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A STUDY OF POVERTY REDUCTION POLICIES IN THE REPUBLIC OF MOLDOVA

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1. Approach to poverty: general aspects

Poverty is a major concern for a number of governments and is still affecting a considerable share of population worldwide. Over the last decades, poverty is an issue on the agenda of many governments despite economic and technical information development.

What is poverty? It is very widely spread and therefore there is no consensus on defining poverty. Being a concept used by social sciences, it has become a moral and political concern of humanity and is drawing the interest of both researchers and governance.

Apparently, poverty looks like a notion very well known to everyone of us, however, in the universal context of research, the clarity vanishes, which generates several problems. One of the problems stems from the fact that normally it is assumed that poverty enjoys a common understanding, which makes especially difficult the attempt to redefine it from a global perspective. Another problem relates to passing from the individual to a general social context. At a common cognitive level, the meaning of the concept is often considered based on the perception of individual cases. We all know that x and y are poor. The challenge is to define, under the conditions of a scientific approach, the category of all poor people, irrespective of the time and space they live within a certain community.

In the same context, another problem is the lack of consensus in terms of measuring poverty. Different international organizations use different indicators, which leads to confusion in making use of data and, subsequently, to low efficiency of poverty eradication policies.

During the last decades of the past century, several studies carried out by international organizations made the attempt to define the phenomenon of poverty. Thus, in the 90's, the UN experts suggested defining poverty as a human condition characterised by severe deprivation of resources, capabilities, choices, security and power, needed to enjoy appropriate living standards and other civil, cultural, economic, political and social rights.

Although there is a definition by the UN on poverty and human development indicator, however, international community has not accepted a unique definition of poverty so far, which leads to the situation where the issue of poverty is addressed in a complex, interdisciplinary way, while poverty eradication is a joint effort of policies in different socio-economic sectors of the state. Nevertheless, what is seen in most studies is defining poverty as economic deprivation. This concept relied on the assumption that poverty characterizes the persons deprived of material resources, which could ensure their necessary consumption of goods and services.

Numerous states have developed their own strategies and policies to fight poverty, but not all of them provide a clear approach to poverty. In the Republic of Moldova poverty started being studied in the middle of 90's, by the Department of Statistics (currently the National Bureau of Statistics) with the support of the World Bank and UNDP. Over these years, a range of national legislative acts were developed seeking to define those being poor, but few policy documents include clear definitions. Thus, during the transition period there were a multitude of concepts and definitions attempting to outline the specifics of poverty in the Republic of Moldova but there is not yet a clear definition of poverty from the perspective of public policies.



2. Theoretical and methodological framework of the study

Over the last two decades, social problems aroused attention and interest of many researchers interested in the issue of poverty. The current study made use of a double approach on poverty, from the perspective of specialized literature in the area and policy documents elaborated by the governments of the Republic of Moldova since 2000 until nowadays. Poverty is one of the major problems that has always been part of governmental programmes and requires efficient policies to fight poverty within the country.

In this respect, at the end of 2000 the first studies on poverty compiled by domestic authors made their appearance. We could mention Timuş A., Movileanu P. *Improving social policy - imperative of our time*, Chişinău, publishing house Alma – Mater, 2001, which mentions the importance of coherent policies in social sector as a major requirement of the time. Another remarkable work is that by Milicenco S. *Poverty from theoretical and methodological perspective*, published in “Theoretical and practical aspects of social assistance” Bulgaru M. (coord.), 2004, addressing poverty through methodological criteria of its assessment. In the same context, we could mention the study by Şonţu N. *Analysis of poverty in the context of Moldovan legislation*, published in Studia Universitatis, USM, 2009, which analyses poverty from the point of

view of national legislation. Other significant contributions to studying poverty were made by Barbăroşie A., Danii T., Prohniţchii V., Munteanu I., Rojco A., etc.


Particularly interesting are the reports and studies by international organizations - UN, UNDP, WB, IMF, ILO, WTO, EBRD, Sida, European Commission, etc. Within the country there are also various analyses, surveys and publications of organizations such as: IDIS “Viitorul”, Expert-Grup, Adept, Institute for Public Policy, CBS AXA, CIVIS, etc., which could be used as a source of information in this respect. The study made use of statistical data of National Bureau of Statistics, UN, WB, Eurostat.

A wide range of research methods were used within the study, such as statistical analysis, induction, deduction, synergistic approach, analysis of the impact of policies to eradicate poverty. In general, we have to remark that in a study the methods used from a combinatorial perspective allow us to observe social reality in a complex and multidimensional dynamics. The study purpose and hypothesis were to identify policies aiming to fight poverty in the Republic of Moldova and assess their impact in reducing poverty. The study does not seek to provide a clear concept of poverty but rather tends to evaluate activities and policies

for reducing poverty and recommend certain specific actions in order to streamline policies in the area of fighting poverty in the country.

It is certain that the study objectives do not cover the study issue in every aspect, they rather lay the groundwork for future studies. However, we hope to contribute in a modest

manner to the analysis of public policies, by attempting to assess and compare fundamental social realities and objectives, which over the last years were in the spotlight of public and ideological debate both in developed countries and in those undergoing the period of transition to a democratic system and market economy.



3. The stage reached by the Republic of Moldova in terms of achieving objectives undertaken by the fight against poverty and social exclusion: legislation, programmes and measures

During the independence years, in the Republic of Moldova there were a series of activities and efforts seeking to improve citizens' life. However, quite often they were not coherent, efficient and sustainable. A significant part of population is forced to tackle the low level of living standards by their own forces: emigration, changing consumption patterns, institutionalization of children etc.

As a result, there were adopted several national programmes providing for poverty alleviation. We would like to provide some examples. Thus, in December 1998, Chisinau Municipality adopted Decision No. 27/1 on “**Municipal program for social protection of socially disadvantaged and fighting poverty.**” This was one of the first measures taken locally. Subsequently, there were developed national programmes for reducing poverty in the Republic of Moldova. Thus, the first **National Poverty Alleviation Programme** was adopted by the Government in 2000, but it was not implemented because the World Bank did not accept this type of policy document for the Preliminary **Poverty Reduction Strategy**

Paper, on the grounds that there was an unsatisfactory degree of correlation between activities planned and national budget resources, which did not allow to receive funding from the World Bank¹.

In the same period was drawn up the **National Sustainable Development Strategy Moldova - XXI**, proposed for the years 2000-2020. This public policy document was developed by the Economic Council to the Presidency of the Republic of Moldova with the support of UNDP, but it was not approved. The development of a new poverty reduction policy was delayed by the change of Government in 2001 and, subsequently, it took two more years to modify the concept of the preliminary poverty reduction strategy. Thus, in December 2004, Moldovan Parliament approved the **Economic Growth and Poverty Reduction Strategy Paper (EG-PRSP)** for the period 2004-2006. Its implementation started in 2005 and subsequently the first evaluation report of this strategy was presented.

¹ Trofimov V., Șonțu N. Reducerea sărăciei în Republica Moldova: experiențe și aprecieri. Revista Economica nr.2(76) 2011, p.61-62

In this respect, the analysis of this policy document drafted by the previous government within the Economic Growth and Poverty Reduction Strategy Paper (2004-2006) reveals an interesting situation annex 6 sets up priority activities for 17 domains and about 50% of activities have a “zero” or minimal additional funding. For instance, total costs ranged from 2144,1 thousand lei in 2004 to 3778,9 thousand lei in 2006. Figures show 44,2%, 34,9% and 29,5% of total costs of activities in 2004, 2005 and 2006².

At the same time, the Ministry of Finance estimates in that period suggested that it was not realistic to expect that this strategy would generate significant additional resources flows during the period 2004-2006. In this respect, the resources volume was extremely limited during the years of implementing the Economic Growth and Poverty Reduction Strategy. Thus, a certain method to eliminate a strategy or policy is to deprive them of required funding. This difficulty is quite common in implementing policies in our country. Therefore, allocation of sufficient resources can considerably influence successful policy implementation.

Although the EGPRSP sets out three main medium term objectives: sustainable economic growth; reduction of poverty and inequality and increased participation of the poor in economic development; human resources development in order to achieve these objectives, the EGPRSP implied measures based on three pillars:

- promoting sustainable economic growth;
- improving human development;
- strengthening social protection of the most socially vulnerable categories.

The failure to carry out a range of activities set out in EGPRSP led to the extension of this policy implementation period until the end of 2007 by Government Decision No. 1433 of 19 December 2006. As a result, monitoring indicators of this public policy implementation and activities costs within the strategy were altered as well. Despite changes seeking to improve the EGPRSP in its extended version, full coverage of priority measures was not ensured and 54,2% of costs of planned policy activities were not covered.

Subsequently, in the Final evaluation report on EGPRSP (2004-2007) implementation it was mentioned that it was difficult to gauge poverty in Moldova due to a slight decrease in poverty in 2003-2004 followed by an increase in 2005³.

In 2006 a new strategy to evaluate poverty rates was applied and as a result it became difficult to compare data from previous years and determine the impact and effects of policies promoted by Government on population well-being. As for popularization of this policy and its results we can say that they were less known to the public, perhaps, due to poor public awareness campaigns⁴.

² *Economic Growth and Poverty Reduction Strategy 2004-2006, in Monitorul Oficial al Republicii Moldova dated 14 January 2005 nr.5-12, pag. 89*

³ *Final evaluation report on implementing Economic Growth and Poverty Reduction Strategy 2004-2007, Government of the Republic of Moldova, 2008*

⁴ *Report on the impact of EGPRS in the opinion of citizens, Government of the Republic of Moldova, January, 2007*

By the same token, in January 2005 the **National Programme**, „**Moldovan Village**” was launched enjoying financial resources of about 45 billion lei, being then one of the policies with the largest budget in the Republic of Moldova. However, most activities planned were not implemented even several years after programme approval⁵.

Government activity programme for 2001-2005 „**Economic revival is the revival of the country**”⁶ did not provide for reducing poverty as an objective but included a range of measures in different sectors of social policies. Those measures referred at that time to the general context of social policies within the country. The next Government Programme for 2005-2009 years „**Modernization of the country - people's welfare**” set out reducing poverty as government priority and subsequently for all governments reducing poverty was of main priorities along with European integration and fighting corruption.

Despite several other programmes related to poverty reduction, such as Employment strategy for 2002-2008, National employment programme for the years 2003-2005, Small business development program for 2002-2005, etc., governance did not provide information support for adequate evaluation and analysis of these programmes⁷.

The next medium-term public policy seeking economic growth and poverty reduction was the **National Development Strategy of the Republic of Moldova** (2008-2011)⁸, paper that abandoned sector approach and identified general development priorities. At the same time, implementation of this policy allowed to slightly reduce poverty in the country. According to data, in 2009 absolute poverty rate in the country was 26,3% being almost at the same level with that in 2008 – 26,4%⁹. This National Development Strategy set out as fundamental objective ensuring conditions for improving life quality by strengthening the foundation for robust, sustainable and inclusive economic growth.

In the context of poverty reduction policies analysis, the next Government programme „**Progress and Integration**” for 2008-2009, included priorities focused on six main directions: 1. Education; 2. Health; 3. Social protection; 4. Culture and tourism; 5. Regional development; 6. Environmental protection and natural resources use¹⁰. The issue of poverty was not directly addressed as Government objective, in spite of the fact

⁵ Toil of Sisyphus, reviewing government strategies and programmes. <http://www.allmoldova.com/ro/article/munc-de-sisif-revizuirea-strategiilor-i-programelor-guvernamentale/>

⁶ "Economic revival is the revival of the country ". Government Activity Programme for 2001-2005 <http://www.e-democracy.md/files/parties/program-activitate-guvern-moldova-2001-2005-ro.pdf>

⁷ The government promises to create 300 thousand new jobs and increase average salary up to \$ 300,

02 November 2006, <http://economie.moldova.org/news/guvernul-promite-crearea-a-300-mii-de-noi-locuri-de-munc-imajorarea-salariului-mediup-economie-pn-la-300-usd-19629-rom.html>

⁸ See: Law of the Republic of Moldova „On the approval of National Development Strategy for 2008-2011, nr.295-XVI of 21.12.2007 // Monitorul Oficial al Republicii Moldova, 2008, nr.18-20/57.

⁹ Moti N. Fragile States and Their Characteristics. Studia Universitatis. Seria Științe economice și exacte, Chișinău, 2008, p.134-138

¹⁰ Progress and Integrity. Government Activity Programme for 2008-2009. <http://www.old.gov.md/homepage.php?l=ro>

that since 2008 poverty has expanded and its rate calculated according to the international threshold, accounted for 30,4% and grew up by 0,6 percentage points compared to the previous year. As a result, in 2009, the economic crisis in the Republic of Moldova deepened and affected increasingly citizens' living standards and increased poverty.

Probably the lack of policies aimed directly at reducing poverty had a political support since the political class being on the eve of elections of 2009, failed to acknowledge directly the consequences of the global financial and economic crisis, which had already severely affected country's economy, while the dearth of anti-crisis measures stressed the need for reviewing poverty reduction policies by improving welfare system management.

The next Government Programme **“European Integration: Freedom, Democracy, Welfare”** 2009-2013¹¹ (then in the version 2011-2014; 2013-2014) declared as government's objective “The Republic of Moldova – society without poverty”. The Government Programme 2011-2014 regards poverty eradication and lack of access to education, provision of qualitative healthcare and decent public services as main challenges for our society.

The 2013-2014 Government Programme considers fighting poverty as one of the main objectives of the Government despite all challenges. The main task was maintaining

the results achieved, pursuing overall system reform and improving and strengthening the required instruments: social support, pensions and other social benefits, schools, hospitals etc. The key element of all these changes was modernization of institutions, approaches, functioning principles, equipment used in order that social systems development fosters the integration objective of the Republic of Moldova into the European family¹².

In the context of Government Programmes analysis, the programme of last Government dismissed in 2015 did not include poverty reduction as separate objective but provided for a broader vision of social assistance by ensuring access to social services and, for the first time, are foreseen monitoring and evaluating these social services by implementing accreditation and inspection mechanisms of social services providers. This reveals a diversified access to welfare not just from state's perspective but with the involvement of other stakeholders that could provide these services and reduce costs of these services to various beneficiaries. We do not know what the next government programme will set out, but we suppose that the objectives will relate to increasing access to welfare since any government seeks to increase welfare and reduce poverty.

In terms of analysis of policy documents on poverty reduction, we should mention **National Development Strategy “Moldova 2020”**. This is the first long-term strategic

¹¹ „European Integration: Freedom, Democracy, Welfare” Government Activity Programme for 2009-2013 <http://www.old.gov.md/lib.php?l=ro&idc=445>

¹² European Integration: Freedom, Democracy, Welfare” Government Activity Programme for 2011-2014 <http://www.old.gov.md/lib.php?l=ro&idc=445>

planning paper. Unlike previous strategic papers (EGPRSP and NDS), government plead for developing this development strategy from the perspective of an approach focused on tackling critical problems impeding qualitative and inclusive economic growth of the country based on constraints analysis. The emphasis is laid on changing development paradigm, which is hotly debated in society and its implementation by providing incentives for investment and removing critical barriers hampering economic activity.

Therefore, policies of “Moldova 2020” Strategy seek to develop a vision aiming at long-term sustainable economic growth, based on a diagnostic study of constraints to growth. In the same vein, we have stated that a change in development paradigm can occur only under the conditions of sustained effort from both the government and society as a whole. In relation to long-term strategic objectives, “Moldova 2020” Strategy focuses on 7 development priorities:

- Adjust education system to labour market requirements in order to increase labour productivity and employment rate.
- Public investment in local and national road infrastructure in order to reduce transport costs and increase access speed.
- Reduce funding costs by boosting competition in financial sector and development of risk management tools.
- Improve business climate by streamlining regulation framework and

applying information technologies in public services provided to business environment and citizens.

- Decrease energy consumption by increasing energy efficiency and using renewable energy sources.
- Financial sustainability of pension system to insure an appropriate wage replacement rate.
- Improve the quality and efficiency of justice and combat corruption to ensure fair access to public benefits for all citizens¹³.

According to the Report on poverty in the Republic of Moldova for 2013, drafted by the Ministry of Economy, the National Development Strategy “Moldova 2020” sets the goal, a quite ambitious one against the background of events in the country, to take out of poverty at least 149 thousand people or 20% of those living in poverty by 2020¹⁴.

In terms of strategy monitoring and assessment framework, the emphasis is put on the Government consolidated action plan and Medium Term Budgetary Framework as main tools to implement the Strategy. Annual upgrading of these two instruments of multiannual strategic planning will be conducted depending on priorities identified,

¹³ <http://www.timpul.md/articol/strategia-naionala-de-dezvoltare-moldova-2020-32456.html>

¹⁴ Report on poverty in the Republic of Moldova. 2013., Chişinău, 2014 http://www.mec.gov.md/sites/default/files/raport_privind_saracia_in_republica_moldova_2013_1.pdf

which would permit to tailor objectives to current situation. It was foreseen to carry out a preliminary evaluation in 2015 that had to be followed by the final evaluation in 2020 and submission of evaluation report to the Parliament.

Another important aspect in analyzing poverty reduction policies is signing the Millennium Declaration of 2000, by which the Republic of Moldova undertakes the commitment to contribute to poverty reduction internationally. Thus, in 200-2015, the government had set the following objectives:

1. Reduce the share of people whose consumption is under \$ 4.3 per day per person from 34,5% in 2006 to 29% in 2010 and to 23% in 2015
2. Decrease the share of population living below the absolute poverty line from 30,2% in 2006 to 25% in 2010 and 20% in 2015
3. Decrease the share of population living below the extreme poverty line from 4,5% in 2006 to 4% in 2010 and to 3,5% in 2015.

Despite this success registered by the official statistics, the activity aiming at poverty reduction in the Republic of Moldova has not come to an end yet. If we assess policies on the basis of three important criteria of obtaining results such as increase in remittances, well-targeted welfare system and increased income in agriculture, then we would come to the result that remittances and welfare systems

could provide short-term solutions, they being very fragile in relation to external factors and they lack long-term sustainability.

In this context, the year 2015 could be a sample test for the approach to poverty reduction in Moldova by the formula of transition from short-term to long-term solutions. For the future, an improved access to and higher quality of education, a more encouraging business environment and inclusive policies of economic growth will have to play the major role in poverty reduction as well as in establishing systems that would strengthen resistance to climate factors such as droughts.

Currently, government enjoys the support from UN agencies providing assistance to Moldovan authorities in this respect. Thus, the new Sustainable Development Goals (SDG) and global targets adopted by UN General Assembly in September 2015 have to become national targets of different countries. In this respect, Goal No. 1 – poverty reduction will be supported by the UN by open consultation with Moldovan population through making use of online and offline participatory instruments in order to collect as many solutions as possible with the aim to reduce poverty and estimate in a more trustworthy way the progress achieved.

Unlike the UN experts' statements, the economists of the World Bank maintain that the poverty level in the Republic of Moldova will increase over the next years. The unfavourable forecasts were made public in a new report by the World Bank covering Europe and Central Asia economies. The main reason for poverty is the crisis in banking sector and sharp increase in

prices. As a result, this year, the level of poverty in Moldova will reach almost 38% due to 25% of national currency depreciation against the US dollar, increased costs of loans and high inflation rates. According to the World Bank data, a large share of population will have to live on less than \$5 per day and despite a slight economic recovery in 2016, the living standards of Moldovans will not improve¹⁵.

These forecasts can be easily supported by the following exercise, according to the National Bureau of Statistics data, average monthly salary (in October 2013) amounted to **3 785, 8 MDL – about \$290**, while in 2014 average monthly salary reached **4172 lei – about \$ 220**¹⁶. As we can see in these data, the average income in the Republic of Moldova does not permit most Moldovans to earn a living and people are looking for alternative sources of income, additional jobs they do not declare.

Remittances are an important source of income within Moldovans' financial resources since 22% of households benefit from remittances. Thus, remittances account for over 57% of households' income, while in the rural area the share of remittances amounts to 60%. Most people in Moldova live in rural areas (58% in 2013) while about 34,2% of population is employed in agriculture (48,5% in services, 16% in industry)¹⁷.

As for the welfare system as a mechanism for implementing social policies in the Republic of Moldova, it is still in transition. According to social services management reform, there are three types of services people are benefitting from, which could be classified in primary ("community") social services, specialized social services and highly specialized social services. Currently, central authorities provide most highly specialized services but all other services are provided by district authorities. Despite recent improvements in the area, access to social assistance remains rather limited.

According to statistical data, on 1 January 2013, average monthly pension amounted to 957,6 MDL (about \$ 73) and registered unemployed could receive between 30% and 50% of the average salary in the country (3 785,4 MDL – average amount in 2013) depending on the reasons for being unemployed. In December 2008, Moldovan Government approved the National Programme on establishing integrated social services system for 2008-2012, promoted by the Ministry of Labour, Social Protection and Family, which aimed at solving the deficiencies of the current social welfare system. Also, there are various international organizations and nongovernmental organizations operating in the area of social protection.

According to statistical data, real GDP per capita in the country is the lowest in Europe over the last years and the World Bank ranks Moldova as a country with lower middle income. GDP per

tegy for Agricultural and Rural Development for 2014-2020.//Monitorul Oficial al Republicii Moldova, dated 10.06. 2014, No.152.

¹⁵ World Bank: Poverty in Moldova will increase. <http://mbc.md/rom/news/social/banca-mondia-la-saracia-in-moldova-va-crete/>

¹⁶ The Republic of Moldova population lives on the edge of subsistence minimum. <http://agora.md/analize/112/populatia-republicii-moldova-traieste-la-limita-minimului-de-existenta>

¹⁷ Decision No. 409 on approving National Stra-

capita based on purchasing power parity (PPP) was estimated at \$ 3 630 in 2012¹⁸.

In general, the country suffers from a high poverty incidence, particularly in rural

areas and has a high level of emigration. The Republic of Moldova is still the poorest country in Europe and ranks 113 out of 187 countries worldwide mentioned in 2013 Human Development Index.

¹⁸ FAQ - the Republic of Moldova, migration, human trafficking. ILO, Chişinău, 2014. http://iom.md/attachments/110_faqiomro2014.pdf



Conclusions and recommendations

Poverty reduction policies are national policies. Both poverty evaluation and instruments to fight it are developed depending on the standards of every state. For instance, developed countries like the USA and the European Union member states developed their own poverty reduction policies even though according to some Asian or African countries standards, they do not face poverty. Assessing the poverty scope stems from the pragmatism of socio-economic policy of a given society.

In order to formulate a complex set of poverty reduction measures it is necessary to determine the following aspects: temporary deprivation and poverty, which is a permanent need situation, associated to specific social features.

While formulating poverty reduction policies an often cited reason is the lack of public financial resources. Obviously, resources are important and they are the basis for any social policy, but they should not be regarded as decisive elements in estimating opportunities and capacities to launch a poverty reduction policy. Financial resources are important only for setting policy forms and scope, while their frequent mentioning is rather an attempt to find excuses for the incompetence to undertake significant actions and for disregarding a problem that is crucial for the whole community development¹⁹.

¹⁹ Milicenco S. Abordări multidimensionale ale fenomenului sărăciei. USM, Chişinău, 2014 p. 115-120

The country's government, while formulating poverty reduction policies, should thoroughly consider three structural elements relating to **prevention, recovery and support**.

1. Prevention: within the framework of poverty reduction policies refers to the set of activities aiming to eliminate poverty generating factors. Policies ultimate objective is poverty eradication resulting in preventing poverty appearance. Poverty is a social phenomenon and a natural and inevitable risk for every society with no exceptions. Therefore, measures to prevent poverty are necessary in any society not only in those that are faced with high risk of poverty. For this reason, measures, aiming to prevent the situations characterized by socio-economic difficulties to turn into poverty situations, are a means to combat poverty in any social policy context. We can identify the following recommendations to prevent poverty:

- prevent income to fall below minimum living standards;
- create jobs that would ensure personal material well-being;
- create and develop capacities to generate well-being by training, maintaining and developing human potential to ensure successful production in new contexts;

- monitor and evaluate poverty generating situations;
- Protect and provide assistance to socially vulnerable groups in the economic system, which means professional training of employees with low qualification and supporting initiatives of small and medium-sized enterprises.

2. Recovery from poverty refers to measures aiming to alleviate poverty situation, which are specific for different social categories:

- create opportunities to generate revenues if there is a deficit of these opportunities;
- correct deficits of economic, motivational and socialization capacities;
- create a social support system that would avoid dependence and encourage self-support, which could be achieved through both developing capacity to identify income sources and encourage participation in community interest activities;
- minimize social processes that maintain poverty, such as fighting crime, unemployment etc.

3. Support as tactics within policies is provided in the situations where prevention and recovery cannot be efficiently realized and occurs as state intervention, particularly targeted at

compensating for a severe lack of resources. Support policies catering for those in need, seek to provide beneficiaries with minimum amount of resources needed for a decent living and recovering from the difficult situation they face. Support policies of poverty reduction measures have the form of the following mechanisms:

- social aid in cash or in kind for categories in acute difficulty that, for the time being, cannot overcome this situation;
- aid in cash or in kind to categories that are unable to provide for themselves and are not supported by other social security systems, such as persons who are off work but are not eligible yet for unemployment allowance²⁰; the elderly that do not enjoy enough social security; other different situations where the gap resources-needs is too large for being offset by the system providing benefits to concrete categories;
- support provided for purchasing housing to those unable to accomplish these actions and who are in acute difficulty such as the youth who are homeless, families with many children and low income, and others who, for various reasons, do not have the resources to purchase housing;
- support for developing the capacity to produce goods necessary for personal consumption, which is an efficient

²⁰ Law of the Republic of Moldova „On employment and social protection of persons in search of employment”, No.102-XV of 13.03.2003 (art. 29).

compensation factor for the economic incapacity to provide required resources. These activities could gradually become an economic activity competitive on the market; on the other hand they develop and maintain the capacity and motivation of productive activity and self-support.

In order to change the situation of poverty reduction policies, it is recommended, at this

stage, that Moldovan authorities restore, first of all, macro-financial stability. They also have to pursue structural reform implementation, with the support of development partners in order to improve country's competitiveness. Therefore, the lower the poverty line the fewer people are considered to be poor. However, the number of poor people is increasing and this tendency should further be of a major concern for those developing policies in the Republic of Moldova.

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