

## Contextual background on Moldova

### A. Historical and political context

Moldova is a small, landlocked country situated towards the east of the UNECE region, bordering Romania and Ukraine. It has a population of some 3.6 million people, of whom 53 per cent live in urban areas. The capital city, Chişinău, is home to 19 per cent of the total population.<sup>3</sup>

At present, Moldova is dealing with a major political deadlock following elections on 5 April 2009. No single party achieved a majority in these elections, making it impossible for Parliament to reach a consensus and elect a President. Two subsequent parliamentary elections (29 July 2009 and 28 November 2010) and one referendum (5 September 2010) have not succeeded in overcoming this political impasse.

**Table 2: General facts about Moldova**

Full name	Republic of Moldova
Capital	Chişinău
Total population in 2010	3.6 million
HDI in 2010	0.623 (rank 99)
Gross average monthly wage (Moldovan Lei/United States dollars) in 2010	2981.90 / 241.10
Minimum monthly pension for non-agricultural workers (Moldovan Lei/United States dollars) for 2011	641 / 54.81
Average monthly pension (Moldovan Lei/United States dollars) at the end of 2010	810.86/ 66.74
Employment/unemployment rate in 2010 (per cent)	38.5 / 7.4
GDP per capita at current prices, PPP (United States dollars) in 2010	3088

*Sources: National Bureau of Statistics (2010b), NCPD (2011a), UNDP (2011a), UNECE (2011a). All data are for the most recent year available and do not include the region of the left side of the river Nistru and municipality Bender.*

The second city, Bălţi, contains a further 4 per cent of the population.

Part of the Union of Soviet Socialist Republics from 1940 onwards (following the Ribbentrop–Molotov pact), Moldova proclaimed its independence on 27 August 1991, a few months before the dismantling of the Soviet Union. The period of transition from a totalitarian society with a centrally-planned economy to a liberal democratic society based on a market economy was characterized by political instability and economic regression.

As part of the reform, a new constitution was adopted in 1994.<sup>4</sup> The president is the head of state, elected by parliament for a four-year term and eligible for a second term. The prime minister, designated by the president, is the head of the government and requires a vote of acceptance by parliament for his or her proposed programme of activities and for the ministerial composition of the cabinet.

A pro-European coalition government was created after the 2009 and 2010 elections by a three party alliance (the Alliance for European Integration) which changed the country's political orientation following eight years of communist rule. However this alliance did not acquire the parliamentary majority required to elect a President.<sup>5</sup>

One of the priorities of the current government is finding a solution for the Transnistrian conflict, which has its roots in the years following Moldova's declaration of independence. A short but bloody military conflict led to the region proclaiming its autonomy. However, this region is not internationally recognized as being autonomous. Despite continuous efforts to solve this issue no consensus has yet been reached.<sup>6</sup> The Transnistrian conflict not only affects the political stability of the country but also causes problems with data collection for developing national policies. Many data are not available for the Transnistrian region (the region of the left side of the river Nistru and municipality Bender).<sup>7</sup>

<sup>3</sup> When considering the city of Chişinău (22 per cent when taking into account the municipality of Chişinău).

<sup>4</sup> Constitution of the Republic of Moldova (29 July 1994)

<sup>5</sup> Parliamentary Assembly of the Council of Europe (2011) p.3

<sup>6</sup> Ibid. p.5

<sup>7</sup> Unless otherwise specified, data cited throughout this document are exclusive of the region of the left side of the river Nistru and municipality Bender.

## B. Economic context

Moldova is the poorest country in Europe in terms of GDP per capita,<sup>8</sup> and the third poorest in the UNECE region (after Kyrgyzstan and Tajikistan).<sup>9</sup> The UNDP Human Development Index (HDI) places Moldova in 99th position out of 169 countries,<sup>10</sup> below the regional and even the world average level.

The collapse of the Soviet Union triggered a deep economic recession that lasted for a decade. Government reforms, however, together with the increasing size of remittance flows, contributed to a period of steady economic recovery and growth. By 2008 the real GDP had risen to 1.6 times its 2000 level, and GDP per capita for the same period increased by 4.8 times (from 354 to 1,694 United States dollars at current prices).<sup>11</sup> However, average real wages were still 28 per cent lower than their 1990 level.

Living conditions have improved considerably since the turn of the twenty-first century. In 2009, 26.3 per cent of the population was still living in poverty,<sup>12</sup> but viewed relative to the level of 67.8 per cent recorded in 2000, this represents significant progress.<sup>13</sup> Moldova was hit hard by the global economic crisis in 2009. GDP fell by 6.5 per cent during 2009,<sup>14</sup> although recovery has also been rapid and in 2010 the growth rate returned to 6.9 per cent.<sup>15</sup>

Traditionally Moldova has been an agrarian-industrial country. Industry is concentrated mainly in the Transnistrian region (the region of the left side of the river Nistru and municipality Bender); in 1990 Transnistria generated 40 per cent of the country's economic output including 33 per cent of its industrial production and 90 per cent of its energy.<sup>16</sup> Hence the loss of control over this region has been a considerable blow for the country's economy. Having an abundance of arable land and with no significant quantity of mineral resources, Moldova's economy has relied mainly on agriculture. In the 1990s over half of the workforce was employed in this sector and it was responsible for almost 30 per cent of the GDP. During the last decade, the structure of the Moldovan economy changed radically, with a major decline in the importance of agriculture. Figures for 2010 indicated that agriculture employed 28 per cent of the work force and accounted for 13.4 per cent of the GDP.<sup>17</sup>

<sup>8</sup> Vaculovschi et al (2011) p.17

<sup>9</sup> UNDP (2011b)

<sup>10</sup> Ibid.

<sup>11</sup> Ministry of Economy and Trade (2009). Note that considerably higher GDP per capita figure in the table 1 results from using the standard international Purchasing Power Parity (PPP) rate and not the current market exchange rate.

<sup>12</sup> Vaculovschi et al (2011) p.45

<sup>13</sup> Ibid. p.45

<sup>14</sup> Ibid. p.46

<sup>15</sup> National Bureau of Statistics (2010a)

Formal labour force participation rates have been in decline since 2000, falling from 54.8 per cent in 2000 to 38.5 per cent in 2010. Unemployment stood at 7.4 per cent in 2010.<sup>18</sup> In terms of gender, the proportion is well balanced, with women representing 49.9 per cent of employed persons. The difference between employment in urban and rural areas has slightly increased with a 42.7 per cent in urban areas and 35.4 per cent in rural areas. Full time employment dominates the market, with a 90 per cent share. More than a quarter of employed persons are not satisfied with their job, the main reason being the low income. Moreover, 18.1 per cent consider their current job to be beneath their level of qualification.<sup>19</sup>

An important aspect of the Moldovan economy is the remittances sent back home by migrant workers. In 2010, over 25 per cent of the active population was working abroad.<sup>20</sup> The volume of remittances has increased continuously since the mid 1990's, reaching a peak in 2006 when the amount of money received as remittances represented 34.6 per cent of the GDP. Following the global economic crisis, the ratio of remittances to GDP dropped to 22.4 per cent in 2009 (rose to 23.6 per cent in 2010),<sup>21</sup> putting Moldova in second place in the UNECE region after Tajikistan.<sup>22</sup>

## C. Demographic context

The size of Moldova's population reached a peak in 1992 at 4.4 million, and has been declining continuously since then. The rate of decline was greatest during the period 2000-2005, during which the population (including that of the region of the left side of the river Nistru and municipality Bender) declined by an average of 1.73 per cent per year. The rate of decline has now slowed and stands at a projected 0.68 per cent per year in the period 2010-2015.<sup>23</sup>

Fertility in Moldova declined to very low levels following the collapse of the Soviet Union,<sup>24</sup> compounded by an 'echo' of low fertility in the preceding generation (cohorts born in 1965-1970), so that the pyramid below shows a significant narrowing in the cohorts born since 1990. Fertility has been below replacement level since the early 1990's.

<sup>16</sup> Vaculovschi et al (2011) p.43

<sup>17</sup> National Bureau of Statistics (2010b)

<sup>18</sup> Ibid.

<sup>19</sup> National Bureau of Statistics (2010a)

<sup>20</sup> Estimates based on data of National Bureau of Statistics (2011a)

<sup>21</sup> World Bank (2011a)

<sup>22</sup> Ibid.

<sup>23</sup> United Nations Population Division (2011)

<sup>24</sup> Official statistics differ noticeably from United Nations figures. Although the latter include the region of the left side of the river Nistru and municipality Bender and the Moldovan national statistics do not, this cannot account for the magnitude of the difference. The figure used in table 3 is from the United Nations.

According to the population census in 2004, the majority of the population, 75.8 per cent, is ethnically Moldovan. Ukrainians are the second largest group (8.4 per cent), followed by Russians (5.9 per cent), Gagauz (4.4 per

cent), Romanians (2.2 per cent) and Bulgarians (1.9 per cent). Other small ethnic groups represent about 1 per cent of the population.<sup>25</sup>

**Table 3: Selected demographic indicators for Moldova, 2010\***

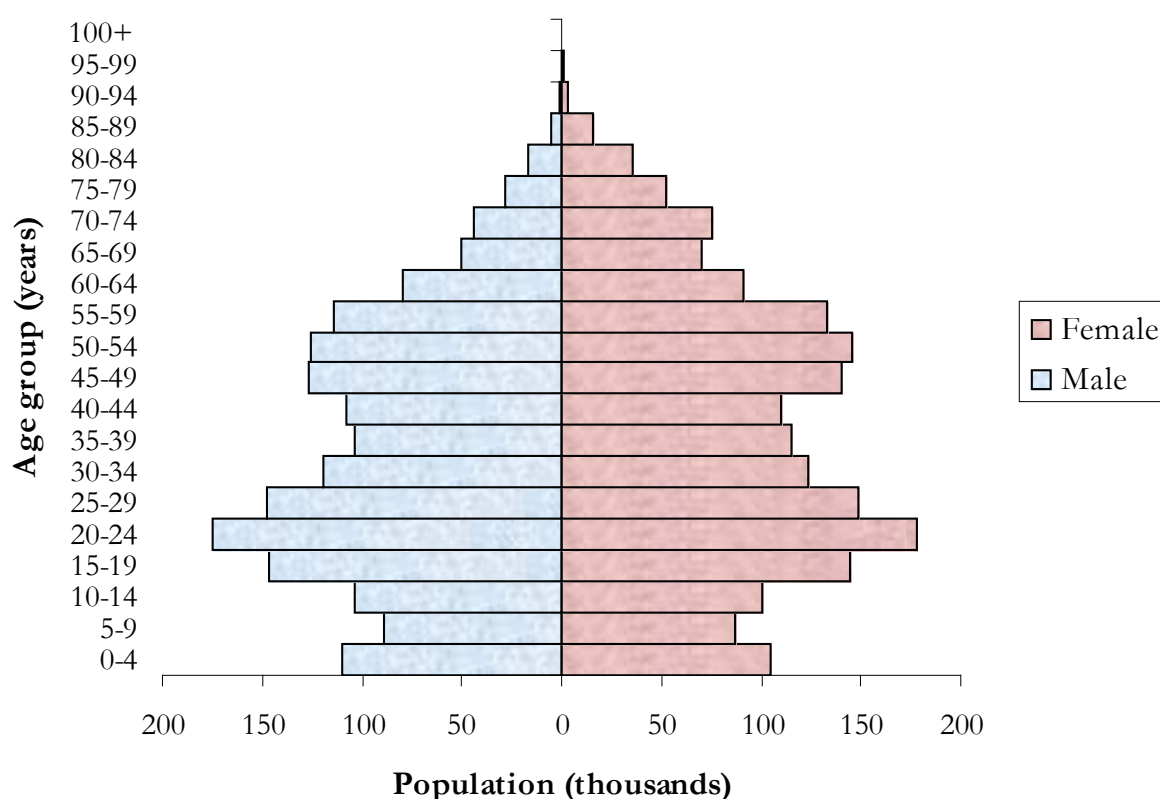
Life expectancy at birth (years)	66.15 (male); 73.48 (female)
Life expectancy at age 65 (years)	12.01 (male); 14.98 (female)
Total Fertility Rate (children per woman)	1.45
Median age (years)	35.17
Population growth rate (per cent per year)	-0.68
Net migration rate (per 1,000 population)	-5.87
Population aged 65 years or above (per cent)	11.15

Source: United Nations Population Division (2011).

Note: These estimates include the region of the left side of the river Nistru and municipality Bender and due to this and the differences in estimation and modelling methods they may differ slightly from Moldovan official statistics, which exclude it..

\* Life expectancies, total fertility rate, population growth rate and net migration rate are medium-variant projected annual averages for the period 2010-2015.

**Figure 1: Age structure of the population of Moldova, 2010**



Source: United Nations Population Division (2011).

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<sup>25</sup> National Bureau of Statistics (2010b) p.40

## D. Institutional framework for ageing-related policies

The main responsibility for ageing-related policies in Moldova lies with the Ministry of Labour, Social Protection and Family, and specifically with the demographic policy section.<sup>26</sup> Other departments of this ministry are involved in particular areas; these include the departments of employment relations and social partnership, human resources development and employment policies, wage policy, insurance policies, social assistance, the social protection of people with disabilities, and analysis, monitoring and policy assessment. For specific issues related to health care or education, responsibility lies with the respective line ministries. Table 4 shows the ministries which make up the current Government of Moldova.

There is no purely inter-ministerial mechanism specifically dedicated to discussing cross-cutting issues on ageing or intergenerational relations. However, several different ministries are involved in the National Commission on Population and Development, which is headed by the Deputy Prime Minister, with the Minister of Labour, Social Protection and Family as its vice-president.<sup>27</sup> The Commission, established in 2007,<sup>28</sup> is in charge of coordinating population and development-related activities between ministries, academia and civil society, and is supported by several international organizations. It has the task of analyzing demographic phenomena,

identifying priority issues, programmes and policies, devising strategies and making recommendations. Its Executive Office consists of a president and vice-president, along with the deputy minister of health, the director-general of the National Bureau of Statistics, and the Programme Coordinator of UNFPA Moldova. The Commission's Secretariat, which carries out the day-to-day functions of the Commission, is composed of the staff of the demographic policy section of the Ministry of Labour, Social Protection and Family, whose chief of section also serves as the secretary of the Commission.

A major element of the Commission's work in 2010 was the drafting of a National strategic programme on demographic security for 2011-2025, intended to serve as an instrument to guide population policies in the future. A draft of this Strategic programme was opened for public consultation during 2010, and the final version of the Strategic programme incorporates contributions made during this consultation period. Since the Strategic programme makes only limited reference to the challenges of ageing, it is intended that the observations and recommendations of the present Road Map will be treated as a complementary document, to be viewed in association with the Strategic programme, giving the National Commission on Population and Development the same powers of oversight (monitoring, evaluating and ensuring implementation) over the Road Map as over the whole Strategic Programme on Demographic Security.

**Table 4: Ministries of the Republic of Moldova as of September 2011**

Ministry of Economy
Ministry of Finance
Ministry of Justice
Ministry of Internal Affairs
Ministry of Foreign Affairs and European Integration
Ministry of Defence
Ministry of Regional Development and Constructions
Ministry of Agriculture and Food Industry
Ministry of Transport and Road Infrastructure
Ministry of Environment
Ministry of Education
Ministry of Culture
Ministry of Labour, Social Protection and Family
Ministry of Health
Ministry of Technologies and Communications
Ministry of Youth and Sports

<sup>26</sup> The Ministry of Labour, Social Protection and Family was created by law no. 21-XVIII (18 September 2009). Between 2006 and 2009 the equivalent ministry was the Ministry of Social Protection, Family and Child. Prior to this there was a Ministry of Health and Social Protection which in 2006 was

divided into the Ministries of Health and of Social Protection, Family and Child.

<sup>27</sup> More information on the Commission can be found at <http://demografie.md/>

<sup>28</sup> By Government Decision no. 126 (7 February 2007)

### Recommendations

1. Continue to develop mechanisms for coordinated inter-ministerial collaboration on policymaking related to ageing, especially through the work of the National Commission on Population and Development.
2. Strengthen the role of the National Commission on Population and Development in implementing the Strategic programme on Demographic Security and the recommendations of the present Road Map for Mainstreaming Ageing, including establishing a basis for allocation of ring-fenced funds targeted at the implementation of the actions identified in the action plan.
3. Build capacities within regional and local authorities (at all levels from communes to districts) to enhance their ability to undertake whatever actions may be relevant to them in the implementation of ageing-related policies formulated at the national level. In particular, establish coordination mechanisms to facilitate exchange of information between these different authorities so that they can learn from good practices existing elsewhere.
4. Explore possibilities for setting up structures, whether formal or informal, similar to the National Commission on Population and Development (possibly sub-branches of the national commission) at the levels of regional and local authorities, to enhance coordination and exchange of information and good practices between these authorities and non-state actors such as NGOs.





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