate legislation does not guarantee effective social and legal protection of families and children. In the conditions of transition to market economy, given the economic and financial constrains, the governmental institutions have to work hard in order to put into practice the existing social policies.

2.1. **Economical and financial situation in 90-es.**

Nine years of intentions, efforts and actions aimed to ensure economic and social stability in the conditions of market economy did not bring good results. The on-going and partially implemented reforms cannot ensure the operation of mechanisms and advantages of new forms of economic organization and development, based on market economy principles. Privatization, that is considered to be the main took of the economic
reforms, did not bring the expected results, especially with regard to the real sector of economy and in the production sector. The vouchers did not become, as it was expected, valuable, circulating papers.

The stability of the national currency, considerable decrease of inflation, creation of the market of valuable papers did bring positive effects, which could improve the situation in the real economy.

The social and economics effects of the reforms are negative, the economic crises is growing, the level of life of the population decreases, and poverty affected the main part of the society. Most of the macroeconomic indices are on a critical level.

Table 1. Dynamics of many macroeconomic indices in the Republic of Moldova during the period of 1991-1999, in % as compared to the previous year

<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>82.5</td>
<td>70.9</td>
<td>98.8</td>
<td>69.1</td>
<td>98.6</td>
<td>94.1</td>
<td>101.6</td>
<td>93.5</td>
<td>95.6</td>
</tr>
<tr>
<td>Output of industrial production</td>
<td>89</td>
<td>73</td>
<td>100.3</td>
<td>72</td>
<td>96</td>
<td>94</td>
<td>100</td>
<td>85</td>
<td>88</td>
</tr>
<tr>
<td>Agricultural production</td>
<td>90</td>
<td>84</td>
<td>110</td>
<td>75</td>
<td>102</td>
<td>88</td>
<td>111</td>
<td>88</td>
<td>92</td>
</tr>
<tr>
<td>Investments in capital</td>
<td>91</td>
<td>74</td>
<td>55</td>
<td>49</td>
<td>84</td>
<td>92</td>
<td>92</td>
<td>110</td>
<td>78</td>
</tr>
<tr>
<td>Retail sail of products by officially registered units</td>
<td>82</td>
<td>53</td>
<td>75</td>
<td>58</td>
<td>97</td>
<td>95</td>
<td>96</td>
<td>89</td>
<td>80</td>
</tr>
<tr>
<td>Services provided to the population against payment by officially registered units</td>
<td>81</td>
<td>55</td>
<td>67</td>
<td>52</td>
<td>102</td>
<td>78</td>
<td>95</td>
<td>92</td>
<td>89</td>
</tr>
<tr>
<td>Consumer price index</td>
<td>198</td>
<td>1209</td>
<td>1284</td>
<td>587</td>
<td>130</td>
<td>124</td>
<td>112</td>
<td>108</td>
<td>139</td>
</tr>
<tr>
<td>Export</td>
<td>-</td>
<td>-</td>
<td>103</td>
<td>117</td>
<td>132</td>
<td>107</td>
<td>110</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>Import</td>
<td>-</td>
<td>-</td>
<td>98</td>
<td>105</td>
<td>128</td>
<td>128</td>
<td>109</td>
<td>87</td>
<td>56</td>
</tr>
<tr>
<td>Budget deficit in % as compared to GDP</td>
<td>-</td>
<td>-</td>
<td>7,5</td>
<td>5,8</td>
<td>5,8</td>
<td>9,8</td>
<td>7,5</td>
<td>3,5</td>
<td>4,9</td>
</tr>
<tr>
<td>External debt mln USD</td>
<td>-</td>
<td>-</td>
<td>255</td>
<td>633</td>
<td>840</td>
<td>1068</td>
<td>1273</td>
<td>1368</td>
<td>1462</td>
</tr>
</tbody>
</table>

Source: Ministry of Economy and Reforms and Department for Statistical and Sociological Analysis. From 1992 data on Transnistria not included

The data prove that the GDP depreciated and decreased every year, in 1999 it represented 58% of the GDP in 1993. There was a significant decrease of exports and imports. A special issue of concern is a considerable increase of the external debt. The negative tendencies in 1990-1999 emerged among with a relative stabilization of the foreign currency and low level of inflation.

More so, the efforts, aimed to support the macroeconomic stabilization generated a continuous decrease of production in the real sector of the economy, an increase of budget deficit and considerable worsening of social indices.
The evaluation of the Human Development Index (HDI) in Moldova during the transition period shows a negative dynamics.

Table 2. Dynamics of the HDI in the Republic of Moldova

<table>
<thead>
<tr>
<th>Year</th>
<th>Life expectancy index</th>
<th>Literacy index</th>
<th>GDP</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>0.708</td>
<td>0.881</td>
<td>0.564</td>
<td>0.718</td>
</tr>
<tr>
<td>1994</td>
<td>0.685</td>
<td>0.877</td>
<td>0.566</td>
<td>0.709</td>
</tr>
<tr>
<td>1995</td>
<td>0.680</td>
<td>0.888</td>
<td>0.508</td>
<td>0.689</td>
</tr>
<tr>
<td>1996</td>
<td>0.695</td>
<td>0.882</td>
<td>0.510</td>
<td>0.696</td>
</tr>
<tr>
<td>1997</td>
<td>0.693</td>
<td>0.886</td>
<td>0.517</td>
<td>0.699</td>
</tr>
<tr>
<td>1998</td>
<td>0.700</td>
<td>0.887</td>
<td>0.503</td>
<td>0.697</td>
</tr>
</tbody>
</table>


The analysis shows that during the transition period, the Human Development Index in the Republic of Moldova had a negative tendency as a result of worsening of the life expectancy index and decrease of population’s wellbeing. The GDP per capita has the most negative impact on the HDI.

Chart 1. Dynamics of GDP by capita in USA dollars, Republic of Moldova

Source: Department for Statistical and Sociological Analysis. Data on Transnistria not included.

Since declaration of independence, the macroeconomic conditions in Moldova are characterized by a critical decrease of the GDP. As a result of the negative evolution of events, poverty became the main problem, the level of income per capita places Moldova among the poorest countries of the world. (Source “The Economist”, 15 July 2000).

In the conditions of economic stagnation and GDP decrease twice, the level of polarization by income measured by means of Gini coefficient increased twice.
Chart 2. Polarization of income level during the transition period, Republic of Moldova

Source: Department for Statistical and Sociological Analysis

2.2. Poverty in the Republic of Moldova: situation, causes and National Programme on Poverty Reduction.

The data obtained from the survey on “Public Opinion – 2000”, conducted by the Institute of Political Sciences in August 2000 show that, in general, the population is not pleased by the level of life, of which 91% mentioned that they are not pleased, while 88% said that family incomes are sufficient to cover only the most necessary needs.

The increase of the number of vulnerable people requested urgent measured to be undertaken by the Government, the later being aimed to improve the social protection of most needy groups of the population. In June 2000, the Government approved the National Programme on Poverty Reduction. The Programme defines the goals, objectives, main stages and concrete measures focused on reduction of poverty level in Moldova.

The main goals of the Programme are as follows:
- development and implementation of minimum state social benefits system;
- implementation of a complex programme for creation and maintenance of labor opportunities;
- reform of the social protection system for vulnerable groups of population;
- liquidation of delay in payment of salaries, pensions and benefits.

The main emphasis in the above Programme is dedicated to the efficient use of financial sources, provided for measures focused on decrease of poverty level, strengthening of the social protection of poor, mobilization of extra budgetary resources.

The level of poverty was calculated for the first time in 1997 by means of the results of the Households Budgets Survey, conducted with the technical assistance of UNDP and WB.

The qualitative assessments of tendencies that characterize poverty have been conducted on the basis of the general methodology for poverty assessment in the RM. The Republican Commission on Collective Agreements approved this methodology. As
per this methodology, the poverty level was determined by means of the index on subsistence minimum, which size was determined on the level of 233.1 Lei. In order to identify the most vulnerable groups of the population, who most need social protection, it was decided to use the poverty line level equal to 30% of the subsistence minimum. In monetary equivalent the poverty line was determined on the level of 70 Lei.

In order to update the situation on poverty in 1999 as compared to 1997, it was decided to use the data on subsistence minimum and poverty line and the data collected from the Household Budget Survey in 1999.

In 1999, the gross income of 79.3% of the population did not reach the level of the subsistence minimum, and the number of most poor people reached 20.7%, whose monthly gross income was less than 70 Lei.

The data of the survey defined the increase of poverty spreading during the last 2 years among the population with 2 percent points.

The analysis of the results of the HBS defined the social groups of population, who are mostly affected by poverty:

- **Families with many children** - among all types of households, families, with 4 and more children represented 29.5%, families with 3 children – 24.7%, families with one child – 21.6% and families without children –16.9%.
- **Incomplete families.** Among all incomplete families where in most of the cases mothers are growing up their children, 17.3% live under the poverty line.
- **Young families.** Many households join the group of poor especially after the birth of children in the young families. From all most poor household, whose head is young, up to 30 years of age, 4.3% do not have children, while the number of households with one child, amounts to 66.7%, with two children to 21.7%.
- **Unemployed persons.** From all households, included in the survey, 33.1% are poor.
- **Disabled persons.** Presence of disabled persons in the family complicates the material situation of the family and the degree of disability makes poverty more severe. While 23.6% of all the disabled persons are very poor, this situation is characteristic for 26.8% of disabled of 1 group.
- **Pensioners.** From the total number of pensioners, 21.3% live under the poverty line.

In rural areas (as compared with urban areas) poverty is spread wider and amounts to 64.5%. This is determined by the fact, that people employed in the agricultural sector have lower incomes than other social and economic groups. From the total number of person included in the survey, 22.9% persons are enrolled in the agricultural sector and 20.2% of farmers are very poor.

The situation is worsening because of the inadequate distribution of income to most poor, especially to those under the poverty line. The incomes of the households under the poverty line are in average 40% lowers that the admitted level. This figure has been used for objective determination of poverty and was a basis for planning of social protection policy. As per the preliminary calculations, and in order to reduce poverty, by means of increase of households’ income up to 70 Lei per month for family member, the state will have to allocate 2.28 mln Lei annually, this represents 2.6% of the GDP.

Regretfully, since 1996, the Law on Subsistence Minimum is under discussions and was not approved yet. The lack of legislative basis for poverty line calculation complicates the analysis of poverty in general.
The assessment of population’s income by means of a comparative analysis between income and subsistence minimum budget, which includes norms and recommendations on consumption of food, non food products and services, approved by the Government of Republic of Moldova on July 1993, decision No. 460 was not conducted during the last period or time. This is caused by the fact, that there are opinions, according to which, some norms, especially for services are increased and cannot by applied in for poverty analysis. Nevertheless, the above calculation is made on monthly basis by the Ministry of Labor, Social Protection and Family and is presented to the Department of Statistical and Sociological Analysis and to mass media.

The gap between the minimum salary and the gross income per capita and subsistence minimum persists despite of an inconsiderable increase of the above indices.

Table 3. Subsistence minimum budget, minimum salary and gross income of the population of Republic of Moldova in lei, 1997-1999.

<table>
<thead>
<tr>
<th>Subsistence minimum budget</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum salary</td>
<td>439,4</td>
<td>473,0</td>
<td>661,8</td>
</tr>
<tr>
<td>Gross income per capita</td>
<td>180</td>
<td>170</td>
<td>190</td>
</tr>
</tbody>
</table>

Source: Department Statistical and Sociological Analysis. Data on Transnistria not included.

According to the data from the Household Budget Survey, the average monthly aggregated household income per each member of a household in the Republic of Moldova (excluding Transnistria) amounted to 190 Lei, showing increase by 12% as compared with the previous year. At the same time, taking into account the inflationary factor, the real income decreased by 19 %. (in the Republic of Moldova the aggregate income reached the point of 202 Lei and showed a growth of 13% over a year period. The data reflecting the overall situation in the country are given by the MONEE project in the tables of the section Incomes of the Population).

The average monthly disposable income per member of a household amounted to 133.4 Lei (excluding Transnistria) and grew by 13% in comparison with 1998.

The results of the survey revealed significant differences in the population income levels. That is proved by the fact that over the last three years 20% of the population with the lowest incomes posses only 4% of total disposable income, while the other 20% of those with the highest income disposed of 49%. The income gap between the latter category and those with the lowest incomes was 11 times.

The overall share of incomes from employment in the total disposable incomes tended to decrease (from 70% in 1980-1990 to 35% in 1999). At the same time waged labor is an important factor in the income structure of most households, particularly in urban areas where wages account for 60% of total incomes of the rich and 46% of the poor.

The incomes from the salaried activities of the poor population constituted 20% of gross income in the country; in rural areas this figure was a one-third less.
The low wage level along with the wage arrears in the public sector and the arrears in payments of social allowances to a great extent contributed to the situation when agricultural activities became the major source of disposable incomes. In general, this indicator in the country amounted to 39%. The incomes of the lowest income groups are 60% generated from these sources, while this share in the incomes of the rich accounts to 24%.

The share of social allowances constituted 8% of disposable incomes and 7% of disposable incomes of the poor population. The data demonstrate that well-to-do groups of the population take priority of social support. It should be stated that, unfortunately, social support is not accessible for all categories of the population for lack of information on procedures related to social support provision along with official circumlocution inherent in paper work and small amounts of monetary support as well.

To meet consumer requirements, the population resorts to new income sources regardless of their temporary and unstable nature. These mainly include borrowed money and foodstuffs, nonfoods provided by near relations and friends free of charge. The share of income coming from these sources on average accounts for 14% of gross disposable income of the population. This way of income generation is prevailing in urban areas both amongst the poor and the rich accounting for 15% and 24% of income respectively.

As mentioned above, poverty predominate in rural areas. So, the average monthly disposable income of rural households is lower than that of the urban ones by one-third and is lower than the average income level registered in the country by 16%. Significant gaps between the income levels of the urban and rural population could be explained by different income sources in a period of transition. The major income source for rural households is agricultural activities, the share of which accounts for 67% and varies greatly between the population categories, accounting for 72% of income of the poor and 61% of income of the rich. At the same time this income source constitutes 20% of income of the poor urban population.

The share of in-kind incomes in total incomes, which are typical of transition economies, tends to increase over the country in general and varies by households location: urban or rural areas. Cash payments are prevailing in urban households accounting for 84% of incomes. This figure is significantly lower for the poor population and amounts to 69% of income. In-kind payments are characteristic of all types of rural households, on average they account for 70% of incomes of which 90% result from agricultural activities on individual plots and are used for personal consumption. This factor restrains the purchasing capacity of the rural population and limits their access to different services: health care, education, culture, etc.

The survey of the population distribution on the basis of the average monthly disposable income level showed that the income of more than two-thirds of the Moldovan population is below this level amounting to 162 Lei, in the rural areas this figure is higher by 15%.

Monetary savings, in-kind stocks and resources originated from the sale of personal property are involved to meet everyday essential needs. A one-third of the aggregate income generated in the country comes from these sources. The above phenomenon is widespread in the urban households.

The analysis of income disparity shows a strong tendency towards slowing down of the increase in average per capita income combined with the increase in the number of
household members. Most of large families, “single parent” families, as well as the households with unemployed or disabled members are in extremely difficult situation.

The largest vulnerable or poverty-affected groups of the population consist of more than 200,000 large families (the data of the Ministry of Labor, Social Protection and Family). For most of them the only source of monetary income is a monthly child support allowance in the amount of 16.2 Lei per child aged from 1.5 to 16. Frequent delays in payments only aggravate the overall situation.

Living standards of a household and of the population in general are also reflected in the expenditure structure.

Foodstuffs occupied a predominant place in the structure of consumer budget over the last year. The share of this category in the total expenditures dropped as compared with 1985 and accounted for 39% reflecting the economic crisis consequences and pauperization of the population.

Chart 3. Structure of consumer expenditures of the population, Republic of Moldova

![Chart 3](chart3.png)

Source: Department for Statistical and Sociological Analysis.

Specifically high share of food expenditures results mainly from household limited financial resources, which made households to provide themselves with foodstuffs in a priority order. The average monthly food expenditures exceeded 1.2 times the level of such expenditures in rural areas. Food expenditures of the rural population accounted for 73% of the total consumer expenditures while food expenditures of the urban population amounted to 56%. The lowest income groups expend more that 85% of their income for foodstuffs while these expenditures of the rich account for 50%.

A high share of food expenditures in household budgets proves the expansion of poverty in Moldova.

The quality and nutritive consumption of food intake has considerably deteriorated. The average consumption of most valuable (in terms of chemical composition) foodstuffs has a strong downward trend. In 1990 the average consumption
level of meat and fish was about 77 kg per capita against 41 kg in 1995 and 28 kg in 1999. The average per capita consumption of milk and dairy products was 303 kg in 1990, 164 kg in 1995 and 158 kg in 1999. Low-income level of the population along with a rise in prices deteriorated the consumption structure shifting to the irrational carbohydrate model and resulting in a lower consumption of animal products.

According to the data from the survey made by UNICEF in Moldova, the daily food intake of large family members lacks of about 16% of protein, 32% of glucose, 64% of vitamin A, 23% of vitamin C, 19% of phosphorus and 40% of calcium. The nutritive value of children’s food intake in the above families is 30% below the fixed standard.

At the same time the increasing tariffs on public utilities, electricity and heating significantly reduced the individual consumption level of most large families, “single parent” families, pensioners in urban areas whose purchasing capacity allows only for basic foodstuffs.

Chart 4. Dynamics of the consumption level, in calories, Republic of Moldova

Source: Department for Statistical and Sociological Analysis, Data on Transnistria not included.

Undernourishment badly affects the most vulnerable groups of the society. During the transition period, the nutritive consumption decreased by 1,5 times and in 1999 reached 2004 calories per person.

It is estimated that the nutritive level of the daily food intake of 20% of the poorest quintile of the population is 1775 calories, which accounts only for 85% of the average level in the republic. Nutritive consumption of other 10% of those being under the poverty line is below the critical level, which is 1500 calories.

In the structure of nonfood products basic essential goods are prevailing: clothes, footwear, linen, hygienic products, while durable goods occupy a modest place.

In the mean time, according to the last data, most of household posses sufficient number of durables, purchased in 80-es and 90-es. Thus, the distribution of durables per 100 families looks as follows:
<table>
<thead>
<tr>
<th>Type of durable goods</th>
<th>in urban areas</th>
<th>in rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV sets</td>
<td>80</td>
<td>74</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>79</td>
<td>58</td>
</tr>
<tr>
<td>Washing machines</td>
<td>47</td>
<td>36</td>
</tr>
</tbody>
</table>

The expenditures incurred for medical services, pharmaceuticals, education, culture, which have significant importance for sustainable development, are very low as compared to the existing requirements and have a residual character. The share of these services in the total structure of expenditures increased twice during the transition period, due to the increase of prices for public utilities, transportation and introduction of paid medical services. In total, the share of later amounts to a half of the total expenditures for services.

Introduction of paid services has a negative impact on the society. The negative reaction among the population is caused by the lack of free medical and education services, that until recently were provided for free. Introduction of fee for medical services has a negative impact especially on vulnerable groups, whose incomes are under the subsistence minimum. Expenditures for health care services per each family member amount to 4 lei in the first quintile and 18 lei in the fifth quintile. This difference defines the difference of incomes and not the health status. The same correction has been observed in education, especially in high school institutions.

An important index of household’s wellbeing is availability of modern living conditions. The data of HBS define that 27% of households have a separate apartment, 67% a house, 4% lodging at hostel. In urban areas 68% of population live in separate flats, 20% in houses, 9% in hostels. More than 97% of rural population has houses. The average number of persons per one room amounts to 1,1 person, this indicator is higher in urban area 1,2 and 1,1 in rural area, for households with children respective – 1,5 person, 1,8 and 1,4 person.

Analyzing the issue of living conditions, it should be mentioned, that in urban areas the population has a higher level of access to public communal services.

Source: HBS, 1999, Department for Statistical and Sociological Analysis

Besides the above, the level of income has a direct impact on the level of households’ provision with basic living and public utilities.


Source: HBS, 1999, Department for Statistical and Sociological Analysis
The general appraisal of the data on the welfare of the population reveal a significantly high level of food expenditures, predominance of in-kind incomes in generation and distribution of incomes, reduction of real incomes and purchasing capacity, inaccessibility of public, social and cultural services for most people.

2.3 Moral and psychological status of the population – confidence in the national stability and next day.

The social polarization of the population, caused by difference in population’s income is a natural phenomenon in a society, which experiences private initiative and entrepreneurship.

Knowing the opinion of the heads of enterprises regarding the social and economic problems, during the forth quarter of 1999, the DSSA investigated 7 thou heads of enterprises from different sectors of economy. The investigation revealed that the entrepreneurs work in conditions, when the existing tax system does not provide for production, and selling of goods and services. The respondents considered that change of the fiscal system and legislation are two main ways that can improve the situation. Another issue of common concern among the entrepreneurs is the issue of medical services provided to the employees, which environmental protection is an issue of less importance for the entrepreneurs. The absolute majority of the interviewed, persons, are not confident in their future and are very concerned about the instability in society and possible need to cease the activity of their enterprises as a result of the current situation.

Table 4. Uncertainty of the next day and unstable status of the society, in % among the interviewed persons, Republic of Moldova.

<table>
<thead>
<tr>
<th>Sociological survey</th>
<th>population December 1998</th>
<th>needs of entrepreneurs forth quarter of 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very concerned and rather concerned</td>
<td>85</td>
<td>80</td>
</tr>
<tr>
<td>Concerned</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Not concerned</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Difficult to answer</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


The results of the sociological survey, conducted in 1998, by the Department for Statistical and Sociological Analysis among the population of the country, states that 1,1 thou of interviewed persons are very concerned about the social instability and uncertain in the next day. These data have been revealed from each second person employed in different enterprises and from each sixth unemployed. The analysis of answers provided
by persons of different age groups and gender shows that women of 20-24 years of age are most concerned. In urban areas men lead this group from 25 years and over.

The data of researches conducted by the Center for Strategic Studies and Reforms in April 1999, revealed that most of population considers the issue of human uncertainty as one as the most acute, especially taking into consideration such aspects as economic security, health and personal security risks.

2.4 Political Crisis of 1990 led to a Territorial Division of the State. The situation created in the eastern areas of the Republic of Moldova represents an issue of special concern. As a result of the military conflict of spring-summer 1992, the state lost the control on these territories. An anti-constitutional regime was declared in Transnistria.

2.5. Formation of labor market, tendencies of its development, formal and non-formal occupations.

As per statistical data in 1999, the economically active population amounted to 49.6% of the total population of the country. The activity rate among the population of 15 years of age and above amounted to 67.5%. Employed population amounted to 43.9% of total population and 59.8% of the population of 15 years of age and above. The unemployed population amounted to over 50% of the total population, of which the majority were students and pensioners.

The main part of the economically active population is employed in agriculture. In 1999, 30% of the total number of employees were enrolled in agriculture. There was two workers employed in agriculture sector per one worker employed in industry and one in education.

In 1999 the average monthly salary of a worker was 303 lei, the average salary in public sector amounted to 298 lei, in agriculture 173 lei, in health sector 187 lei, in education 193 lei, in banking system 1673, in industry 519 lei, in electric energy sector 622 lei.

There is a difference of data on unemployment rate observed in various sources of information, studies and researches. The unemployment rate registered by the Labor Office amounts to 2%, representing 58 thou persons, of which 55% are women. Persons between 15-24 years of age represent 29%.

The analysis of data, collected within the HBS regarding employment and unemployment, revealed that the unemployment amount to 208 thou and represent 11%, being higher in men and in urban area. Approximately 120 thou people left abroad, seeking for jobs, of which 54.3% youth between 15-29 years of age.

Starting from 1990, the relations in the area of occupations significantly changed.

- the employees of former state enterprises lost their working places and changed their occupation, especially this relates to military sector;
- private sector appeared;
- there was a considerable increase in migration from urban to rural areas;
- there was an increase in labor force migration abroad.
The self-employment and entrepreneurship are new forms of employment, they provide for new social categories and income sources. There are small enterprises that produce and provide services and self-employment in such domains as: health, education, trade, etc.

The HBS data revealed that 43% of incomes come from officially declared salary and state benefits, the rest of income comes from private business, self employment, individual occupations, etc.

In December 1999, there were registered 193 thou economic agents, including 148 thou individual enterprises, of which 91 thou peasants’ households and 57 thou individual enterprises. Based on the current situation, the biggest share of economic agents is in the private sector-96%, which is followed by the public sector –2%.

The small business is a source of survival for those who lost their jobs: retired military men, young families and older people. This sector produces 48% of the total volume of net sales and one third of persons is employed in this sector.

The small and medium enterprises face various difficulties at the initial stage of entrepreneurship. The same difficulties are observed during the process of their activities. These problems have structural, technical, administrative and financial characters.

As stated in the report of the Conference on Small Business Progress, held in April 1999, in average, out of 5 firms conducted by a man, only one survives, while out of 5 firms conducted by a women, 3 firms survive. This phenomena was motivated by the inherited intuition of most women, knowledge of internal market, ability to foresee risks, application of flexibility and human management, higher level of education – 38% of women between 20-40 years have higher or special secondary education as compared to 30% of men of the same age group. Women spend five times more time on improvement of personal skills and training. In the mean time, the share of women-entrepreneurs amounts to 10% of the total number of entrepreneurs.

The salary and pension delays have a negative impact on the social security of people, most of all on vulnerable families, youth, older persons and children. As per the statistical data, on 1.01.2000, the salary errors, caused by economic and social agents amounted to 500 mln lei, the debt for pensions and benefits payment to 300 mln lei. The average delay in pension payment was 5 months, in some areas even 8 months.

The shadow economy is a new phenomenon for the country. The economic instability causes racket, corruption, and bureaucracy in formal registration of business and state failure to provide the necessary security to the producers.

As per the estimates, produced by the Center for Strategic Studies and Reforms, the volume of the shadow economy varies from 55-66% as compared to the data from the official statistics –35%.

The shadow economy creates occupations and contributes to the decrease of unemployment. As per the estimates, one third of the able to work population is considered officially unemployed, without mentioning any clear sources of existence. The same source states, that a part of the population is enrolled in the non-formal economy. The shadow economy brings additional sources for persons enrolled in it and for their family members, sometimes being their unique source of existence.

In the mean time, the population enrolled in the shadow economy cannot benefit from assistance and social protection from the state and their employers. As a rule, the working conditions, duration of working hours and remuneration rules do not correspond
with the officially approved rules and norms. There are cases of abuse in the exploitation of women’s and teenagers’ labor and sometimes the social protection system is not applied at all. This is more severe in cases, when persons are employed illegally on the territories of other states.

Being hired informally, these workers are paid based on a lower rate than negotiated initially and become slaves of different criminal organizations that deal with prostitution and trafficking. Most of their victims are youth and young women. As per the data of the Security and Information Services, the total number of persons who left abroad, looking for jobs is approximately 600 thou, most of them are employed in Romania, Russia, Grease, Italy, Spain, France, Germany, Canada, etc.

The shadow economy has a negative effect on consumers due to the decrease of the quality of goods and services. The official statistical data from the inspections conducted by the Department for Standards revealed that the discrepancies on the quality of products vary from 40% in foods and up to 70% in goods for children. The discrepancies among imported products of low quality represent 79%.

In many cases, the shadow economy is functioning in cooperation with criminal groups.

2.5. Personal security problems and criminality during the transition period.

The analysis of data, that characterize the criminal situation during the last nine years, revealed crimes related to theft of property, robbery and plunders. The coefficient of registered crimes per 10 thou inhabitants increased considerably as compared with 1970 –1985 years – twice. Since 1992 the number of crimes varies.

Chart 7. Coefficient of crimes in Republic of Moldova, per 10 000 population

![Chart 7](image_url)

Source: Department for Statistical and Sociological Analysis
Every year, the police offices register approximately 40 thou crimes. The thefts are crimes, which represent more that a half of all the crimes, two thirds of these crimes are thefts of personal property. The number of violent crimes practically does not change and represent in average 1.1 thou or 3% of the total number of crimes. In 1999, as a result of the committed crimes 644 persons died (in 1998 – 789 persons). There were registered 322 crimes committed by application of guns and explosives, of which 122 cases of plunders, 38 murders and attempts to murder. The highest level of crimes was recorded in Chisinau municipality, in average – 200 crimes.

Among the persons who committed crimes, the share of unemployed and persons who do not study anywhere increased from 71% in 1998 and to 76% in 1999. The indices on crimes related to rape, attempt to rape and drugs amounted to 86% and 90%.

Extremely difficult is the situation among teenagers. More that a half, of all crimes are committed by persons, from 14-29 years of age, 14% of crimes are committed by teenagers from 14-17 years of age. This category of persons commits each fifth theft, each tenth robbery, plunder and crimes connected with drugs, 6% of murders and attempts to murder.

Table 5. The share of persons from 14-17 years of age in the total number of persons who committed crimes or were convicted, in %

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total number of crimes</td>
<td>18.9</td>
<td>14.5</td>
<td>13.7</td>
<td>14.2</td>
<td>14.7</td>
<td>13.8</td>
</tr>
<tr>
<td>Murders and attempts to murder</td>
<td>5.2</td>
<td>5.8</td>
<td>6.4</td>
<td>4.6</td>
<td>5.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Rapes</td>
<td>21.4</td>
<td>14.2</td>
<td>15.2</td>
<td>14.9</td>
<td>23.0</td>
<td>12.7</td>
</tr>
<tr>
<td>Robberies</td>
<td>40.8</td>
<td>21.3</td>
<td>22.4</td>
<td>23.3</td>
<td>27.8</td>
<td>23.2</td>
</tr>
<tr>
<td>Thefts</td>
<td>38.8</td>
<td>19.5</td>
<td>19.9</td>
<td>20.6</td>
<td>22.0</td>
<td>20.4</td>
</tr>
<tr>
<td>Plunders</td>
<td>25.2</td>
<td>14.4</td>
<td>15.1</td>
<td>12.7</td>
<td>15.4</td>
<td>13.8</td>
</tr>
<tr>
<td>Cases of hooliganism</td>
<td>19.4</td>
<td>13.4</td>
<td>12.5</td>
<td>15.2</td>
<td>11.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Crimes related to drugs</td>
<td>6.2</td>
<td>4.8</td>
<td>5.3</td>
<td>6.7</td>
<td>6.0</td>
<td>10.7</td>
</tr>
</tbody>
</table>

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<thead>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of convicted persons</td>
<td>15.3</td>
<td>12.3</td>
<td>12.0</td>
<td>10.7</td>
<td>11.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Murders and attempts to murder</td>
<td>5.1</td>
<td>4.9</td>
<td>7.9</td>
<td>4.0</td>
<td>4.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Rapes</td>
<td>22.2</td>
<td>13.7</td>
<td>12.3</td>
<td>9.6</td>
<td>18.0</td>
<td>11.4</td>
</tr>
<tr>
<td>Robberies and plunders</td>
<td>18.5</td>
<td>20.3</td>
<td>22.3</td>
<td>18.8</td>
<td>17.4</td>
<td></td>
</tr>
<tr>
<td>Thefts</td>
<td></td>
<td>15.6</td>
<td>15.9</td>
<td>14.3</td>
<td>15.8</td>
<td>14.1</td>
</tr>
<tr>
<td>Cases of hooliganism</td>
<td>13.4</td>
<td>11.7</td>
<td>10.8</td>
<td>9.5</td>
<td>12.2</td>
<td>8.9</td>
</tr>
<tr>
<td>Crimes related to drugs</td>
<td>9.1</td>
<td>5.8</td>
<td>6.0</td>
<td>5.6</td>
<td>4.1</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Source: Publication “Situation of Children in Moldova”, 2000, Department for Statistical and Sociological Analysis

The criminal groups of adults use children for begging purpose, prostitution and dissemination of drugs. These crimes are widely spread. As per the police data, 12% of offences were committed by school students, 54% by teenagers, which are not enrolled in schools and 6% by students from vocational school. Each seventh teenager, who committed offences was drunk, 600 teenagers participated in group offences.
There is a constant increase of the number of crimes related to drugs. In 1999 there were registered 2,1 thou as compared to 870 cases in 1998. In the report presented at the conference on “Organized Crime and Shadow Economy”, organized by the Ministry of Internal Affairs in 1999, it was stated, that there are four main ways for drugs trafficking in Moldova. Only the monthly trafficking of heroine amounts to 150-200 kg. At present, the number of drug addicts amounts to 60 thou persons, most of them are teenagers and youth. The annual volume of drugs-business in Moldova is 200-250 million US dollars.

There is a considerable number of new crimes registered, bribes received and unregistered crimes. As per, the estimates of some experts, the coefficient of unregistered crimes accounts for 0.9.

There were cases of illegal privatization of public entities, disregarding the tender procedures, cases of reduction of actual value of enterprises while privatizing them. A large scale of blackmailing with the purpose to take bribes was observed. These phenomena practically paralyzed all spheres of state governance activities, health, education, police, entrepreneurship and private business.

As per the information from the Ministry of Internal Affairs, there were numerous cases when penal and information files were closed. Another cause of underestimation of the real number of crimes is the fact that people apply very rare for the assistance of legal institutions in order to defend their rights. The public opinion revealed from the survey states, that 92% of the interviewed persons have fair, especially because of danger which criminals present. Most of interviewed persons are convinced that the criminals will not be identified and punished.

As per the information from the Ministry of Internal Affairs, corruption reached large proportions, over 79% of entrepreneurs and 85% of their respondents stated, that it is not possible to solve any problem without paying a bribe to the officials.

2.6. Health status of the population and the system of medical institutions.

During the transition period, the situation in the health sector aggravated considerably. This situation affected practically all parameters of the health care system:

- increased number of nutrition diseases, infections, social diseases, degenerative diseases;
- serious financial constrains;
- insufficient remuneration of the medical personnel, serves as an anti-stimulating factor for a qualitative provision of medical services.

The component of life expectancy at birth represents people’s hope to survive but it continues to get worse.
The mortality rate, which is an index, that characterizes the health sector efficiency. From the 90-es, a considerable tendency of death cases and total death coefficient increase was observed. This index reached the maximum stage: in 1995 –12.2 deaths per 1 thou population. In men this index amounted to 13% and for women – 11.5%. The increase of mortality rate was observed practically in all age groups of men and women. The highest tempo of mortality rate increase was observed in able to work persons between 40-44 years. The main causes of death in men of this age group were accidents, poisonings and traumas; secondly diseases related to cardiac system and thirdly - cancer. The cause of death of each fourth woman is cancer, each fifth disease related to blood system and each seventh women dies because of external factors.

Malnutrition is a new phenomena which affects the most part of the population, especially youth. The survey, conducted by UNICEF Moldova in 1998 revealed that the daily energetic value of children’s nutrition represents 62% of the necessary minimum, and consumption of proteins amounts to less than 40%. As a result, the infant mortality rate amounted to 18.2 per 1000 infants.

The causes that form the basis of infant mortality are linked with the prenatal causes that result from pathologies of respiratory organs, congenital malformations, traumas and poisonings. It should be mentioned, that more that 65% of these children experienced malnutrition.

In 1998 there were 2 million lei allocated in the budget of the Ministry of Health for procurement of milk foods for one-year infants from vulnerable groups. Nevertheless, the problem of rational nutrition of children remains actually and is not solved at the national level.

The situation related to infectious and epidemic diseases remain alarming: diphtheria, cholera, measles, parotiditis, German measles and hepatitis. Since 1990 the number of cases of tuberculosis increases constantly.
Chapter 9. New cases of tuberculosis, Republic of Moldova

![Chart 9. New cases of tuberculosis, Republic of Moldova](image)

Source: Department for Statistical and Sociological Analysis

The efficient immunization of the population becomes especially complicated because of the lack of vaccines and necessary equipment.

The incidence of gastric-intestinal diseases is high. On one the reasons for the increase of the above diseases is the insufficiency of accessibility and quality of drinking water. As per the data of the ecological survey, only one third of the country population receives water from water pipes: 72% in urban areas and only 0.6% in rural sites.

There are 63% of inhabitants, who consume water from the decentralized, sources - wells, of which 93% represent rural population. In each fifth well, the hygienic quality of water does not correspond to the norms, the hygienic and chemical indices are inadequate in 82%; the microbiological indices are inadequate in one third of wells (data of the sanitary-hygienic monitoring).

The increase of the number of cases of cardio-vascular diseases, ictus, rheumatism, diabetes and other chronic diseases, especially in young people represents an issue of special concern.

Analyzing the morbidity among children, a tendency for disease of number of new patients was observed: in 1990 there were 589 cases registered in persons of 14 years per 1000 children as compared to 662 patients in 1995.

The registered decrease of morbidity among children is explained by the substantial decrease of applications for health care assistance received by medical institutions. The financial status of families does not provide for procurement of recommended pharmaceuticals and treatment of children in accordance with the recommendations of physicians. The insufficient funding of medical institutions does not provide for free of charge services because of lack or insufficiency of pharmaceuticals, equipment for examination and treatment of children.
Table 6. Morbidity among children between 0-14 years of age by main groups of diseases in Republic of Moldova, per 1000 children.

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>1995</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered patients with a diagnosis established for the first time</td>
<td>752</td>
<td>662</td>
<td>589</td>
</tr>
<tr>
<td>Respiratory diseases</td>
<td>467</td>
<td>378</td>
<td>297</td>
</tr>
<tr>
<td>Infectious and parasitical diseases</td>
<td>77</td>
<td>68</td>
<td>84</td>
</tr>
<tr>
<td>Skin diseases</td>
<td>37</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td>Traumas and poisonings</td>
<td>38</td>
<td>49</td>
<td>43</td>
</tr>
<tr>
<td>Diseases of nervous system</td>
<td>43</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Diseases of digestive system</td>
<td>49</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>Blood system diseases</td>
<td>8</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Sexual diseases</td>
<td>7</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Physical disturbances</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Endocrinologic diseases</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Diseases related to bones, muscles and tissue strata</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Inherited deficiencies of development</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Malformations</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Department for Statistical and Sociological Analysis

The respiratory, parasitical and infectious diseases are most widely spread among children. Pediculosis is most often registered among all the infectious diseases (875 cases per 10000 children), abdominal infections (670 cases), measles (593), smallpox (516), scab (247), epidemic parotiditis (235) and viral hepatitis (182).

There is an increased number of disabled children. The main reasons of children’s disability are: nervous system diseases (28% of all disabled children), psychic disturbances (22%), inherited anomalies (14%), ears diseases (6%), eyesight diseases (5%) and others.

Chart 10. Disability coefficient among children per 1000 children in Republic of Moldova

Source: Department for Statistical and Sociological Analysis
There are 304 children registered by the Ministry of Health who need hearing facilities, 163 need orthopedic protesis, eye protesis (51) and tubs (602). There are 858 children who need to be enrolled in specialized institutions for disabled children.

The incidence of syphilis increased 11 times since 1990 and reached 116 cases per 100,000 of population. There is also a decrease of new registered cases. This is caused by the fact that many patients use illegal medical services in state clinics and practice independent treatment.

The number of registered drug addicts increases annually one third, the cases of violent death and traumas are very severe.

The state health system is in a deep crisis due to the insufficiency of funds and irrational use of the existing funds, lack of pharmaceuticals and equipment especially in rural areas. Due to the lack of financial sources to cover the cost of medical treatment, the majority of the population refuses to apply for the expensive medical services provided by the specialized health facilities and practice individual treatment in home conditions.

As a result of the above, more than 60% of the total number of deaths and one third of deaths in children are registered at home.

Because of the lack or insufficiency of funds, the situation in medical sector is improving neither by the newly developed programmes, nor by the set of measures developed by the Ministry of Health.

Nevertheless, it should be mentioned that the Government elaborated a strategy of Moldova in the area of health care system in new economic conditions for 1997-2003. The main objective of this strategy is to ensure free access to medical services for the entire population of the country and to guarantee free minimum package of medical services for children and other categories of socially vulnerable population.

The overall assessment of health status population and its tendencies was stated in the data of the report for 1999 prepared by the Public Health Center of the Ministry of Health of the Republic of Moldova. As per the above report, in the near future, only one third of the population will be able to work. The specialists from the above Center stated that because of poverty, most of populations care less about health, while the health care system has not sufficient funds. As a result of the above situation, the health status of the population gets worse on a constant basis. Mortality exceeds birth rate in the republic.

2.7. Demographic situation.

One of the most concerning issues of the current unfavorable demographic development in the republic is the increase of mortality rate. In 1999 there were registered 41.3 thou deaths, mortality rate amounted to 11.3 per 1000 inhabitants. The number of deaths exceeded the number of births by 2.8 thou.

The structure of mortality by cases of deaths revealed that in 1999 more deaths - 53% were caused by diseases of blood circulation system, 12% by malformations, accidents, poisonings and traumas 9%, diseases of digestive system 9% and respiratory system diseases 6%. It should be also mentioned, that the death incidence among men is more frequent than in women. This is way the mortality rate differs among sex, being 5% higher in men. The tendency of mortality rate increase among economically active population is an issue of concern. In 1999, its level represented 42% of the total structure
of mortality. Along with the high mortality and morbidity, a dramatic decrease of birth rate was registered. As compared to 1989, the birth coefficient decreased by 1.62 times and in 1999 it reached 10.6 births per 1000 infants. In 1999 there were 38.5 thou new births or 2.8 thou less than in 1998. The young women deliver one fifth of the total number of births, their number decreased since 1997.

The decrease of the number of births is caused by the decrease of the number of marriages: in 1999 there were registered 23.5 thou marriages as compared to 40.8 thou in 1998 (including Transnistria).

There is an increase of the number of births outside marriage.

Chart 11. Percentage of births outside marriage in Republic of Moldova

Since 1992, the population decreases constantly. On January 1, 2000, there were registered 3.6 mln inhabitants of the republic (without data on Transnistrian region). The number of population decreased by 4 thou or 0.1% since 1999. The natural decrease of population and increase of migration flow cause the decrease of population.

Starting from 1990, the emigration proportions are much higher than immigration proportions. In 1999, there were 6.3 thou persons who migrated and 1.5 thou of immigrants. Of the total number 0.3 thou received permanent residence status and others were registered based on a fixed residence.

In 1999 the ethnic presence of immigrants was as follows: 30% Arabs, 13 % Turks, 11% Romanians, etc. The distribution by country of immigration was as follows: Izrael-1,3 thou persons, Germany-1,2 thou, USA-1,2 thou, Ukrainia-1,1 thou, Russia-0,9 thou, etc.

In 1999 approximately 3 thou persons were repatriated.

The illegal migration especially influences upon the demographic situation. In accordance with the last estimates it reached 600 thou persons, most of them being young persons of 30 years.
2.8. Access and tendencies in education.

The statistical indices on literacy and education of the population of Moldova are considered satisfactory. As per the last population census of 1989, the literacy rate of the population was 96.4%.

The implementation of reforms in education system of Moldova needs to adjust the education system to the immediate requirements of the society: reform of didactic technologies, procurement of school text books, creation of new institutional structures, improvement of vocational training and educational management.

The institutional structure of the education system is in the reformation process, it is adjusted to the western standards.

In accordance with the Law on Education, adopted in 1995, the compulsory education was established at 9 years of studies:
- 1 preparatory year for school
- 4 grades of primary education
- 5 grades of gymnasium education
as compared to general average system of 10 years of education.

The basic and high education is organized in Moldovan (Romanian) language and languages of national minorities (Russian, Ukrainian, Gagauzian, etc.)

The foreign languages are taught from the second grade. In gymnasiums in all grades, in lyceums foreign languages are compulsory. The Russian language is compulsory in all schools from the fifth grade.

Table 7. Distribution of schools by language of studies in % as compared with the total number of enrolled students in Moldova.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Moldovan</td>
<td>75,0</td>
<td>75,3</td>
<td>76,1</td>
<td>76,7</td>
<td>77,6</td>
</tr>
<tr>
<td>Russian</td>
<td>24,7</td>
<td>24,4</td>
<td>23,8</td>
<td>23,1</td>
<td>22,3</td>
</tr>
<tr>
<td>Ukrainian</td>
<td>0,3</td>
<td>0,3</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Others</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,1</td>
<td>0,0</td>
</tr>
</tbody>
</table>

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<thead>
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</thead>
<tbody>
<tr>
<td>Moldovan</td>
<td>80,4</td>
<td>80,0</td>
<td>79,8</td>
<td>78,2</td>
<td>77,4</td>
</tr>
<tr>
<td>Russian</td>
<td>19,3</td>
<td>19,7</td>
<td>20,2</td>
<td>21,8</td>
<td>22,6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Moldovan</td>
<td>78,7</td>
<td>76,3</td>
<td>73,8</td>
<td>72,1</td>
<td>70,8</td>
</tr>
<tr>
<td>Russian</td>
<td>18,1</td>
<td>18,9</td>
<td>24,1</td>
<td>25,9</td>
<td>26,0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Moldovan</td>
<td>66,9</td>
<td>68,1</td>
<td>66,9</td>
<td>66,0</td>
<td>66,0</td>
</tr>
<tr>
<td>Russian</td>
<td>28,8</td>
<td>29,3</td>
<td>29,4</td>
<td>30,6</td>
<td>30,0</td>
</tr>
</tbody>
</table>
During the transition period the preschool education is affected more than other stages of education. The number of preschool institutions decreases every year, as well as the number of pupils enrolled and teachers. Since 1992 more than a half of kindergartens were liquidated and the number of children reduced twice.

Table 8. Preschool institutions in Moldova

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of preschool institutions</td>
<td>1668</td>
<td>1581</td>
<td>1480</td>
<td>1399</td>
<td>1201</td>
</tr>
<tr>
<td>Children enrolled in preschool institutions, thou</td>
<td>161,3</td>
<td>146,9</td>
<td>138,8</td>
<td>126,0</td>
<td>101,0</td>
</tr>
</tbody>
</table>

At present 33% of the total number of school children are enrolled in the preschool education. The last stage of the preschool education includes the compulsory preparation for school. The number of children enrolled represents 60% of children of respective age.

The problems related to the children’s feeding at school, didactic materials availability, current reparations and capital reparation of school institutions create problems for normal functioning of kindergartens.

The primary education enrolls 250 thou children or 93% of the total number of children of school age. The number of children decreases every year.

The secondary education includes:
- secondary general education-gymnasiums, lyceums and secondary general education schools;
- secondary vocational education.

During the school year 1999-2000, there were 113 primary separate schools, 650 gymnasiums, 601 secondary general schools, 153 lyceums, 41 special schools. Total 1558 secondary schools, 643,1 thou children were enrolled in the above institutions.
Table 9. Secondary general education schools in Moldova.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total schools</td>
<td>1515</td>
<td>1530</td>
<td>1536</td>
<td>1549</td>
<td>1558</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>642.8</td>
<td>649.5</td>
<td>652.7</td>
<td>650.7</td>
<td>643.1</td>
</tr>
<tr>
<td>Separate primary schools</td>
<td>89</td>
<td>99</td>
<td>98</td>
<td>107</td>
<td>113</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>14.0</td>
<td>18.3</td>
<td>18.3</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Gymnasiums</td>
<td>7</td>
<td>622</td>
<td>614</td>
<td>631</td>
<td>650</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>5.2</td>
<td>137.8</td>
<td>134.5</td>
<td>136.2</td>
<td>144.6</td>
</tr>
<tr>
<td>Gymnasiums-lyceums</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>15.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Secondary not complete schools</td>
<td>620</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>135.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Secondary schools</td>
<td>699</td>
<td>700</td>
<td>705</td>
<td>625</td>
<td>601</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>446.5</td>
<td>445.4</td>
<td>446.1</td>
<td>380.8</td>
<td>356.7</td>
</tr>
<tr>
<td>Specialized schools for children mental and physical problems</td>
<td>44</td>
<td>44</td>
<td>42</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>Students enrolled, thou</td>
<td>5.8</td>
<td>5.8</td>
<td>5.7</td>
<td>5.7</td>
<td>5.4</td>
</tr>
</tbody>
</table>


The degree of population’s enrollment in general compulsory education is 91%. There is a tendency of decrease of the number of enrolled due to their separation from school.

As per the data of the statistical survey of September 1, 1999, there were 4.3 thou children between 7-16 years, who were not enrolled in education. In 1998 their number amounted to 4.7 thou and in 1996 to 4.5 thou, most of these children being from rural areas. At present the compulsory enrollment of children in school institutions is not under an appropriate control.

In 1999 the lyceums enrolled 113 thou school students. Most of lyceums function in urban areas. The partial functioning of two networks of lyceums (from grade 10 to 12) and secondary general schools (from grade 10 to 11), creates negative impact on the entire education system of the country.

The Ministry of Education and Science continuously undertakes concrete measures for modernization of the education system, giving priority to lyceums (see table).

The children with educational problems represent a considerable part of the infant population of the country: children with sensorial, coordination, speech and mental deficiencies. The special education in Moldova is an integral part of the entire system of public education. There are 41 schools for children with deficiencies in intellectual and physical development, 5.4 thou children are enrolled in these institutions.

The secondary vocational education is provided in vocational schools and polivalents schools, which function since 1998. There are 18 thou persons enrolled in 52 mixed schools and 5 thou persons enrolled in vocational schools.
There are 77 thou students enrolled in 43 university schools and 25 thou in enrolled in 56 colleges.

The privatization covered especially the high education institutions, which enrolls 47% of the total number of students. This number of institutions constantly increases. In the mean time, each second student is enrolled in university schools on contract basis. As compared to 1998, their number increased by 21% and amounts to 40 thou persons. Besides the above, in 14 state institutions 25 thou or 42% of students are enrolled on contract basis. The fee for contracts in institutions increases every year. The number of college students, enrolled on contract basis amounts to 8 thou or each third student, of which 5 thou in state colleges.

In general, in 1999 the distribution of students enrolled on contract basis was is as follows:

- 0.4% students of school institutions-annual fee 600 USD
- 4% students of vocational institutions-annual fee 20-200 USD
- 32% students of colleges -annual fee 100-300 USD
- 47% students of university academy -annual fee 100-600USD

At present, in the Republic of Moldova there are 0.3 extra school institutions. They enroll 89 thou students: technical schools, schools for young technicians, young naturalists, turistic entities, arts schools, music and sport schools and other institutions for children.

There were 184 public libraries, which were visited by 284 thou, children. During the last years the network of public libraries for children and other extra school entities face financial difficulties for maintenance and supply of education materials. Due to the above difficulties, during the last 5 years, 43 extra school institutions and 43 libraries have been liquidated. Besides the above, in 1999, the introduction of paid services for education of children in the above institutions led to the decrease of the number of children enrolled in them.

During the development of the National Strategy for Reform of the Education System, the Republic of Moldova benefited of the assistance and support of the WB, European Foundation for vocational training, UNICEF and Soros Foundation. The most important projects under implementation are as follows:
- programme for individual preliminary education, implemented by UNICEF;
- reform of the general education in Moldova-WB;
- reform of the high education system- TEMPUS;
- assistance in the reform of the teaching system and vocational training – TACIS.

The content and quality of the education process in the society cause the essential problem in education. The reality reveals that the preparation and the capacity of the population to respond to the new initiatives, imposed by the institution based on other models of organization and social behaviors are reduced.

3. The social protection of the population during the transition period.

The system of the social protection of the population faces acute crises during the transition period. The social assistance, organized during the soviet period did not
transform and adjust neither to the market conditions of governance, nor to the new conditions on labor market, unemployment increase and poverty.

During this period, in order to reduce the tension in the society, caused by the decrease of the population’s wellbeing, the Government put into practice many benefits, compensations, social benefits and subsidies, not taking into account the financial status of families and real possibilities of the budget. This system becomes inadequate and inefficient for support of vulnerable groups of the population. As a result of the above:
- there is a sudden decrease of the level of social protection of people. During the above period, the average pensions purchasing power decreased 4 times. The correlation between pensions, subsidies and subsistence minimum receipt is different.
- the persisting financial instability of the social protection system is caused by the decrease of the number of contributors to the social fund and increase of the number of recipients of the social protection benefits. The above problems are caused by the poor development of the economy during the last ten years that caused decrease of considerable financial inputs in social funds.
- the social benefits are distributed in an inadequate manner, therefore the available resources are used inefficiently. As per the data of the HBS, 20% of households of the e quintile take advantage of 5% of the total funds envisaged for social subsidies payment, while 37% of these payments represent an additional income for 20% of households with better wellbeing status.

The characteristics of the social protection system reveals that this system provides guaranteed state pensions, subsidies for poor families and unemployed persons, benefits for procurement of pharmaceuticals with a reduced price, reduced fees for transportation, public utilities fees, living in border schools or houses for elder people, social services for lonely people and other financial assistance for needy persons.

The central and local state budget is the main source of measurements, funded from the social fund. This fund is supported from the state social insurance, payments made by enterprises and organizations. These functions are delegated to the system of social protection of the population that is functioning by means of the national treasury of social insurance, the social assistance fund, enterprises and organizations of different forms of property.

The increase of poverty and impossibility to adjust to the organization of financial support of the poor led to the need for a total reform of the social assistance system.

3.1 Social protection of the vulnerable groups of population.

At the beginning of 2000, the number of pensioners amounted to 0.7 thou persons, this is 20% of the total population of the republic. The average size of monthly pension was 83 lei and the minimum fixed pension was 60lei (without pensions to retired military people).

Today there are 2 persons employed in the national economy per one pensioner. The process of the population’s demographic aging is inevitable: 17% persons of the total population are above 60 years of age. This situation leads to numerous and complex problems related to the sporadic increase of the number of beneficiaries and need for additional financial sources for pensions and social protection benefits. Urgent measures,
such as reform of the existing social protection system, especially means for payment of pensions are necessary.

In October 1998, the Parliament of the Republic of Moldova approved a new law on State Insurance with Pensions:
- the pension age for men was increased up to 65 years and 60 for women;
- social insurance for older is compulsory;
- creation of private pension funds by means of voluntary insurance.

The disabled persons and children represent the most vulnerable groups, affected by the effects of transition. In 1998 there were more that 18 thou disabled people, of which 12 thou children. The average size of pension for disability was 46 lei. Prior to the reform of the pension system, this category of population received social pension.

The law on social state contribution for some groups of population was adopted by the decision of the Parliament No. 499 XIV of July 1999. The law envisages benefits for disabled children of I, II and III group up to 14 years of age who lost their parents. The quantum of contributions in percents as compared with the minimum pension by age limits is as follows:
- disabled children of I group - 100%
- disabled children of II and III group – 85%
- children who lost their parents receive 75% each. These pensions do not exceed 1.5 % of the minimum pension. In case of loss of both parents, the quantum (size) of the contribution is double.

3.2. Protection of children, families and institutions for children during the transition period.

In Moldova there are several normative regulations which are aimed to protect the rights and interests of children:
- Law on Children’s Rights, approved on December 15, 1994, decision No. 339-XII,
- UN Convention on Children’s Rights,
- Decision No. 749 of November 29, 1999, regarding the Adoption Committee of the Republic of Moldova.
- Decision No. 62 of February 3, 1994 regarding the Adoption of Children by Foreign Citizens.
- Decision No. 6 of October 1995 regarding the State Programme on Protection of Children’s Rights.
- The year of 2000 was declared by the President of the Republic of Moldova the Year of Children based on the decree of December 14, 1999, decision No. 1254.
- Following the decision of the Government of Moldova No. 106 of January 30, 1998, the National Council for Protection of Children’s Rights was established. The objective of this council is modernize and ensure the implementation of the stipulations

The council is a governmental body, which contributed to the development and implementation of promotion policies of children’s interests in the society. The vice prime minister, responsible for social issues chairs the council.

Based on the Decision of the National Council for Children’s Rights, the regional councils on protection of children’s rights have been created throughout the country.

These councils ensure that children’s rights are protected at local level. These councils are promoters of policies on children’s protection in territories.

The statistical surveys reveal that children are affected by poverty most of all, as compared to other vulnerable groups of population. The National Programme on Poverty Reduction envisages a special compartment, which includes measures aimed to protect children against poverty. The above programme foresees the creation of special sub-programmes entitled “Our Children”, “Orphan Children”, “Disabled Children”, etc.

The programmes are aimed to provide different forms of assistance to families with children: money, in-kind assistance, subsidies for public utilities payment.

In accordance with the legislation on children who permanently or temporarily do not have families, or who are isolated from problematic families, these children take advantage of special protection and support on behalf of the state. The orphans and the children who lost their parents are adopted or placed in other families or state institutions for children.

As per the statistical data of January 1, 2000, in the Republic of Moldova, there were 4,1 thou orphans and children who lost their parents or are under the protection of adoptive parents, and 5 thou children were adopted. Besides the above, there were 3 thou children in boarding schools. During the 1999 more than 0,6 thou children were adopted by foreign citizens and 0,1 thou were adopted in the country. The adoption of children in Moldova is one legally, based of the request from the parents who wish to adopt or take a child under guardship. The adoption of children by foreign citizens is permitted only in cases, when there are no opportunities for child’s adoption in the Republic of Moldova, when the child is registered by the National Committee on Adoption and after expiration of at least 6 months after the child has been registered. In exceptional cases, the adoption is permitted by foreign citizens, for example when there is a vital necessity for child’s treatment abroad. During the last 5 years, 0,4 thou children have been adopted abroad.

In cases when the child cannot be placed in another family, he/her is institutionalized. The institutionalization of children is done in accordance with the legislation.

In average, every year 1,4 thou orphans or children who lost their parents are registered. The analysis of causes revealed that each third child is an orphan as a result of his parents’ death, each fifth because his/her parents are not able to support the child and each sixth child is orphan because his/her parents disappeared.

Today, regrettfully one of the many reasons of tragic social phenomena is the refuse of parents to take the infants from maternity. Every year, in average 300 children remain without their mothers’ care. This situation affects children’s psychical and physical health status. The main reasons of parents’ refusals to take infants from maternity hospitals are financial problems of families and child’s health. Single mothers in maternity leave each second infant, the family leaves each third child temporary in maternity or boarding
Such children are placed in 4 specialized institutions, which are under the supervision of the Ministry of Health. There are 500 children up to 4 years who are placed in these institutions. As per the data of medical examinations, most of health problems identified in these children are caused by malnutrition -12%, physical disability of II or III degree, one third have anemia and retard in physical development. During one year period, foreign citizens adopt approximately 200 children, each fifth is returned to his/her biological family. Every year, due to insufficiency of medical services, in these institutions 5% of children up to 4 years of age die.

Disabled children of 5 years in specialized boarding schools, which are under the supervision of the Ministry of Labor, Social Protection and Family. There are two institutions of this type in the Republic of Moldova, they enroll 0.5 thou children from 4-18 years of age. Approximately 20% of children are not able to move independently. In boarding schools and orphanages there are children from 5-16 years, who lost their parent. In 1999 in Moldova there were 9 institutions of this type and 2 thou children found their home in them. The percentage of children taken under guardship and adopted children amounted to less than 1%, number of returned children to their biological families amounted to 4%.

The economic crises created difficult problems for the organization of the educational process of children in boarding schools. The boarding schools and orphanages do not receive the necessary financial support. The funds are provided with delay and not in adequate amounts. This situation aggravates the decent life of children with special problems and does not provide for the creation of the necessary conditions for the protection of children’s rights and health.