

***Workshop “Millennium Development Goals in the Republic of Moldova:
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MDG 1: Eradication of Extreme Poverty and Hunger

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Goal 1 “Eradication of Extreme Poverty” is a starting and key task among those established by the UN Millennium Declaration (September 2000) for every country-member of the world community, both rich and poor. The first ones are to participate more generously in global partnership for development (including through international financial and humanitarian organizations), while the second ones, i.e. the poor countries, are to make more active attempts to “save themselves” through raising the quality of governance, creating a favorable environment for economic activities and improving the social assistance system for those, who really require aid of the state and society.

Based on the examination of the *MDG Desk Study – Republic of Moldova and Working Paper on Goal 1 “Eradication of Extreme Poverty”*, one can say there has been done quite a professional work and I would like to call your attention to some comments and proposals regarding this issue.

Measuring – nature of poverty – policy. Although a trustworthy determination of the poverty’s scale and manifestations is very important (which needs an adequate system of indicators and the statistics), understanding the nature and causes of poverty is no less important for any country, including the Republic of Moldova. Only such an approach can allow elaboration of a purposeful policy and realization of concrete state actions to reduce the poverty.

Peculiarities of post-socialist poverty. The poor in all countries have much in common: lack of property (assets), limited access to resources and services, low living standards, poor health, confined social interrelations, perception of themselves as the “second chop” people, feeling of being unprotected and powerless.

The poverty in the Republic of Moldova, a post-socialist country, which is converting to democracy and market under the collapse of old economic and social systems, have quite a few peculiarities, such as:

- quick expansion of the poverty zone (during 1994-2000 mainly) that has later become stagnant;
- among the indigent dominate the “new poor” who have education, dwelling (and land – those living in rural areas), but lost their life goals, confidence of the future;
- loss of important social contacts (in labor collectives, with relatives and friends, especially in other post-soviet countries), which are now being compensated through religion in form of different confessions and sects or alcohol and narcotics.

Poverty and feebleness. The majority of Moldova's population considers the transition process to be the reality they cannot affect, the cause of their degradation and losing an adequate position in the society. While indicators used now in Moldova to monitor the poverty are quite diverse, it is important to distinguish three degrees of poverty: misery, indigence and neediness.

Phenomenon of *neediness* existed in soviet times as well, when "underprovided population groups" were marked out and assisted by the state. In MSSR, after 1958, when regular household budget surveys began, this contingent of the population usually accounted for 10-13%. Now, according to opinion polls, there are no less than 45-50% of the population within this zone, on the verge of poverty and material well-being. Most of them are persons who belonged to groups of moderate or higher incomes in the past.

Indigence (medium poverty) is being experienced by those who have means for the simplest physiological needs, but lack money for medical treatment, education, payment of communal services. 15-20% of the population ascribe themselves to this category.

10-12% of the population is in *misery*, which means these persons lack even the physiologically necessary means and are constantly undernourished. The reference point here is cost of the minimal foodstuff basket.

And only mere 7-10% of Moldova's population can be referred to as rather well-to-do or even rich.

The negative consequences of such population structuring are obvious: everyone is feeling unprotected and uncertain (including the "new rich") in the future; there is no middle class; emigration and mass labor migration abroad; polarization of political preferences in favor of the "leftists" or the "rightists"; apathy and feeling of isolation from the society.

Actions of the population. How do people fight poverty? The main ways are: reducing expenditures, sale of belongings and assets (dwelling, land), homestead land, street trade, shadow sector employment, labor migration abroad, risky and illegal forms of wages (contraband, prostitution, human organs trade). And the result is depopulation of the country, de-urbanization, degradation of general health and educational level. Human capital – the future of the country – is in jeopardy.

Actions of the state. The majority of people think that it is politicians and the government who are to blame for their poor condition: "the state has initiated reforms and thus must be the one who accounts for the results". Attention of the Government to the problem of poverty was belated; only after 1997 first attempts were made to assess and analyze the poverty phenomenon in Moldova. But still there was no Government action plan (out of nine governments after 1991) that would mention "fighting poverty" as a key task, vitally important for the country's destiny.

Two consecutive approvals by the Government of the “Interim Poverty Reduction Strategy” (December 2000 and April 2002) were mainly formal, since in its three main parts – economic growth, human development and social protection – it did not show materially in realization of the state employment program through private sector and small business support, improvement of investment climate and access to resources, reduction of taxation, reformation of education and healthcare, as well as targeting the social assistance system.

Order and coordination of the government’s actions to reduce poverty were approved in many countries (*see the scheme*). Political will and succession of actions of alternating governments are necessary as fighting poverty (along with solution of urgent tasks) is a long-term process. Evaluating the Government actions it is important to take permanent account of the impact of reforms on the poor. Are reforms pro-poor?

Conclusion. Achieving the MDG-1, including Target1 and Target2, in the Republic of Moldova is quite feasible till 2015 on condition that there *will be a successive pro-poor reforms policy*, which presupposes the following:

- country leadership is essential;
- focus on measurable results and outcomes for the poor;
- comprehensiveness of scope, recognizing multidimensional nature of poverty;
- emphasis on partnerships, collaboration between Government and external partners based on medium/long term perspective;
- participation of civil society in policy monitoring and implementation.

The proposal is that it is necessary to supplement the chapter “Goal 1: Eradicate Extreme Poverty and Hunger” of the MDG Desk Study – Republic of Moldova with a list of specific directions to reduce poverty recommended for the Government, such as: macroeconomic and budget priorities; income policy; entrepreneurship support; rural development; social assistance, etc.

These actions for the nearest future should correspond to those stipulated by the EGPRSP – the government’s Economic Growth and Poverty Reduction Strategy for 2004-2006. Further on, they can be denoted guided by the EU Copenhagen Criteria and the country’s programs related to involvement into the European integration processes.

