

Social Policies

or how to avoid transforming the
economic crisis into a social crisis

Laura GRECU,

Deputy Minister of Labor, Family and Social Protection

The social policy cannot be implemented in an isolated environment. It overlaps with the economic policy, jobs, education, health and many others.

Benefits by Categories

Traditionally vulnerable categories

- the elderly and people with disabilities
- persons without education and professional skills
- numerous families and with many children
- families depending on agricultural activity

Benefits by categories

Allowances, benefits, compensations etc.

Benefits Targeted at the Vulnerable

Social Aid is a new concept in Moldova and implies **temporary support** to the most vulnerable people (the poor) **to help them overcome a problem** through a program of minimum income

- Benefits targeted at 8% of poorest persons
- The approach focuses on assessment of income, welfare and needs of the families
- O single scheme for the entire country, with central funding and management ensured by the local public authorities

Challenges with the Identification of the Poor

- It is very difficult in Moldova to accurately measure the income, and it is practically impossible to identify the real living conditions of a household

This is because of:

- Self-employment practice is wide-spread in the field of agriculture (70% of persons work in agriculture)
- Colossal role of remittances (20%-30% of GDP)
- Significant role of the informal economy / non-reported salary payments (30% of people are employed in the informal/hidden sector)

Progresses Made Thanks to the Reform

Performance of the social aid benefits

- 20% of the lower quintile, or 5% of the total number of population receive benefits
- 70% of the beneficiaries come from the poorest quintile
- 80% of the financial resources go to the lower quintile

Impact on Poverty

- Extreme poverty decreased by 2.6 percentage points during 2009-2012 (from 3.2% down to 0.6%)
- Extreme poverty became statistically non-existent in 2013

THE SOCIAL AID AMOUNTS TO ABOUT MDL 250 PER FAMILY MEMBER

Impact

- The social aid contributes to an enhanced access to **nutrition, education, health** – reducing poverty and stimulating economic growth in the long run
- The benefits are used mainly to buy **essential goods** (foodstuffs, public utility services)
 - 80 years old woman, Chisinau: *“I am dying of hunger and I want to thank that person who provided me with social aid. I can buy with it food and the medication that I need. I would have died of hunger if it weren’t for the social aid, as I have to pay for the public utilities.”*
 - Mother of six, Copceac, Gagauzia: *“My husband works abroad, he does not always manage to send us money, which is why the social aid is essential for our stability. We use this money to buy food, clothes for our children and we pay for school. I don’t know what we would have done without this money - in the past we used to borrow money, but now I feel more secure and I can make plans for the future. I am grateful.”*

Impact

- There are cases when households invest in domestic animals (pigs, cows, horses)
 - Mother of five, Cioara, Hincesti: *“This summer, I saved money for two months and we bought a pig. It grew and is much more valuable now.”*
- There are few cases when the money is used inappropriately
 - Social worker, Baimaclia, Cantemir: *“Everybody buys food and clothes only; the prices for foodstuffs and public utilities increased. (...) There are persons who do not use the money appropriately... they spend it on alcoholic beverages... but this is not often the case”*
- The dependence on benefits is low
 - Social worker, Dezghingea, Gagauzia: *“These new benefits are a real change. In theory, I think they could enhance the dependence, but the families who receive them here (85 beneficiaries) continue to work their land, they work when they can and look for a job when they don’t have any.”*

No one should look at poverty as being in a more advantageous position

- During 2009-2014 we focused on on how to identify the poor and how to direct the funds to the right families. **Monitoring.**
- The priority for the future is – **WHAT TO DO WITH THESE PEOPLE NOW AND HOW TO HELP THEM FURTHER ON IN ORDER TO BREAK THE POVERTY CYCLE**

that is

- Tools to “**FREE**” **OF POVERTY** and **REDUCE DEPENDECE** on social transfers become a priority.

However...

- Poverty means lack of OPPORTUNITIES... and leads to MARGINALIZATION and SOCIAL EXCLUSION
- However, no one should look at poverty as being in a more advantageous position
- As long as the possibilities to enter the labor market are relatively scarce, and the capacity to create new jobs is limited, THE EFFORTS OF SOCIAL AID ALONE WILL NOT BE ENOUGH.
- The categorical imperative is to figure out HOW TO IMPROVE THE EMPLOYMENT PERSPECTIVES FOR THE POPULATION, and particularly for this group of beneficiaries

Improving the Employment

Well-paid jobs is a viable way to step out of poverty;
job creation is however limited.

Creation of new jobs

- Stimulation of job creation for the low-skilled labour force

- SMEs are the basis of job creation

- Support of business development policies

Increase labour force attractiveness

- Quality education

- Vocational education

Integration Measures

On the labor market

Labour mediation

Vocational training

Information and counselling

Unemployment benefit and Allowances for professional integration

In the society (social services)

Information and consultation

Development of cognitive, communication and behavioural skills

Life skills development

Assistance for documentation

Support for studying and understanding the school curricula

Employment of Migrants

International migration is an important strategy to deal with poverty, but its social costs are high and there are considerable personal and social risks to it

- Redirect the migration flow towards legal, long-term and geographically diversified migration.
- Support the investments of migrant workers into business development

PARE 1+1 Program

- Provide on-line services

The domestic labor market and opportunities for legal employment abroad

Information and consultation centres

On-line job fair

PARE 1+1 Program

- Accomplishments during 2010-2014:
- Participation applications – 1350 persons
- Trained – 1096 persons
- Business set up/development courses – 55 persons
- Funding applications – 725
- Concluded funding agreements – 504
- Amount of provided grants – 84 million MDL
- Volume of investments within the Program – 184 million MDL

The social policy cannot be implemented in an isolated environment. It overlaps with the economic policy, jobs, education, health and many others.