



Goal 1

Tatiana GRIBINCEA

# REDUCE EXTREME POVERTY AND HUNGER

Civil Society and Private Sector Contribution to  
Achieving the National Targets of MDG 1 in the  
Republic of Moldova



The project is funded by the European Union



# CONTENTS

LIST OF ABBREVIATIONS .....	2
EXECUTIVE SUMMARY .....	3
INTRODUCTION.....	5
<b>CHAPTER 1</b>	
<b>MDG 1 IN MOLDOVA: GENERALIZATIONS .....</b>	<b>8</b>
<b>CHAPTER 2</b>	
<b>MDG 1: MAJOR TRENDS AND THE CURRENT SITUATION IN THE FIELD .....</b>	<b>13</b>
<b>CHAPTER 3</b>	
<b>THE ROLE OF CIVIL SOCIETY IN REACHING MDG 1 GOALS.....</b>	<b>26</b>
3.1. Knowing the development priorities.....	28
3.2. Policy advocacy .....	29
3.3. Services providing.....	30
3.4. Raising awareness and information.....	31
3.5. The role of modeling .....	32
3.6. NGOs contribution to change.....	32
<b>CHAPTER 4</b>	
<b>THE ROLE OF THE PRIVATE SECTOR IN REACHING THE MDG 1 GOALS.....</b>	<b>35</b>
4.1. Awareness of the MDGs 1 .....	35
4.2. The contribution of the private sector in reaching the goals of MDG 1 through their main activity.....	35
4.3. Corporate social responsibility .....	38
4.5. Philanthropy and community investments .....	39
4.6. Policy dialogue .....	40
4.7. Contribution to change.....	40
<b>CHAPTER 5</b>	
<b>CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>42</b>
<b>BIBLIOGRAPHIC SOURCES .....</b>	<b>44</b>



# LIST OF ABBREVIATIONS

**LPA** – Local Public Administration

**SSBI** – The State Social Insurance Budget **NBS** – National Bureau of Statistics

**HBS** – Household Budget Survey

**IMF** – International Monetary Fund

**OIAD** – Objectives internationally agreed development

**HDI** – Human Development Index

**MH** – Ministry of Health

**MLFC** – Ministry of Labour, Family and Child

**MDG** – Millennium Development Goals

**UN** – United Nations

**OECD** – Organisation for Economic Cooperation and Development

**OSCE** – Organization for Security and Cooperation in Europe

**PPP** – Purchasing Power Parity

**SIDA** – Swedish International Development

**NDS** – National Development Strategy



# EXECUTIVE SUMMARY

This report examines the role of civil society and private sector in the Republic of Moldova in achieving the Millennium Development Goal 1 “Eradicate extreme poverty and hunger” (MDG 1). In the study took part in the civil society and the private sector and relevant government institutions and relevant international organizations.

The first two chapters of the report refer to the presentation of major trends in achieving MDG 1 by the Government and the problems faced currently.

The Republic of Moldova promotes modernization and updating in line with European standards of social protection of the poor and at the same time takes measures to ensure consistent, whenever possible, existence of a minimum and prevent marginalization and social exclusion of persons in risk.

However, Moldova is now facing a higher level of number of people living in poverty, compared to many countries in Europe.

This study also highlights the active role and contribution that civil society organizations and the private sector demonstrate in their work, contributing to the implementation of the Millennium Development Goal 1 „Eradicate extreme poverty and hunger” (MDG 1) based on cooperation with State authorities and international organizations. Progress in eradicating poverty and hunger is possible due to the implementation of various programs of social support, and various measures as appropriate in agriculture and small and medium business development, including support of development partners in the country. Some of the necessary measures mentioned refer to the development of social assistance, especially social assistance to lower income persons and the establishment of a National System of Case Referrals. A particularly important role in carrying out and implementing social programs is played by civil society organizations and to a certain extent, the private sector.

In this context, in two separate chapters was reviewed and evaluated the contribution of civil society organizations (CSOs) and private sector to achieve MDG 1 through activities such as: policy advocacy, service, information and raising public awareness. The study highlighted the key actors, territorial distribution, size, and highlighted the problems they face in the process involved in achieving MDG 1. It should be noted that the network of NGOs in the socio-economic is quite large, about 3400 organizations, but those that really are active and involved in changes in the community are relatively few. The same is true for the private sector, given the fact that very few businesses engage in social entrepreneurship and social responsibility activities.

Recent studies have concluded that the greatest achievements of CSOs in this area relate to:

- ◆ participation in developing and promoting the legal framework on social assistance;
- ◆ participation in developing public-private partnerships;
- ◆ developing and promoting participation in the National Strategy for creating integrated social services;
- ◆ advocacy to promote policy to improve the legal framework related to providing transparent process;
- ◆ advocacy for the elaboration of social services, approved by the Minister of Labour and Social Protection;

**Reduce extreme poverty and hunger**

## Goal 1

- ◆ participation in relevant round tables;
- ◆ providing comments on draft laws and legislation;
- ◆ promotion of voluntary insurance in agriculture, promoting non-governmental pension funds;
- ◆ promotion of savings and loan activity;
- ◆ promoting more social, medical and educational services nationally;
- ◆ involvement in community mobilization and family education;
- ◆ awareness campaigns on preventing poverty;
- ◆ developing partnerships with local governments; monitoring the implementation of public policies in the field;
- ◆ awareness of how significant the problem is and how to resolve it.

When referring to the types of services provided by civil society organizations in areas tangential to achieving **MDG 1**, they are specifically related to:

- ◆ guidance services;
- ◆ psychological services;
- ◆ vocational guidance and employment aid;
- ◆ schools inclusive of children with disabilities;
- ◆ social canteens;
- ◆ day care centres for the elderly;
- ◆ charity events;
- ◆ food packages.

A detailed analysis of the results of analytical work performed is shown in the report below. We want to thank everyone who contributed and participated in the present study, including members of the working group, comprising representatives of relevant government authorities, international organizations, civil society organizations, businesses and independent consultants.





# INTRODUCTION

The relevance of the reducing poverty and hunger objective is undeniable for a country with such low-incomes as Moldova.

Since 1998, poverty in Moldova has experienced a rapid growth, starting to decline only in 2000. In 2006 he began to apply a new methodology for estimating poverty rates, leading to a change in the targets that concerned reducing poverty and hunger.

Since 2008, for the first time in the last three years, poverty has grown, mainly due to its expansion in rural areas. Another reason for the increase in absolute poverty at that time was closely related to the decline in the number of the poor, who represent an important source in overcoming poverty for the population – the highest rate of absolute poverty was recorded in the fourth quarter of 2008, when remittances fell.

However, since 2010 the poverty in Moldova registered a significant decrease compared to previous years. The percentage of the poor with consumption less than absolute poverty was 21.9% and decreased in comparison with 2009 by 4.4 percentage points. Absolute poverty has been on average per month per person 1015.9 lei, increasing to 2009 by 7.4% since the average Consumer Price Index was 107.4% a year. Extreme poverty was 549.4 lei, while the share of population with consumption below this level constituted 1.4%. Thus, about 734,900 people were consuming less than the absolute poverty line and about 46,300 people – consuming under the extreme poverty line.

## Purpose of the study

This report aims to analyze the basic issues, contributions and role of civil society organizations and the private sector in achieving the Millennium Development Goal 1 „Reducing extreme poverty and hunger”.

## Objectives

- ◆ identify activities they carried out by the four categories of participants (civil society organizations, private sector, Government and international donors) to achieve **MDG 1** and identify their potential future plans for accelerating the attainment of national objectives;
- ◆ identify current views on the involvement of governmental institutions and other actors in the future to achieve **MDG 1** and currently existing gaps or obstacles; determine the needs of CSOs, donors and private institutions on possible actions that would be required to take government institutions to achieve **MDG 1**;
- ◆ determining the level of understanding of the MDGs and national targets for **MDG 1** by the four categories of respondents, and identify whether they follow the international agenda in the field;
- ◆ Identification of recommendations from each group of respondents on necessary actions to be taken in the short and medium term, to accelerate progress in achieving national goals for **MDG 1**.



## Importance of the subject analyzed

This study is an identification of the contribution and role of civil society organizations and the private sector in reaching the adequate goals, mainly with reference to achievements, best practices, potential obstacles and problems encountered and recommendations for overcoming the obstacles identified, determine strengths, weaknesses and needs.

## Methodology and its limitations

Research methods applied in this study are:

- ◆ *Analysis of social documents* – official documents of policies for reducing poverty and hunger in Moldova, studies, analytical reports made by national and international experts in the field, the national database. Relevant statistical data were provided by the National Bureau of Statistics. We relied on these resources especially in developing the first and second chapter of the report, which presents the current situation and major trends in this field;
- ◆ *Focus group (2 cluster sessions)* – organized to validate the methodology and the research report, focus group members were representatives of categories of respondents included in the research: government organizations, NGOs, private sector representatives and international organizations;
- ◆ *Structured interviews* – to identify the contribution of civil society organizations and the private sector in achieving **MDG 1**. Interviews were conducted with representatives of the research group, to identify the various stakeholders and identify the role and contribution of CSOs and the private sector in achieving **MDG 1**;
- ◆ *Case studies* – present practices in the field that can be promoted and undertaken by relevant organizations.

The study is divided into four chapters, as follows:

- ◆ **Chapter 1: MDG 1 in Republic of Moldova – generalizations.** The first chapter is a presentation of the Millennium Development Goal 1 “Reducing extreme poverty and hunger” and its targets, both in their national and international enunciation. It is also an analysis of differences between the local and international enunciation of **MDG 1**, with explanations as to why the national enunciation was changed.
- ◆ **Chapter 2: MDG 1 – the major trends and current situation in the field.** This chapter outlines public policies implemented by the Government in recent years, which clearly had a social orientation, more than 60% of the national public budget is directed towards social actions. The National Development Strategy (NDS), which was the main strategic planning document of the Republic of Moldova, has established the human resource development and social inclusion as one of the five priorities set.
- ◆ **Chapter 3: The role of civil society in achieving MDG 1.** Presented in this chapter is the development of the associative sector and awareness of civil society organizations towards the MDGs 1, the role the CSOs have in this area. Also evaluated in this section is the CSOs’ contribution to achieving **MDG 1** through activities that may be included in four areas: 1) policy advocacy, 2)



providing services to various segments of society, 3) information and raising public awareness and 4) adopting and serving as a model of good practice.

- ◆ **Chapter 4: The role of the private sector in achieving the MDG 1.** Presented in this chapter are forms of partnership developed by the private sector with governments to reduce poverty and hunger, which relate to: funding programs developed by NGOs, studies, research, policy development, social development programs, information and raising awareness, training, workshops, conferences. Private sector involvement in poverty eradication is essential, as directly supported by research participants, but also noted that in all actions and projects state support is needed.

**Conclusions and recommendations.** This chapter is developed as a result of an initial assessment, which highlights the findings and recommendations largely of a more specific character, rather than general.





# CHAPTER 1.

## MDG 1 IN MOLDOVA: BACKGROUND

The Republic of Moldova has committed to reduce extreme poverty and hunger by the end of 2015. Thus, although poverty is on a downward path since 2000, Moldova still remains classified as a low income country.<sup>1</sup> However, since 2008, for the first time in the last three years, poverty has grown and the economic crisis in Moldova has amplified in 2009, affecting even more the population's standard of life and increasing the poverty level. This required the strengthening efforts of authorities, civil society and development partners to support vulnerable people of the country and prevent social exclusion. However, regardless of the circumstances, Moldova has already managed to reach the 2010 intermediate target and final target set for 2015 as referred to extreme poverty.

### International targets

- ◆ Reduce by half, between 1990 – 2015, the proportion of people living under \$1 a day (PPP).
- ◆ Reduce by half, between 1990 – 2015, the proportion of people who suffer from hunger.

With a GDP per capita of U.S. \$ 2500, Moldova has the lowest income in Europe and ranks 171 in the world, being surpassed by most of the CIS countries – Turkmenistan, Uzbekistan, Armenia, Azerbaijan, Kazakhstan and others. Albania, which in 2000 had the lowest incomes in Europe, reached in 2008 a GDP per capita of U.S. \$ 6,000.

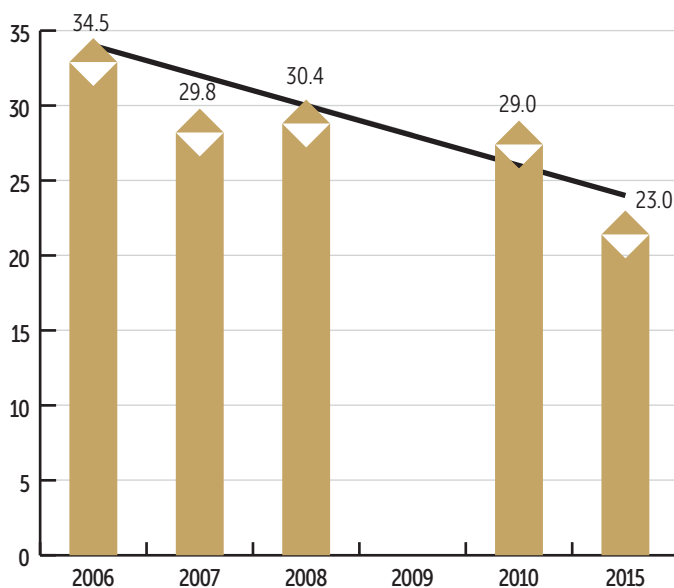


Figure 1.  
**Poverty rate, according to international threshold, %**

Source: Report on the Millennium Development Goals: "New Challenges – New Objectives" [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file)

1 The World Factbook, Central Intelligence Agency, 2009



In 2007, Moldova sets for the first time MDG targets in reducing the share of population with consumption below \$ 4.3 per day / person (PPP), 2006 being taken as a base year, the indicator had a value of 34, 5%. A year later, in 2007, the poverty rate according to the international threshold was 29.8% and decreased in comparison with 2006 by 4.7 percentage points (see Chart 1). Following the evolution of this indicator in 2007 and comparing the poverty of that year with 29% interim target set for 2010, it was very likely for the proposed medium-term objective to be achieved successfully. But the evolution of poverty in 2008 reduced the probability of reaching the intermediate target before 2010. Thus, the poverty rate calculated in 2008 according to international threshold was 30.4% and up 0.6 percentage points compared with last year.

The increase in poverty was due to its expansion in rural areas. Substantial dependence of incomes on weather conditions (drought recorded in 2007) due to high share of agricultural activities in rural areas and reduced income from marketing agricultural production in 2008 as a result of reduction in prices for fruit and vegetables were the main causes of poverty growth in rural areas, where about one third of the population employed in the economy operates.

Given the international targets set, each country developed national targets based on the characteristic context. In the case of Moldova, the original national targets were related to the following:

### Initial national targets

- ◆ *During the 1997-2015 period, reduce in half the population below \$ 2.15 a day (PPP). Reduce the proportion of this category of population from 38.8% in 2002 to 28% in 2006 to 23% in 2010, and up to 18% in 2015.*
- ◆ *During the 1998-2015 period, reduce in half the proportion of people who suffer from hunger.*

Quantifiable targets to achieve this were modified in 2007, following the passing the first intermediate threshold of the Millennium Development Goals in 2006. In the context of poverty reduction objective, the main reason for the revision of targets in 2006 was changing the methodology of calculation of poverty indicators, which contributed to essential improvement of data quality, but also induced the incomparability of data from the previous years. Thus were established the following targets:

### Revised national targets

- ◆ *Reduce the proportion of people whose consumption is below \$ 4.3 per day / person (at purchasing power parity – PPP) from 34.5% in 2006 to 29% in 2010, and up to 23% in 2015.*
- ◆ *Reduce the proportion of population below the absolute poverty from 30.2% in 2006 to 25% in 2010, and 20% in 2015.*
- ◆ *Reduce the proportion of population in extreme poverty from 4.5% in 2006 to 4% in 2010, and up to 3.5% in 2015.*

The base year for setting targets in this objective is 2006. This transition is essential because to estimate rates of absolute and extreme poverty, this current year, NBS modified HBS sample thus obtain-

**Reduce extreme poverty and hunger**

## Goal 1

ing figures for 2006 that are incomparable with those of previous years. If the year 2002 would have remained as base year the data string calculated with the previous methodology would have stopped in 2005. Also, to avoid setting different base years indicators in the MDGs, for the third indicator, “percentage of population with consumption below U.S. \$ 4.3 per day / person (PPP)”, the estimate which was performed for the first time in 2007, was also taken as base year 2006.

In 2006, the intermediary target for the indicator “proportion of population below \$ 2.15 per day” was exceeded by more than 2 times (13% versus 28%). In this context, the decision was made to move to a higher standard for measuring poverty – International poverty line of \$ 4.3 per day / person in PPP. While crossing the threshold of \$ 4.3, it was decided to use consumption instead of income to assess welfare because consumer spending is more accurate and relevant for Moldova. However, the objective was completed with a few additional targets, i.e. reducing the number of people below the absolute poverty and extreme.<sup>2</sup>

In the context of Moldova, the transition to this new indicator was carried out including the following reasons:

1. The global tendency to transition to a higher threshold (\$ 4.3);
2. According to international recommendations, consumption indicators are preferred to replace the income and estimate per person;
3. Data for 2006 showed a turnover rate according to the poverty line of \$ 4.3, similar to the national poverty rate estimated as the threshold.

Based on these considerations, in the context of **MDG 1**, the indicator “proportion of population below \$ 2.15 a day (PPP)” has been replaced with “population with consumption below \$ 4.3 per day / person (PPP)”. Given that this indicator was new for the Republic of Moldova, 2006 was the base year to establish medium and long term targets.<sup>3</sup>

According to international recommendations for monitoring a first MDG objective, it is necessary to use the international threshold of poverty and the national threshold. In Moldova, poverty is measured by the address “basic needs”, using consumer spending as an indicator of living conditions. This approach is also used by the World Bank. This approach determines as poor people those whose consumption costs are below the poverty line.

Absolute poverty rate is an indicator that allows the monitoring of poverty according to national standards and expresses the proportion of people whose consumption is less than the national poverty line (Charts 2 and 3). Under the current methodology to determine the consumption of food different price levels are used for urban and rural areas. To make possible to compare between households of different sizes and components, OECD equivalence scale proposed is being used, which allows adjustments of the total household consumption to the equivalent consumption per adult.

The Government decided to revise the interim target for 2010 and the final one for 2015, taking the base year 2006, when the methodology for calculating this indicator was modified. Reducing the absolute poverty rate from 30.2% in 2006 to 20% in 2015 is part of the initial MDG trajectory, that aims at reducing the poverty rate from 2002 to 2006 by 10 percentage points and increasing by 10 percentage points from 2006 to 2015.<sup>4</sup>

2 Report on the implementation of the MDGs, the Government of Republic of Moldova, [www.rapc.gov.md](http://www.rapc.gov.md)

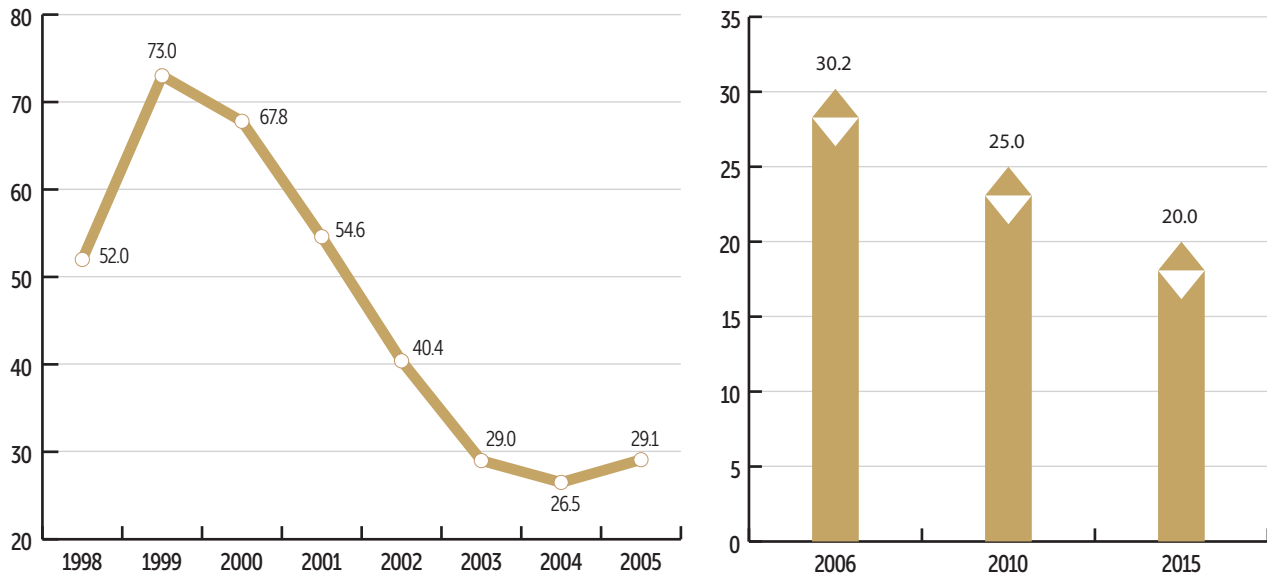
3 Report on the Millennium Development Goals: “New Challenges – New Objectives,” [www.cancelaria.gov.md/download.php?file..](http://www.cancelaria.gov.md/download.php?file..) pag.5

4 Report on the Millennium Development Goals: “New Challenges – New Objectives,” [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file)



## Reducing extreme poverty and hunger

## Graphs 2 and 3.

**Evolution of absolute poverty during 1998-2006 and targets for 2010 and 2015, %**

Source: Report on the Millennium Development Goals: "New Challenges – New Objectives" [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file), pg.6

In the previous MDG report (No. 1), it was not possible to establish specific measurable targets for the share of people who suffer from hunger, because there was yet no determined methodology for estimating the share of population below the minimum level of food consumption, expressed in energy value (2282 Kcal of household member per day).<sup>5</sup>

In addition to these indicators, two important indicators are calculated and monitored as follows:

**The poverty gap.** This indicator measures the scarcity of resources of the poor against poverty. Resource deficit of the poor is the amount necessary for each poor individual to reach the poverty line. This indicator is used to establish the level of resources necessary for poverty reduction in a cash transfer targeted exclusively to the poor.

**Share of poorest quintile in national consumption.** This indicator is the income / consumption of the poorest 20% of the population in the total consumption of the country. Distribution of consumption expenditure of households by quintiles is performed in order to compare the consumption of the poor to the consumption of the rich. The indicator is calculated by the Ministry of Economy and Trade, based on HBS data provided by National Bureau of Statistics.

As mentioned, the extreme poverty line is based on the monetary value of a food basket, defined in terms of minimum consumption of calories per day, equal to 2282 kcal per household member. This indicator is calculated by the National Bureau of Statistics, based on HBS. Thus, a household is classified as extremely poor if their total consumption expenditure per adult is less than the cost of a basket of basic foodstuffs.

<sup>5</sup> Report on the Millennium Development Goals: "New Challenges – New Objectives," [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file)

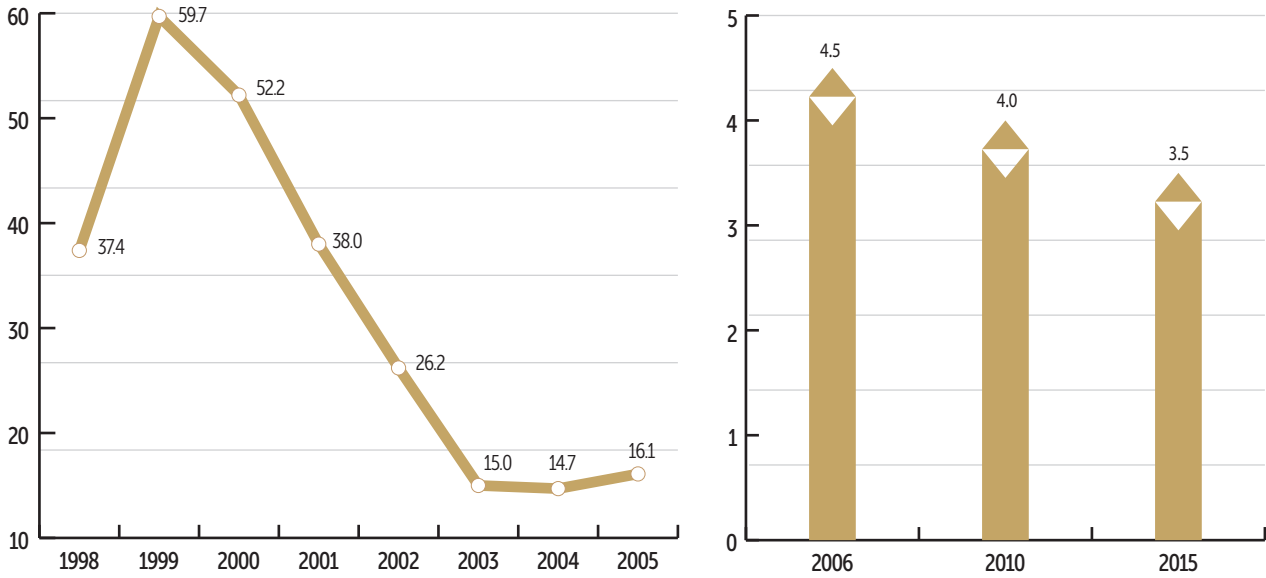


**Reduce extreme poverty and hunger**

Goal 1

Charts 4 and 5.

**Evolution of extreme poverty between 1998-2005 and targets for 2010 and 2015, %**



Source: Report on the Millennium Development Goals: "New Challenges – New Objectives," [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file)

In the context of the review of indicators and targets in the MDGs, the Government monitors the evolution of the extreme poverty rate, which expresses the proportion of people whose consumption is below the extreme poverty threshold.





# CHAPTER 2.

## MDG 1: MAJOR TRENDS AND CURRENT SITUATION IN THE FIELD

The Public policies implemented by the Government in recent years have clearly had a social orientation, more than 60% of the national public budget being channeled into social measures. National Development Strategy (NDS), which was the main strategic planning document of the Republic of Moldova, has established human resource development and social inclusion as one of the five priorities set.<sup>1</sup>

According to the available data on the macroeconomic environment in which enterprises and people have activated in 2011, the economy enjoyed a growth estimated at around 6.7%.<sup>2</sup> Such an increase in GDP was commented by experts as a very successful development, especially against the backdrop of economic crisis in European countries and the global economic slowdown.

According to statistics provided by NBS, GDP growth was achieved against the backdrop of increasing industrial production by 8.9%, increasing by 4.6% in agricultural output, growth of domestic trade and services. Consumer price index in December 2011 was 107.8% over the same period of 2010, yet the average monthly wage (real) of an employee in the national economy fell in this period by about 5%, representing 3,197 lei.<sup>3</sup>

Table 1.  
**Assessment of MDG 1 from 2000-2010**

Objectives	Indicator name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TR1.</b> Reduce the population with consumption below \$ 4.3 per day / person (PPP) from 34.5% in 2006 to 29% in 2010 and by 23% in 2015	<b>IR2.</b> Proportion of population below the national absolute poverty (absolute poverty)	67,80	54,60	40,40	29,00	26,50	29,10	30,20	25,80	26,40	26,30	21,90
	– urban	57,70	48,30	32,20	25,20	18,50	17,50	24,80	18,40	15,20	12,60	10,40
	– rural	73,90	58,20	45,10	31,10	31,20	36,00	34,10	31,30	34,60	36,30	30,30
	– women							31,80	25,70	25,40	25,90	21,60
	– men							29,40	25,90	26,90	26,50	22,10
<b>TR2.</b> Decrease of the proportion of population below the absolute poverty from 30.2% in 2006 to 25% in 2010 and 20% in 2015	<b>IR3.</b> Poverty gap index	27,00	19,30	12,40	7,30	6,80	8,00	7,90	5,90	6,40	5,90	4,50
	<b>IR4.</b> Share of poorest quintile in national consumption	6,80	6,50	6,80	7,50	7,20	6,70	8,20	8,10	8,90	7,90	8,10

1 Report on implementation of Millennium Development Goals, the Government of RM, 2009, xa.yimg.com/.../Raport+ODM\_primul\_+draft.doc

2 file.microfinance.md

3 All indicators come from www.statistica.md and www.bnm.md



**Reduce extreme poverty and hunger**

Goal 1

Objectives	Indicator name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TR3.</b> Reduce the proportion of population in extreme poverty from 4.5% in 2006 to 4% in 2010 to 3.5% in 2015	<b>IR1.</b> Incidence rate of malnutrition in children aged 0-5 years	20,90	19,80	18,60	19,00	17,10	16,70	14,30	12,80	11,00	10,6	
	<b>IR2.</b> Proportion of population below the minimum level of food consumption, expressed in energy value (2282 kcal / day) (extreme poverty rate)	52,20	38,00	26,20	15,00	14,70	16,10	4,50	2,80	3,20	2,10	1,40
	- urban	43,90	34,00	19,40	12,90	9,00	8,60	4,10	1,20	1,30	1,10	0,40
	- rural	57,20	40,30	30,20	16,20	18,00	20,50	4,70	3,90	4,60	2,90	2,10
	- women							6,10	3,00	2,90	2,70	1,60
- men							3,80	2,60	3,30	1,90	1,30	

Source: National Bureau of Statistics, [www.statistica.md](http://www.statistica.md)

**Target 1. Reduce the population with consumption below \$4.3 per day/person (PPP) from 34.5% in 2006 to 29% in 2010, and 23% in 2015**

As mentioned previously, in 2007, Moldova set for the first time MDG targets in reducing the share of population with consumption below \$ 4.3 per day / person (PPP), taking 2006 as a base year, when the indicator had a value of 34.5%. A year later, the poverty rate according to the international threshold was 29.8%, and decreased in comparison with 2006 by 4.7 percentage points.

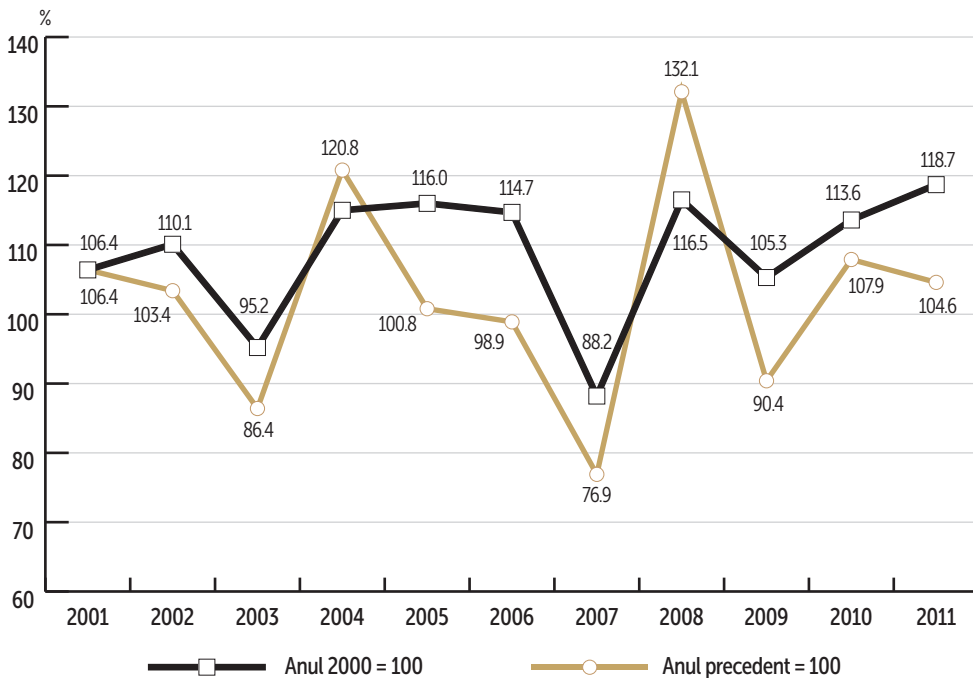


Figure 6. **Agricultural production volume indices**

Source: Ministry of Agriculture





Thus, in 2008 the poverty rate calculated according to international threshold was 30.4% and up 0.6 percentage points compared with the previous year.<sup>4</sup>

Agricultural production in all categories (agricultural enterprises, peasant farms (farms) and households) in 2011, according to preliminary data, amounted to 22,120 million (current prices), marking an increase of 4.6% (in comparable prices) from 2010. Increased global agricultural production in 2011 was generally determined with 6.7% increase in crop production, livestock production is increasing moderately by 0.4% (Chart 6).<sup>5</sup>

Consumer prices in 2011 were 107.6 compared to 2010 when they were 107.4 and food prices in 2011 compared to 2010 increased by 2.7 percent (see Table 2).

Table 2.  
**Price indices by sectors of economy, 2001-2011**

Price indices by sectors of economy, previous year = 100 after Indices and Years											
Consumer price index for	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
goods and services	109,6	105,2	111,6	112,4	111,9	112,7	112,3	112,7	100,0	107,4	107,6
goods – total	110,3	105,3	112,2	112,4	113,1	112,1	112,2	111,7	97,4	106,5	107,0
food	110,8	104,3	113,6	112,8	113,7	109,1	111,0	115,6	94,4	105,7	108,4
non-food	109,2	107,6	110,0	111,8	112,3	116,4	113,1	108,3	99,7	107,3	105,8
services	106,0	104,7	110,4	112,4	107,8	114,7	114,3	116,5	108,2	109,1	108,8

The information is presented without data from the left bank districts and Bender

Source: [statbank.statistica.md](http://statbank.statistica.md)

The National Bureau of Statistics reports that producer prices (average prices of agricultural companies) on agricultural products in 2011 compared with 2010 increased by 10.0%. Average price for crops rose by 12.5%, animal products remain at the previous year.

A greater increase of producer prices for agricultural products in 2011, comparatively to 2010, was recorded in cereals and vegetables – by 19.8% (especially wheat – by 18.9%, corn – 14.9 %), sugar – by 20.5%, fruit and berries – by 18.5% (especially stone fruit – by 33.7%), milk – by 16.0%, eggs – by 14.3%.

Decreased selling prices of cattle and poultry in live weight by 3.4%, which was caused mainly by lower prices for pigs by 12.3%. However, sales prices of cattle and poultry in live weight increased respectively by 30.5% and 1.3%.

Quarterly price indices for agricultural products manufacturer in 2011 is characterized by the following data (Table 3, in % to corresponding quarter of previous year):

<sup>4</sup> Report on the implementation of the MDGs, the Government of Republic of Moldova, [www.rapc.gov.md](http://www.rapc.gov.md)

<sup>5</sup> Report: Social economic situation of Republic of Moldova in 2011, anul 2011, [www.statistica.md](http://www.statistica.md)





Table 3.

**Quarterly price indices for agricultural products producers, 2011**

	quarter I	quarter II	quarter III	quarter IV
Total agricultural products	117,3	121,1	120,3	101,9
of which:				
vegetable products	131,3	163,9	121,6	101,9
animal products	93,0	91,5	113,9	101,7

Simultaneously, in recent years has increased the number of persons seeking employment / unemployed.

Unemployed, according to ILO criteria, are persons 15 years and over who during the reference period meet the following conditions:

- ◆ have a job and not engaged in order to get income;
- ◆ are looking for a job in the last 4 weeks using different methods to find: signing up at labor offices or other private placing agencies, attempts at trying to start an individual enterprise, placing ads and calling other ads placed, asking friends, relatives, colleagues, unions, etc.;
- ◆ are available to start work within the next 15 days, if he could immediately find a job.

**Unemployment according to ILO** was 84.0 thousand, 8.0 thousand less than the previous year. The share of unemployed among men was 59.0%, and the people in urban areas 59.5%. Only 3.5% of all the unemployed have had some form of training. It should be mentioned that among the unemployed, 69.1% were people with work experience.

The average duration of unemployment was 13 months compared with 14 months in 2010. The share of the unemployed who were long term unemployed (unemployed for 1 year and older) was 32.6%. Of these, 12.7% were young (15-24 years). The percentage of persons who were unemployed for very long term (24 months and longer) was 13.3% of the total unemployed.

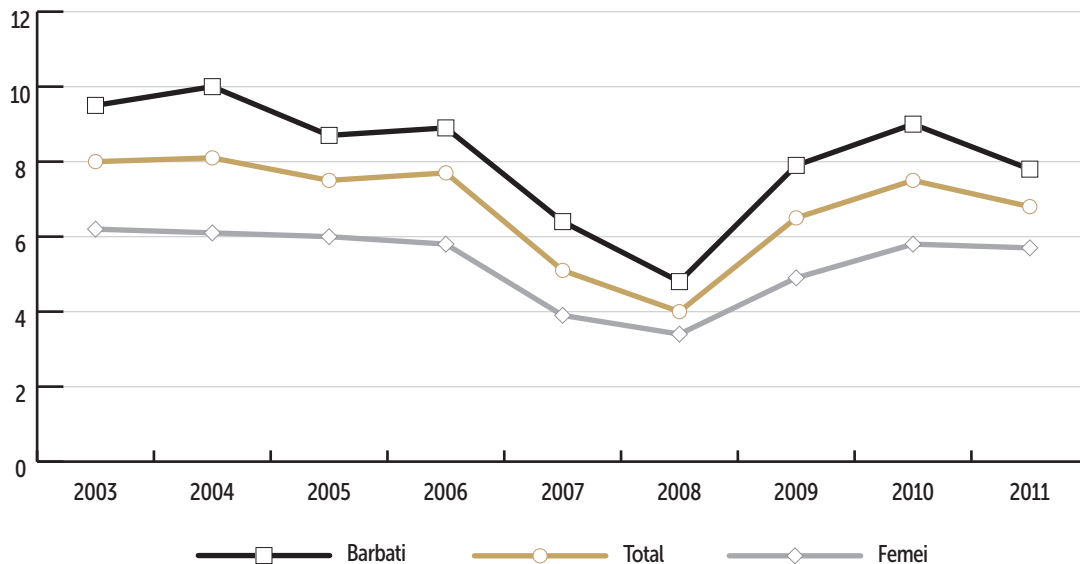
**Unemployment rate** (proportion of ILO unemployed population) nationwide recorded a value of 6.7%, being lower by 0.8 p.p. than the previous year. There were significant disparities in unemployment rates between men – and women 7.7% – 5.6% ; and urban areas – 8.2% compared to rural areas – 5.2% (Figure 7).

Unemployment among young people (15-24 years) was 14.9%, 2.9 p.p. lower than 2010. Gender differences in the rate of youth unemployment are insignificant: 14.2% in men and 15.8% – women. Share of youth unemployed in total was 25.0%.

The incidence of unemployment lasting six months and older youth (15-24 years the percentage of unemployed with unemployment duration of 6 months and over the total number of unemployed in the same age group) constituted 40.8%, higher than in 2010 by 2.3 p.p.



Figure 7.  
**Evolution of unemployment rate**



Source: National Bureau of Statistics

## Target 2. Reduce the proportion of population below the absolute poverty from 30.2% in 2006 to 25% in 2010 and 20% in 2015

Similar threshold poverty rate according to international developments, in 2007 the absolute poverty fell to 25.8%, being close to the intermediate target value for 2010. However, since 2008, poverty began to increase, being 26.4%. Thus, in 2008 about 875,000 people had a monthly consumption below the absolute poverty line<sup>6</sup> – 945.9 USD (91 USD).<sup>7</sup>

One reason for the growth of absolute poverty is the decrease in remittances during 2009, which have continued to be an important source of overcoming poverty for the population.<sup>8</sup> The decrease of money transferred from abroad influenced the growth in absolute poverty. The highest rate of absolute poverty was recorded in the fourth quarter, when remittances have declined. A more significant reduction of income from residents working abroad was manifested in rural areas. According to the National Bank from 2010 remittances began to increase, but they never reached the level of the ones in 2008 (see Table 4).<sup>9</sup>

6 Absolute poverty is the sum of total consumption expenditure for food, goods and services

7 [www.undp.md/presscentre/2010/.../ODM\\_raport\\_rom.pdf](http://www.undp.md/presscentre/2010/.../ODM_raport_rom.pdf)

8 In recent years remittances have served as a source of purchasing housing, sponsoring studies and consumption studies. Since late 2008 the remittances sharply. Thus, the National Bank data show that remittances in the fourth quarter of 2008 decreased by 17% compared to previous quarter

9 National Bank of Moldova, [www.bnm.md](http://www.bnm.md)



Table 4.  
Transfer of funds from abroad

dinamică anuală

(milioane USD)

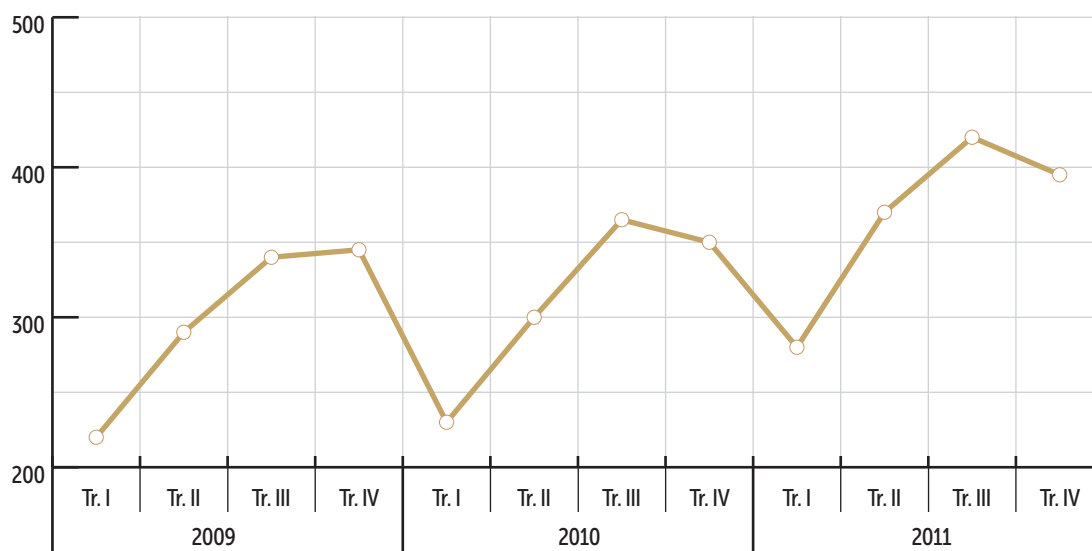
	Trimestrul I		Trimestrul II		Trimestrul III		Trimestrul IV		TOTAL	
	Total intrări	Inclusiv prin STIB*	Total intrări	Inclusiv prin STIB*	Total intrări	Inclusiv prin STIB*	Total intrări	Inclusiv prin STIB*	Total intrări	Inclusiv prin STIB*
1999	12.41	5.70	20.23	11.31	26.08	16.08	30.90	19.12	89.62	52.21
2000	29.35	19.49	36.02	23.92	42.37	28.49	45.20	29.88	152.94	101.78
2001	42.64	28.69	45.29	30.98	59.87	38.52	64.19	41.89	211.99	140.08
2002	50.77	32.74	60.21	39.34	73.05	46.20	70.09	43.07	254.12	161.35
2003	61.12	35.12	76.12	42.54	90.94	50.22	89.11	47.71	317.29	175.59
2004	76.92	37.70	93.07	48.05	115.29	64.75	137.13	87.92	422.41	238.42
2005	120.05	83.70	181.78	136.34	197.13	151.54	184.29	142.93	683.25	514.51
2006	149.45	112.21	204.52	155.57	249.22	197.00	251.36	201.76	854.55	666.54
2007	209.44	160.13	265.30	210.27	367.83	303.64	375.66	312.64	1,218.23	986.68
2008	320.67	261.56	435.21	357.03	506.51	424.84	397.70	342.74	1,660.09	1,386.17
2009	225.69	181.47	289.03	238.42	331.53	278.68	335.77	283.66	1,182.02	982.23
2010	233.31	193.63	301.84	258.39	361.05	316.30	347.94	303.92	1,244.14	1,072.24
2011	275.85	235.63	367.38	319.22	421.01	373.81	389.55	347.95	1,453.79	1,276.61

Remarcă: Persoanele fizice care transferă și primesc banii pot avea cetățenia oricăror state.

Proveniența și destinația hanilor transferați pot fi diferite.

\* STIB – Sisteme de transfer internațional de bani utilizate în Republica Moldova

Allure	Contact	Poșta Rapidă	Unistream
Anelik	InterExpress	Privat Money	Western Union
Avers	Leader	RIA Money Transfer	Xpress Money
Blizko	Migom	Smith & Smith	Zolotaya Korona
Coinstar Money Transfer	MoneyGram	Strada Italia	ctc.



Source: National Bank of Moldova, www.bnm.md



However, given that the global economic crisis continued to worsen during 2009, the phenomenon of poverty has continued to expand not only in rural, but also in urban areas.

Another reason for the increase of absolute poverty is due to the poor performance of agriculture in rural areas. Nevertheless, in Moldova there are essential differences between the urban and rural poverty, rural poverty is more than two times higher than in urban areas.<sup>10</sup>

In this context, what needs to be mentioned in regards to improving land management and soil protection, is the project started in 2010, with the support and funding of World Bank and Swedish International Development Cooperation Agency (SIDA), that aims to re-plot the land belonging to the administrative territories of the 40 villages of 21 districts selected for the pilot phase. The average budget allocated to each locality in order to achieve this process of re-plotting is 60 thousand lei.

Of all identified owners (50,184 persons) in the 40 villages, 75% (37,520 persons) were interviewed: 55% of all identified owners have expressed interest in participating in the project (27,765 persons) and 20 % (7381 people) repotting signed agreement forms, which means that the design / planning of the re-plotting was completed for these landowners, and transactions can be recorded and implemented. As of September 30, 2010, in the 40 participating local land 8439 transactions were initiated, amongst which 5513 were fully implemented (4392 transactions of sale, exchange 164, 345 and 438 legacy lease) and 2926 transactions still in the process of being implemented. Participation rate is 11% ownership in the project – taking into account only transactions already recorded and 17% – adding transactions in the process of implementation.<sup>11</sup>

However, during 2010, there have been developed, promoted and implemented in practice and resource-reproductive technologies of cultivating the soil in a set of four farms, a total area of 6.085 ha (Moara de Piatră, Popeștii de Jos, Țarigrad and Hăsnășenii Mari, in Drochia).

Another series of pilot projects on “Holding Fields’ History Book” were implemented on an area of 200 ha of agricultural households in Soroca, Edinet, Orhei, Briceni, Ocnita.

Also, to improve land management, there was informative material developed called “Heritage soil, quality, utilization and management” as well as the guide “Evaluation and soil management in organic farming practices.” As derives from the title, the last is for farmers who were engaged in developing the organic production sector.

Under the law, the agriculture subsidization fund for 2010 amounted to 300.0 million, which, from October 1, 2011, was increased by another 100 million. As of October 6, 2010 were valued 79.5 million, mainly as means to stimulate investment earmarked for the establishment of perennial plantations, for which 37,500 lei were used, and investment incentives to purchase equipment and agricultural equipment and irrigation equipment, for which 19.8 million were used.<sup>12</sup>

Likewise, with state support and through the RISP and IFAD programs, in rural areas of the country during the first semester of 2010, 246 agricultural activities were financed, worth 74.8 million lei. This shows an important performance indicator on this chapter, representing an increase of such benefits by about 68% (42 million) over the same period of 2009.

10 [www.rapc.gov.md/file/Raport\\_ODM\\_prefinal\\_ro.doc](http://www.rapc.gov.md/file/Raport_ODM_prefinal_ro.doc)

11 Report evaluating the implementation of the development strategy during 2009-2010, pag.81

12 Report evaluating the implementation of the development strategy during 2009-2010, pag.82-84

**Reduce extreme poverty and hunger**

## Goal 1

During 2011-2016, the Rural Financial Services Project and Agribusiness Development (IFAD-V) will be implemented, with a budget of U.S. \$ 19.5 million. The project is co-financed by the Kingdom of Denmark with U.S. \$ 4.5 million as a grant to support young entrepreneurs in rural areas of Moldova.

The project's sources will be used to grant loans on favorable terms, financing for rural economic infrastructure development, technical assistance, training, advice and support to develop business plans for loan recipients.<sup>13</sup>

In terms of the market infrastructure development Program for food products, market and trade policies are promoted to ensure a favorable environment for business and investment incentives for the development along the food value chain, active promotion of exports of value-added agricultural products, supporting the process to improve post-harvest infrastructure and strengthening of direct relations between producers and consumers, improving the marketing infrastructure and implementing a system of market information, attracting foreign and domestic investors in the development of means of production and increase the quality of food production.

In order to ensure the safety of food and export promotion and harmonization of national legislation with Community's Acquis, the draft Law on Plant Protection and Phytosanitary Quarantine was prepared and adopted by Parliament at first reading. The "Phytosanitary Register" has also been developed and implemented in 2009-2010, containing a set of critical data on importers' of production that has passed the phytosanitary check.

For the proper organization of the distribution of graduates in the workplaces, the Ministry of Agriculture requested the District Directorates of Agriculture and Food staff to collect information on the needs in 2010. By early 2011, 16.5% (229 persons) of the total number of graduates (1391 people) have been allocated.<sup>14</sup>

Absolute poverty gap or the poor income gap relative to the poverty line in 2010 was 4.5% and the extreme poverty gap 0.3% (see Table 5). This means that each person has a low absolute average deficit of about 45.7 lei to overcome absolute poverty and extreme poor individual does not get about 1.6 lei necessary to exit poverty.

13 <http://www.ifad.md/news/?nid=013d6858cf8b1773951160b79a14335a>

14 Report evaluating the implementation of the development strategy during 2009-2010, pag.86-87





Table 5.  
**Absolute and extreme poverty rate by gender, 2010**

	Absolute poverty		Rates of extreme poverty		Rate of absolute poverty total	Extreme poverty rate total
	Men	Women	Men	Women		
Total poverty rate, %	27,1	25,8	3,4	3,0	26,4	3,2
Total elderly poverty rate,%	35,3	36,7	3,2	3,3	36,1	3,3
age groups including:						
60 – 69 years old	28,1	28,0	2,6	2,8	28,0	2,7
70 – 75 years old	42,4	41,1	2,7	3,1	41,6	2,9
> 75 ani	43,0	49,8	5,1	4,8	47,3	4,9
Total child poverty rate,%	27,3	26,7	3,2	4,0	27,0	3,6
age groups including:						
< 5 years old	29,7	27,8	2,3	6,0	28,8	4,1
5 – 9 years old	27,6	24,7	2,8	3,8	26,2	3,3
10 – 14 years old	25,5	24,3	3,5	2,3	25,0	2,9
15 – 18 years old	27,2	30,0	3,9	4,5	28,5	4,2
Farmers	37,6	36,2	6,8	6,3	36,9	6,5
Employed in agriculture	44,6	41,1	8,0	8,5	42,8	8,3
Retired	37,6	37,0	3,7	3,3	37,3	3,5
Households with three or more children up to 18 years	41,9	42,8	7,3	8,3	42,3	7,8
Households with three or more children up to 16 years	42,1	41,9	6,4	7,9	42,0	7,2
Households headed by persons with basic and primary education	43,5	42,0	6,2	5,2	42,6	5,6
Households headed by persons without primary education and illiterate	67,2	51,4	8,5	5,6	55,9	6,4
Households composed of one person	26,1	30,1	5,3	2,1	29,0	2,9
Households living on unemployment allowances	63,2	20,5	0,0	0,0	34,9	0,0

Source: *mec.gov.md*

Regarding the severity of the poverty index, which reflects the seriousness of poverty, in 2010 this indicator continued the downward trend, representing 1.4% (see Table 6).

Table 6.  
**Indicators of poverty in the years 2006 to 2010**

	2006	2007	2008	2009	2010
<b>Absolute poverty (lei)</b>	<b>747,4</b>	<b>839,3</b>	<b>945,9</b>	<b>945,9</b>	<b>1015,9</b>
The absolute poverty rate	30,2	25,8	26,4	26,3	21,9
Absolute poverty gap	7,9	5,9	6,4	5,9	4,5
Severity of absolute poverty	3,0	2,1	2,3	2,0	1,4
<b>Extreme poverty (lei)</b>	<b>404,2</b>	<b>453,9</b>	<b>511,5</b>	<b>511,5</b>	<b>549,4</b>
Extreme poverty rate	4,5	2,8	3,2	2,1	1,4
Extreme poverty gap	1,0	0,5	0,5	0,4	0,3
Severity of extreme poverty	0,4	0,2	0,1	0,1	0,1

Source: *NBS, based on HBS data*



Nationally, the inequality decreased in 2010, although insignificantly. According to the Gini coefficient, inequality in the Republic of Moldova was 0.305 compared to 0.309 in 2009. Another important indication of the level of inequality is the distribution of 90/10 the average consumption expenditure per adult equivalent. It also indicates a slight decrease in inequality in the country. Thus, the average spendings of the richest 10% of the population are about 6.3 times the poorest 10% of the population (see Table 7). In terms of regional inequality in villages and small towns grew into cities and the welfare difference between poor and rich decreased.

Table 7.  
**Distribution of consumption expenditure in the years 2006 to 2010**

The share of consumption expenditure by quintile groups (20%) per adult equivalent	2006	2007	2008	2009	2010
TOTAL	100	100	100	100	100
Quintile I	8,2	8,1	8,3	7,9	8,1
Quintile II	12,8	12,9	13,5	13,1	13,0
Quintile III	17,1	16,7	16,7	16,9	16,6
Quintile IV	22,8	22,1	21,7	22,5	21,7
Quintile V	39,1	40,1	39,8	39,6	40,5
Gini coefficient of consumption per person (weighted)	0,315	0,298	0,292	0,309	0,305
Distribution of 90/10, the average consumption per adult equivalent	7,01	6,73	6,19	6,51	6,29

Source: NBS, based on HBS data. Numbers are weighted and are nationally representative

### Target 3. Reduce the proportion of population in extreme poverty from 4.5% in 2006 to 4% in 2010, and up to 3.5% in 2015

Between 2007 and 2008 Republic of Moldova has already managed to reach the extreme poverty in the context of the intermediate target set for 2010 (4.0%) and in the context of the final target for 2015 (3.5%).

According to the Household Budget Survey, the available household incomes in the third quarter 2011 were USD 1475.6 per person per month on average, increasing by 12% compared to same quarter of last year. In real terms (adjusted to consumer price index) revenue grew by 2.9% (see Table 8).<sup>15</sup>

Table 8.  
**Available Household incomes**

	2007	2008	2009	2010	2011
<b>Venituri disponibile – total (medii lunare pe o persoană), lei</b>	<b>1066,4</b>	<b>1220,1</b>	<b>1193,7</b>	<b>1317,7</b>	<b>1475,6</b>
inclusiv în % pe surse de formare:					
Activitatea salariată	43,9	43,7	47,2	45,6	42,3
Activitatea individuală agricolă	15,3	10,5	8,5	8,1	10,1
Activitatea individuală non-agricolă	5,4	7,6	6,3	6,6	8,8
Venituri din proprietate	0,2	0,0	0,2	0,1	0,6

15 National Bureau of Statistics, www.statistica.md



	2007	2008	2009	2010	2011
Prestații sociale	13,2	15,6	18,8	18,8	17,9
din care:					
pensii	11,5	13,6	16,5	15,8	15,4
indemnizații pentru copii	0,4	0,4	0,7	0,8	0,7
compensații	0,5	0,6	0,7	0,6	0,6
ajutor social	-	-	0,1	0,2	0,2
Alte venituri	22,1	22,6	19,0	20,9	20,3
din care, remitențe	16,7	18,5	14,5	17,1	16,0
<b>Ponderea veniturilor în natură în total venituri disponibile, %</b>	<b>15,9</b>	<b>11,0</b>	<b>11,2</b>	<b>10,2</b>	<b>11,5</b>

Source: National Bureau of Statistics

Salary payments are the most important source of income, but with a lower contribution in the income of the total available, 42.3% to 45.6% in the third quarter 2010. Income from social benefits are the second important source of income and have contributed to population's income with a rate of 17.9% or 0.9 percentage points less than the same quarter of 2010.

Revenues from individual agricultural activity have been accounted for 10.1% (+2 points) and those of individual non-agricultural activities – 8.8% (+2.2 percentage points). An important source of household income remain money transfers from abroad (remittances), contributing 16% or 1.1 percentage points less than the third quarter of 2010.

The predominant structure of available income is payments in money, accounting for 88.5% in the third quarter 2011 to 11.5% for payments in kind. In absolute terms, the income in money amounted to 1305.7 lei per month on average per person, and 169.9 lei – income in kind. Compared with the third quarter of 2010, the share of money income fell by 1.3 percentage points.

The average monthly consumption expenditure of the population in the third quarter 2011 was USD 1612.8 per person per month on average, increasing by 10.2% over the same quarter of the previous year. In real terms (adjusted to consumer price index), people spent an average of 1.3% compared with the third quarter of 2010 (see Table 9).<sup>16</sup>

Table 9.  
**Household consumption expenditure**

	2007	2008	2009	2010	2011
<b>Total cheltuieli de consum (medii lunare pe o persoană), lei</b>	<b>1211,3</b>	<b>1290,2</b>	<b>1300,7</b>	<b>1463,7</b>	<b>1612,8</b>
inclusiv în % pentru:					
Produce alimentare	44,6	38,9	40,8	37,5	41,3
Băuturi alcoolice, tutun	2,2	1,4	1,7	1,6	1,4
îmbrăcăminte, încălțăminte	11,9	12,9	12,2	11,3	10,2
întreținerea locuinței	14,4	19,0	16,8	19,8	19,8
Dotarea locuinței	4,9	4,9	3,8	4,2	4,4
Sănătate	4,9	4,9	5,3	6,5	5,2
Transport	4,2	4,6	4,9	5,0	5,2

16 Biroul Național de Statistică, www.statistica.md





	2007	2008	2009	2010	2011
Comunicații	4,0	4,5	4,8	4,5	4,2
Agrement	2,1	2,9	2,5	2,3	1,9
Educație	0,6	0,3	0,7	1,5	1,0
Hotel, restaurant, cantină etc.	2,7	2,0	2,4	2,1	1,5
Diverse	3,6	3,6	4,0	3,8	3,7

Source: National Bureau of Statistics

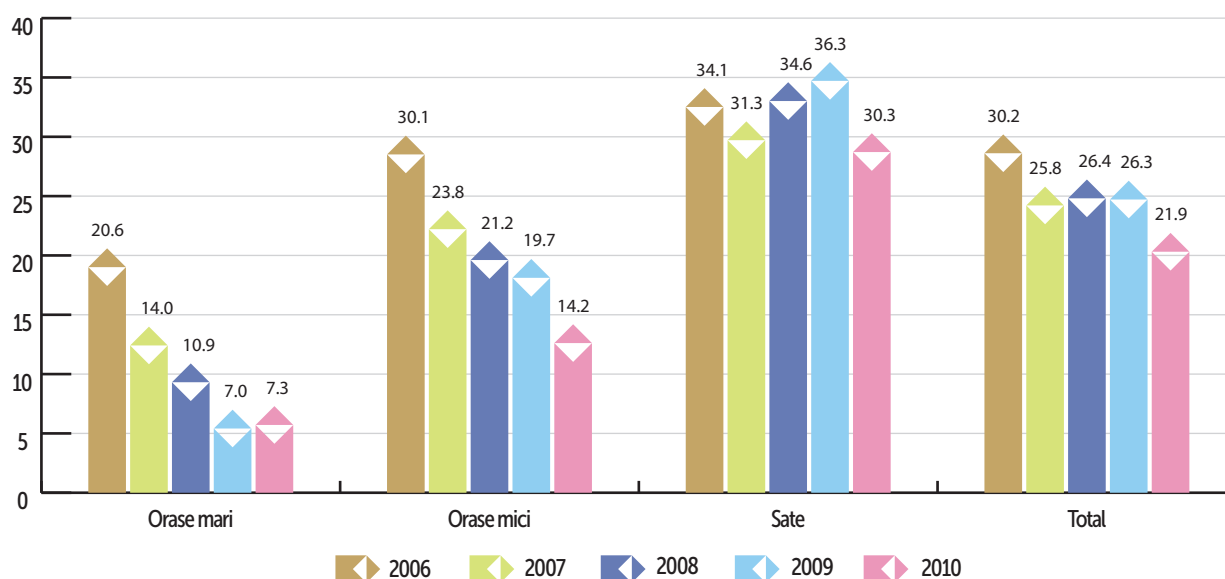
The most vulnerable categories of the population remaining exposed to poverty are the traditional ones: big households that consist of many children, households living on incomes from agricultural activities and the elderly.

The main factors that had significant impact on the evolution of poverty in 2010 (unfortunately official data for 2011 is not yet available) are as stated:

- ◆ Increasing agricultural output;
- ◆ The increase in agricultural prices;
- ◆ Implementation of reforms in social assistance, through more effective social services to the most vulnerable people, especially social assistance.

The gap between the living standards of rural and urban areas remained as significant. However, after negative developments in the poverty rate in rural areas during 2008-2009, a reversing of the situation was recorded in 2010. Thus, if in 2009 the villages were 36.3% of the population in poverty, when in 2010 the share of poor people has decreased to 30.3% (see Chart 8).

Chart 8.  
**The absolute poverty rate by residence, years 2006 – 2010**





However, urban welfare generally increased in 2010, with the exception of Chisinau and Balti, where the poverty rate remained at the level of 2009. In small towns poverty fell from 19.7% to 14.2% in 2010.<sup>17</sup>

Similar to previous years, in 2010 there were found significant differences in the incidence of poverty by regions. Thus, the statistical data shows that the poorest region of Moldova in 2010 was the Centre, followed by the south, then north. In the center of Moldova about 30% of the population is poor, the South – 28% and 24% in the North. Note, in all three areas mentioned poverty level exceeds the average poverty rate in the country. Compared to 2009, there has been a reversal of positions in the hierarchy of the most affected regions. Thus, if the previous year's highest poverty was recorded in the South (38%), then in 2010 the greatest risk of poverty was mentioned in the Centre (29.6%), keeping the North in his last position at a rate of 23.7%. The most spectacular decrease relative to 10.3 percentage points was recorded in the South, followed by North by 4.6 percentage points, the lowest relative reduction is found in the center by 3.6 percentage points.

In 2010, the average poverty rate in Moldova has registered diminishing trends. Poor population in the country amounted to 735 000 people, of whom 588 000 were in rural areas.<sup>18</sup>

17 mec.gov.md

18 mec.gov.md



## CHAPTER 3.

# THE ROLE OF THE CIVIL SOCIETY IN REACHING MDG 1 GOALS

Building any democratic system is in a direct dependence with a number of objective and subjective factors. One of these factors is the level of development and maturity of the civil society. This process is quite complicated and contradictory. Sharp social differentiation in Moldova led to the marginalization of a large proportion of the population, which, under these circumstances was partially excluded from the society's economic life, maintaining only the possibilities of episodic inclusion in the political life. The society was inevitably concerned more about building a state rather than the problems of setting up networks of civil society institutional structures.

The Associative sector development began with the independence of Moldova, claiming more and more of a role in the social and political life of the state.

Meanwhile, the associative sector in the fields tangent to **MDG 1** are thriving. However, chaotic social processes, rapid polarization of society, social relations deformation leave a bad impression on developing this important sector in a democratic society.

Over 8,000 NGOs are currently registered in Moldova with different areas of activity, which is an important indicator of the level of population participation and the level of society structuring (see Table 10).

Table 10.  
**NGO distribution by area of interest**

NGO category	Number
Agriculture	88
Sustainable Development	800
Economics	110
Unions	19

Source: [nsali.ulim.md/?page\\_id=2](http://nsali.ulim.md/?page_id=2)

In terms of structural, non-governmental organizations take the form of community centers, the structure of most (58.1%) organizations having exactly this form. A significant percentage of NGOs among them belongs to associations such as resource centers, but significantly lower (16.9%).<sup>1</sup>

Overall, according to the draft civil society development strategy for the years 2012-2015, CSOs in Moldova works for all citizens. However, according to the same sources, these activities are focused primarily to benefit children and youth (60.3%) elderly (elderly, pensioners, veterans) and professional groups are beneficiaries of a proportion of 17.8%, respectively, 17,0% of organizations, women

1 [nsali.ulim.md/?page\\_id=2](http://nsali.ulim.md/?page_id=2)





working in service 4.6% of CSOs, and every tenth non-governmental organization said that state institutions are their main beneficiaries. Also, one organization out of ten people is working for the benefit of socially disadvantaged. So, 7.8% are acting on behalf of other CSOs. Associations are less focused on the disadvantaged categories. Thus, only 4.6% of organizations are working for disabled people, 3% – for minorities and 2.7% – for the victims, while 7.8% of organizations are working for everyone.<sup>2</sup>

Most NGOs in Moldova have been started by a local initiative group. NGOs have also been created at the initiative of other NGOs, as a result of institutionalizing a project or program (see Table 11).

Table 11.  
**Distribution of CSOs on the way up**

The idea of a local initiative group	78.0%
The idea of another NGO	5.4%
As a result of a project or program institutionalization	4.5%
At the initiative of individuals	2.9%
At the initiative of local governments (state institutions)	2.5%
The idea of a / several donors	1.8%
Other	3.6%
Do not know / No answer	1.3%

Source: [nsali.ulim.md/?page\\_id=2](http://nsali.ulim.md/?page_id=2)

Concerning the reasons to start an organization, the reason behind the creation of most NGOs is the noble desire to solve local problems (60.3%) and the desire to achieve civic or professional goals (13.5%), so close to the former. Persistent are other reasons of individual founders, such as solving a problem of the members, as 8.1% have declared, the wish to conduct business together, so 5.9% for the associative spirit and the desire to gain access to funding sources (4.1%) (see Table 12).

Table 12.  
**The reasons for the creation of the CSO**

The reasons for creating	
Resolution of problems in the region / country	60.3%
Accomplishing professional and citizen's interests	13.5%
Resolution of problems of the members of the organization	8.1%
Joint activities	5.9%
Gaining access to finances	4.1%
Obtaining additional income from personal activity	0.3%
Other	7.8%

Source: [nsali.ulim.md/?page\\_id=2](http://nsali.ulim.md/?page_id=2)

In general, we could say that existing NGOs now covers all possible areas, but in qualitative terms we see that almost half of the existing organizations are currently active either in the social area or the educational. For the NGOs working in education, the share is largely due to parents and teachers associations attached to schools. The services are provided in the field where the organization op-

<sup>2</sup> The project strategy of the development of civil society, 2012-2015



erates, usually being in the areas of social services, training, information and advice. Even if NGOs provide protection, they are often related to social issues and less of human rights and environmental protection.

Problems and obstacles in developing NGOs are very diverse.

The basic problem of non-governmental sector is clear – limited access to finance, either because the sources are insufficient considering the fact that the NGOs in Moldova are largely financed by foreign donors, or the inability of NGOs to obtain new financing.

To some extent, the problem is one of the states, as there are yet no known cases of its involvement in the financing of social services offered by the NGOs, no known cases of following the example of other European states.

Among the issues set out by CSOs participating in this research outlined were the following:

- ◆ a poor cooperation with central and local authorities;
- ◆ a poor quality, in some cases, of the human resources;
- ◆ lack of leaders;
- ◆ lack of knowledge in organizational management, particularly with reference to strategic planning and organization development;
- ◆ a weak collaboration with the media and a minimum investment in the image;
- ◆ low involvement, in some cases, of the CSOs in solving important problems in society, fighting for the solution of interest.<sup>3</sup>

### 3.1. Knowing the development priorities

Most CSOs know to some extent the Millennium Development Goals, including some international development documents, such as the Millennium Declaration 2000, 2005 Paris Declaration, the Accra Agenda for Action 2008, Istanbul Principles for an effective development of civil society organizations, 2009, the Partnership for Effective Cooperation in the Development of Busan 2011, The International Civil Society Organizations for Development Effectiveness 2011. Simultaneously, most active national CSOs follow national reports on implementation of the MDGs, and know national strategic documents, regional and local development of the country, relevant national MDG targets.

It's worth noting that the civil society organizations involved in the research have expressed a mild interest in the MDGs. Regarding the national MDG targets 1 "Reduction of extreme poverty and hunger", this can be explained either by insufficient involvement of associative sector in issues related to poverty reduction, or the fact that the practice of subcontracting services provided by NGOs was and remains a poorly practiced.

However, we can note the involvement of NGOs in relevant activities tangential to national **MDG 1** targets in areas concerning assistance to needy individuals and families, creating information services on how to create and develop businesses, youth employment training, assistance to orphaned children or from families in need.

<sup>3</sup> <http://nsali.ulim.md>



### 3.2. Policy advocacy

It is to be noted that, a greater involvement of CSOs in decision making was observed in recent years. In the public consultation events on decisional documents, representatives of local authorities, scientific institutions, NGOs and other stakeholders are included. We cannot yet show some statistics on the number of recommendations received from civil society organizations, as it does not exist and it is very difficult to properly analyze their involvement in the decision-making process. What is currently possible to note is that there are a number of civil society organizations actively involved in decision making.

The ways of involvement in policy advocacy of these organizations are varied: creating decision-making documents, organizing public consultations, developing studies, developing position papers, participating in working groups or advisory boards. In most cases these activities are conducted in partnership with the competent authorities or their involvement in the process.

For example, advocacy actions carried out by civil society organizations are related to:

- ◆ policy recommendations to improve the legal framework related to ensuring a transparent process;
- ◆ participation in the elaboration of social services, approved by order of the MLSPF;
- ◆ participation in round tables of relevance;
- ◆ providing comments on draft normative and legislative acts;
- ◆ promotion of additional insurance in agriculture, promoting non-governmental pension funds; promoting savings and loan associations;
- ◆ promoting greater social, medical and educational services nationwide.

Relevant government institutions argue that the most important role in this sense is the fact that CSOs organize awareness campaigns, and some donors argue that NGOs are recently more actively involved in discussing and monitoring public policies in this area.

An important issue raised by CSOs active in the fields tangent to **MDG 1**, who participated in this research, referred to the passivity of local government in the collaborative process of carrying out advocacy actions. Also, noted as a particular problem, the reluctance, in some cases, of the local authorities to discuss on equal terms the proposals and recommendations received from the civil society.

An example of civic participation may serve non-governmental organization “Second Breath” (Moldova) and “HelpAge International” (United Kingdom) which increased the awareness of policy makers and service providers at all levels on the vulnerability of families of migrants. Simultaneously, the organization “Second Breath” contributes to the capacity building of interested civil society organizations and the public authorities in offering assistance in an efficient manner.

It is worth mentioning that a network of senior volunteers was created, that provided community support to 613 vulnerable households (Moldovan migrant children and their grandparents). The participation of children left home alone in 223 community actions was facilitated, such as discussion clubs, school for grandparents, social theater, drawing contests on migration. Chirtoca Mary, a grandmother aged 74, tells about her participation in an event which brought together several generations: “Participation in the competitions was very interesting and useful, lifted my mood. I haven’t participated in such competitions for 20 years. I gave all my best not to let down my 13 years old



niece. As a former teacher, I believe that such contests should be organized more often, older people become more active and develop their intellectual abilities and maintain the health of our children“.

### 3.3. Services providing

With reference to the non-governmental sector, we could mention that the types of services provided are related to:

- ◆ psychological services;
- ◆ guidance services;
- ◆ vocational guidance and employment aid;
- ◆ an inclusion school for children with disabilities;
- ◆ social canteens;
- ◆ day care for the elderly;
- ◆ charity;
- ◆ food packages.

Relevant government institutions hold to the opinion that civil society provides services that contribute to poverty reduction, such as: charity, support in joint projects with local authorities, social services as needed.

Development partners noted that NGOs are involved in: the provision of services from social assistance, health, education, piloting innovative models of services, social services through volunteer involvement.

NGO partners in service delivery are usually NGOs interested in their respective field, local authorities, and international organizations. It's worth noting that each organization can have multiple partners depending on the specific project that it implements.

On the other hand, NGOs active in the analyzed field, participating in the research, have noted that a more effective contribution in the provision of services would require the following:

- ◆ a better involvement from other development actors, such as government and private sector;
- ◆ more support from government organizations for activities implemented;
- ◆ a diversification of financial resources for project implementation;
- ◆ better cooperation with relevant governmental and non-governmental institutions;
- ◆ statistical data on the degree of progress in certain areas of interest.

Government institutions, together with development partners, believe that in order to have sustainable services related to poverty eradication, the following are needed: the development and adoption of legislation that would facilitate the purchase / acquisition of social services by local governments, co-financing by the CPA and LPA of development services by NGOs, development of social entrepreneurship programs, involvement of international donors in their support.

The NGOs participating in the research indicated that, in addition to what is currently done in this area, they plan to participate in the next 2 – 3 years, including:

- ◆ social projects involving children;
- ◆ organizing summer camps for children from disadvantaged families;

**Reducing extreme poverty and hunger**

- ◆ developing medical and social projects for children from marginalized families;
- ◆ the implementation of humanitarian programs to combat hunger.

Government institutions plan to provide support to NGOs for more effective involvement in the development and implementation of services by supporting the cooperation platform between civil society and Government through the National Council for participation, the implementation of Law No. 35 of 03/03/2011 to approve the Development Strategy of the financial non-banking market in the period 2011-2014 and the Action Plan, cooperation in policy formulation, decision-making transparency, methodological assistance to government institutions, and in order to ensure the legal provisions on transparency of decision.

### 3.4. Raising awareness and information

Similar to activities related to services, CSO partners in raising awareness and information are usually other NGOs interested in the relevant field, local public authorities and relevant international organizations.

In this respect, CSOs in the field are usually involved in the following types of activities:

- ◆ supporting various population groups in initiating their business;
- ◆ organizing information campaigns;
- ◆ organizing round tables for development of cooperation;
- ◆ attracting private sector to develop sponsorship actions.

For the next 2-3 years, CSOs participating in the research suggest that it would be advisable to be more actively involved in:

- ◆ initiating social mobilization programs;
- ◆ participation in the exchange of attitudes;
- ◆ information campaigns.

### 3.5. The role of modeling

During the research, many of the organizations surveyed said they have a concrete plan of action or are developing a plan in relevant areas of the **MDG 1**. Their attention is more specifically turned towards people's access to social support programs, the quality management system of social services. However, activity plans are not posted on the websites of NGOs, they are internal documents guiding future actions. The positive is that the NGOs websites or blogs, which of course have such information resources, recent activity reports can be found, describing the carried out activities. This is a model of transparency and promotion of activities. Here, you can access publications made as part of various projects, including those relevant to the national targets of **MDG 1**. Also, non-governmental organizations promote their activities in national and international events.

### 3.6. The contribution of ngos in changes

Relevant government institutions consider that NGOs could be more actively involved in:

- ◆ active participation in the formulation of policies;
- ◆ involvement in providing social services for disadvantaged people;
- ◆ coordinating joint activities.



**Reduce extreme poverty and hunger**

## Goal 1

Donor organizations participating in the research believe that CSOs should be more actively involved in:

- ◆ better information in opening / administrating a business;
- ◆ information regarding the credit system;
- ◆ developing social services at community level;
- ◆ analyzing policies focused on growth and development of entrepreneurship;
- ◆ monitoring social and social equity policies;
- ◆ promoting a legal framework for social contracting;
- ◆ community mobilization programs to support vulnerable groups.

Private sector representatives participating in the research said that it would be necessary for CSOs to engage more actively in public-private partnership projects and be more active in their work as contact structure between governments and private sector in order to offer help to vulnerable categories.

Government institutions believe that in order to use the full potential of the existing civil society, they must first focus more on income generating activities that could be used for accomplishing their objectives.

Donor believes it would be necessary to develop the legal framework for the development of social entrepreneurship and social contracting services provided by CSOs.

Civil society organizations participating in the research considers that:

- ◆ authorities are not ready to cooperate in improving their resources by involving non-state providers;
- ◆ authorities involve non-governmental structures only as a means to cover the deficiencies of the system and as a free resource to respond to the growing demand of the poor populations.

In this context, CSOs mentioned as core problems facing the State in eradicating extreme poverty and hunger, the following: political instability, and a deficient level of cooperation between state institutions of different levels.

An example of the contribution of CSOs to change, are the activities carried out by the “Catholic Relief Services” organization, working in Moldova since 2004.

From the above we conclude that the civil society aware of the importance of strengthening efforts to reduce poverty and the vast majority through its activities contribute directly or indirectly to this process.



## Box 1. CASE STUDY

In 2009, the “Catholic Relief Services” organization has launched the enhanced “Jobs Plus”, which joins in a single project, two key elements for sustainable development of Moldova: employment creation and social development. Based on these aspects, the National Agency signed a cooperation agreement with CRS Moldova in November 2010, in order to establish a project cooperation and implementation mechanism, to create jobs in rural areas. The project is a continuation of the partnership established between the two structures since April 2007.

To succeed in achieving its purpose, CRS has planned a series of targets regarding the cooperation with local employment agencies. Thus, the organization has managed to establish closer links between local structures of public employment services, vocational education providers, local NGOs and employers, so that they can improve and create sustainable employment opportunities. In the project, Jobs Plus’ courses have provided basic professional counseling and basic courses on vocational skills, encouraged partners to work with employment agencies working in the territory, through which beneficiaries were enrolled in free training courses and got support with job placement.

A particularly active participation in the Jobs Plus’ project implementation has had the Employment Agency in Basarabeasca, which has assisted in finding employment for 83 people from among the unemployed. Partner companies in the project area are: Garment factory “Victoria Fashion”, which offered the agency 80 places for seamstresses, with the prospect of creating an additional 30 new jobs in Basarabeasca, plus 50 spots in Cimislia and “Silvia Bombonic” LLC (Sadaclia), which created 30 new jobs. Also, “Victoria Fashion” has organized free intensive courses, followed by hiring graduates in employment with the company. In this way 20 unemployed people were trained and then hired.

An effective contribution in achieving the objectives of the Moldova CRS partnership with NEA had the Soldanesti Employment Agency. Funded by the project, the “Gemini” garment factory trained and then employed 25 people selected from among the registered unemployed. For the future, they plan for the creation of another 150 jobs at “Gemini”, which is currently the largest employer in Soldanesti. Calarasi Employment Agency established, through the Jobs Plus project, a collaboration with the “Daxen-Com’ Footwear Factory from the Oniscani village, that expressed their willingness to employ more than 50 people.

In order to meet efficiently the offers from Jobs Plus’ partner-employers, territorial agencies for employment organized mini-fairs with the available vacancies and selected suitable candidates to be recruited for the newly created positions.

The JobsPlus Project has addressed some of the fundamental difficulties facing Moldova: creating jobs in rural areas, providing opportunities for young people of working age,

**Reduce extreme poverty and hunger**

## Goal 1

including their parents, to find a job in the country. Improving collaboration and communication with stakeholders at Community level, including local authorities and local agencies for employment, was one of the aspects mentioned by partner companies as the main impact of the Jobs Plus' project.

---

*Source: [www.anofm.md/en/node/341](http://www.anofm.md/en/node/341)*

---





## CHAPTER 4.

# THE ROLE OF PRIVATE SECTOR IN REACHING MDG 1 TARGETS

In this study, we have aimed to analyze the private sector's contribution to achieving the national targets of **MDG 1**. For this we used the definition of "private sector", which means any private business who seeks to profit by providing services, execution of works or production of goods. Thus, this definition does not include public enterprises, municipal and joint stock companies with majority state interest or local authorities.

Therefore, we consider as development actors, private companies that contribute to achieving **MDG 1** by their main activity, their positive social externalities through corporate social responsibility, through philanthropy and community investment and policy dialogue.

### 4.1. AWARENESS OF THE MDG 1

Private sector interests to **MDG 1** "Eradicate extreme poverty and hunger" we can qualify AS "average" to "high". This interest is shown most intensively by private companies that have social support programs of the poor and those companies with foreign investment in Moldova, which have "imported" traditions of responsibility to the poor lacking the guaranteed state minimum wage.

It's worth noting that most private companies participating in this study know or have heard about the Millennium Development Goals, on the Millennium Declaration 2000, Declaration of Paris in 2005, but less about the Accra Agenda for Action in 2008 and virtually nothing at all about the principles in Istanbul for effective development of civil society organizations in 2009, the Partnership for Effective Cooperation in the Development of the 2011, Busan International Framework of Civil Society Organizations for Development Effectiveness 2011.

### 4.2. PRIVATE SECTOR CONTRIBUTION TO ACHIEVING THE MDG 1 TARGETS THROUGH THEIR MAIN ACTIVITY

When referring to the number of companies engaged in activities that would contribute to poverty reduction, we say that most can, because there no is activity that could not directly or indirectly contribute to the reduction of poverty.

The main activities the economic agents carry out that help eradicate poverty, from the ones that have participated in this research, are related to:

- ◆ tracking developments in the national economy and adjusting salaries to the extent possible depending on developments;
- ◆ employing personnel and creating new jobs;
- ◆ providing state and private institutions with products and information that would streamline their activities and contributes to reducing costs and prices of services;
- ◆ promotion of microcredit, including for starting a business;



## Box 2. **CASE STUDY**

Romanian Commercial Bank of Moldova: a financial solution for small and medium enterprises, which includes financial-banking services vital to companies, which are tailored banking, offering low essential costs.

Thus, SMEs that have opted for the package, BCR ADVANTAGE ‘in the period May 1 to July 31, 2011 benefited from facilities such as zero commission to open a current account and accessing Internet Banking, zero commission for servicing a current account and use the service Internet Banking for the period May 1 to September 1, 2011; 0 fee card to transfer salaries from 1 May -1 September 2011, 20% reduction of fees and commissions for services included in the package after September 1, 2011.

“To save time and money in conducting transactions, SMEs need modern solutions to defray costs, direct banking operations from headquarters and optimizing payments to suppliers and employees. Therefore, BCR Chisinau came with a new solution for achieving development plans – the BCR ADVANTAGE package. The new offer is part of BCR Chisinau’s strategy to help customers in achieving aspirations”.

BCR ADVANTAGE Package includes the following financial and banking services:

- ◆ Current account and related services: cash receipts and payments by transfer, current account transactions in domestic and foreign currency, simple operating tools.
- ◆ Internet Banking service is available continuously at all times (24/24 hours), every day of the week (including weekends), which is accessed directly on [www.bcr.md](http://www.bcr.md) and allows remote banking via electronic ways.
- ◆ Salary Project: provides for the payment of wages on the card (minimum 10 people), at reduced transaction costs, which allows saving the time for payment processing and facilitating employees’ access to overdraft credit on their salary card.
- ◆ Finally, to support SME development, BCR Chisinau offers financing solutions in special circumstances. SME crediting terms are set individually depending on the business plan, financial standing and guarantees.
- ◆ Thus, BCR Chisinau offers the following financing solutions for SMEs:
  - ◆ Credits for stock within a year, for financing seasonal expenses;
  - ◆ Credit line for up to 1 year (3 years for SMEs with good financial standing), with the possibility of multiple withdrawals and repayments;
  - ◆ Credits for energy efficiency investments in the line of EBRD financing within 5 years with the possibility to get a grant for up to 20% of the investment;
  - ◆ • Credit for long-term investment, with a grace period of up to 1 year (extendable to 3 years for SMEs with good financial standing).



- ◆ paying state taxes on time;
- ◆ ensuring financial resources for savings and loan associations;
- ◆ conducting financial education campaigns;
- ◆ sharing their experience in the various events organized by CSOs.

The Romanian Commercial Bank of Moldova can serve as an example, developing a range of services aimed to prevent marginalization and social exclusion and provide opportunities for citizens to remain in the country and develop their own business.

Government agencies note that the private sector contributes to reducing poverty and hunger, especially by creating new jobs, while making a number of activities related to:

- ◆ donation to individuals;
- ◆ supporting the civil society in this sector;
- ◆ financing of projects aimed at socially vulnerable;
- ◆ open computer rooms for socially vulnerable;
- ◆ offer patronage to residential institutions.

Donors believe that the private sector contributes to poverty eradication by:

- ◆ generating new jobs;
- ◆ inclusive business model development based on the inclusion of low-income persons in the production value chain.

NGOs consider that the private sector:

- ◆ creates jobs;
- ◆ is involved in charitable activities and sponsorship;
- ◆ is involved in volunteer activities.

The forms of partnership developed by the private sector with governments to reduce poverty and hunger are related to: funding programs developed by CSOs, studies, research, policy development, social development programs, information and promotion, trainings, workshops, conferences.

Private sector's involvement in poverty eradication is essential, as directly supported by research participants, but also noted that all their actions and projects need state support.

Private sector parties participating in the research referred to the difficulties encountered in ensuring the sustainability of activities and services developed to eradicate poverty. These difficulties relate to:

- ◆ they are no tax incentives to encourage donations and sponsorships;
- ◆ small income obtained during the last two years;
- ◆ business launches are inefficiently stimulated;
- ◆ corruption.

During the next 2-3 years, the private sector believes it would be necessary to get involved in the following activities:

- ◆ to develop social responsibility activities;
- ◆ to ensure a higher transparency of companies' financial results;
- ◆ to ensure fair competition;
- ◆ to work more actively with international organizations;
- ◆ to create new jobs in the region.

**Reduce extreme poverty and hunger**

## Goal 1

As main partners in activities related to social responsibility, research participants mentioned the following: non-governmental organizations, national private companies, foreign private companies, international organizations, central government, and local government.

### 4.3. Corporate social responsibility

From the definitions reported by the surveyed businesses, we found that the understanding of the term “corporate social responsibility” is partial. Here are some of them:

- ◆ conducting a financial activity, taking into account the interests of all parties and future generations;
- ◆ ensuring that activities contribute to the prosperity and diversity of the community;
- ◆ giving material and food aid to orphanages;
- ◆ giving material aid for building a church;
- ◆ contributing with resources in solving current problems in society;
- ◆ the company’s activity must not lead to social and economic problems for customers, partners and employees;
- ◆ voluntary involvement of the company and employees in socially important projects and actions that bring benefit to the community to which it belongs.

With reference to the promotion and application of the principles of “social responsibility” for companies, respondents reported the need for:

- ◆ making a donation;
- ◆ sponsoring a student;
- ◆ offering patronage to orphanages and other children’s homes;
- ◆ employee involvement in voluntary activities;
- ◆ installation of sports equipment in public parks for adults;
- ◆ installing bins for waste collection;
- ◆ organizing informational and educational meetings with children;
- ◆ financial support to projects implemented by CSOs;
- ◆ support of inclusion activities for vulnerable people

At the social responsibility level, private sector representatives from the research participants mentioned that during the next 2-3 years, they committed to carrying out the following activities:

- ◆ invest in education, create scholarship programs;
- ◆ develop joint programs with state institutions;
- ◆ diversify social responsibility activities;
- ◆ develop projects on social inclusion of people with disabilities.

Box 3 is conclusive, in regards to catering to people living in rural areas, who want to develop a business but have limited financial resources or don’t go beyond just the idea. The services developed for this purpose by BC “Social Bank” JSC are designed specifically for this part of the population.



### Box 3. CASE STUDY

BC “BANCA SOCIALA” gives loans to businesses and organizations operating or intending to operate in the infrastructure sector related to food preservation, processing, transportation and marketing of agricultural production.

The credit program, with a budget of \$ 12 million will run between 2011-2015.

The size of loans will be \$ 50 thousand – \$ 600 thousand (or equivalent in lei or euro) and will be granted for a period of 3-7 years.

Credits will be offered to purchase or construction of cold storage, purchase of equipment for sorting, washing, packing, canning production, essential oils, sunflower oil, purchase of laboratory equipment for quality control, purchasing trucks, refrigerators that meet Euro 5 or 6 standards, purchase of equipment for drying and rapid freezing fruits and vegetables.

*Source: [www.socbank.md/](http://www.socbank.md/)*

## 4.4. Philanthropy and community investment

As noted by the private sector representatives who participated in the research, activities carried out by private philanthropy mainly refer to:

- ◆ material aid for treatments or humanitarian aid;
- ◆ donation for the needy.

The forms of partnership that the private sector is developing together with the civil sector, to implement philanthropic activities, relate to: sponsoring, contribution with equipment, consulting services, information campaigns, donating goods, joint projects.

For the next 2-3 years, respondents said that they will pay more attention to:

- ◆ charitable activities;
- ◆ support the socially disadvantaged.

Given that Chapters 1 and 2 of this report show that poverty is deeper in rural areas, the example in Box 4 shows that there are businesses who want the state of the agriculture to change, as well as the life standard of people living in rural areas, and support it accordingly.





## Box 4. CASE STUDY

Rural Finance Corporation – a leader in micro-finance in Moldova.

“Rural Finance Corporation” is a micro-finance institution created in 1997 with headquarters in Chisinau, Moldova, aimed at loaning grants (credit) in rural areas of the country. Thus, credit is the basic activity of this institution.

Rural Finance Corporation’s mission is to provide financial services to farmers and entrepreneurs on favorable terms, and thus to contribute to rural development, in line with Moldova’s poverty reduction strategy.

Created in 1997 by the first savings and loan associations in Moldova, Rural Finance Corporation is a joint stock company in which 100% of voting shares are owned by savings and loan associations.

In 2011, the Rural Finance Corporation celebrated 14 years of activity. It was an inconsistent year, but the customers’ optimistic and their desire to move forward helps them believe that there is hope for improvement in the economy and the country.

The Corporation, since its beginning, has positioned itself as a socially responsible lender. They were the first to have trusted the vulnerable, crediting savings and loan associations in villages. Similarly, they have been first to give credit to the rural population without collateral. They have never practiced payments and hidden fees in their loans. They carefully follow the level of indebtedness of their customers, so as not to deepen the debt crisis.

---

*Source: [www.microfinance.md](http://www.microfinance.md)*

---

## 4.5. Policy dialogue

A public-private partnership, as a form of involvement of the private sector with investment in the public sector, is built on mutually beneficial principles and aims to solve common problems. Ensuring the functionality of such forms of investment in the national economy requires the promotion of measures that guarantee the integrity of the introduced investment and the advantage pursued by the private partner. Therefore, to restrict the actions of over-regulation that could affect implementation of the Law on public-private partnership<sup>1</sup>, several areas have been identified, that were to be specified so as to adjust the existing legal rules to the principles of new requirements, addressed by the Law on public-private partnerships and Community law. In this respect, the law was adjusted to the Law on public-private partnership<sup>2</sup> by introducing changes in: Law no. 534-XIII of 13.07.1995 on Concessions, Law No. 523-XIV of 06.07.99 on public property of the administrative-territorial units; Law No.1402-XV of 24.10.2002 on municipal public services; Law No. 81-XV from 18.03.2004

1 Law No. 179-XVI from 10.07.2008

2 Law No. 181 from 15.07.2010



on investments in business activities; Law. 435-XVI from 28.12.2006 on administrative decentralization; the Law no.436-XVI from 28.12.2006 on Local Public Administration, Law no. 96-XVI from 13.04.2007 on Public Procurement, Law No. 121-XVI from 04.05.2007 on management and privatization of public property.

In order to develop and promote partnership between the Ministry of Economy, civil society and private sector, to strengthen stakeholders' participation in identifying and developing strategic priorities for the country, and Advisory Board was created on 15 March 2010. This is a tool that helps to increase the transparency of decisions of the Ministry of Economy, providing information, consultation and active participation of interested parties' representatives in taking administrative decisions and in developing the draft legislation in the Ministry's fields of competence. The Council, is made out of representatives of the Ministry of Economy and representatives of private sector and civil society, which enhances the quality of decision making within the Ministry.

In the Working Group of the State Commission for regulating entrepreneurial activity only in 2011, in the 37 sessions, 89 papers were examined on the Regulatory Impact Analysis, 29 draft laws, 37 draft Government resolutions, 9 departmental acts, in order to prevent the inclusion in the legislative and regulatory framework of many provisions that would create unnecessary barriers to business development.

#### 4.6. Contribution to changes

The representatives of private sector participating in the conducted research, plan to increase the contribution to changes in reducing poverty and hunger by carrying out their main activity, while manifesting a higher level of social responsibility and active collaboration with CSOs, in order to have develop projects, reviewing their policies and strategies.

According to those interviewed, private sector contribution to national targets of **MDG 1** is qualified to be very poor when it comes to action geared towards social protection. This qualification is granted by the authorities, international organizations, civil society organizations and the businesses participating in the research. Development actors also interviewed recognize the importance of active involvement of private sector in social projects.

In this chapter, it is worth noting that the private sector contributes directly to poverty eradication through the core business they carry out and engaging in social responsibility activities. The most important thing to note is that they, although still timid, still take action to move towards rural areas where poverty is deepest.



## CHAPTER 5.

# CONCLUSIONS AND RECOMMENDATIONS

Poverty is closely linked to economic growth. A balanced growth allows a fair distribution of benefits to the population. In 2008, Moldova registered a growth of 7.2%. This evolution influences the rates of poverty in cities, large and small, but not in rural areas. However, economic growth in recent years is based mainly on remittances that fuel economy and help increase income in the national public budget. Families that receive remittances have lower risk of going below the poverty line (16.7%). Reduced remittances from the last quarter of 2009 contributed to increased poverty rates not only in rural areas and urban areas, in both cases there being a significant dependence on transfers from migrants.

In some cases, economic growth is not sufficient for preventing and reducing poverty. Thus, increasing poverty rates in 2005 and 2008, amid economic growth were due to poor performance in agriculture (as a result of unfavorable weather conditions), which includes much of the population of which a considerable number is poor. In this context, efforts are needed to support agriculture, including fighting the risks caused by climatic conditions and to diversify rural activities. Thus, for preventing and reducing poverty and hunger, the following are recommended:

- ◆ Effective targeting of social assistance to vulnerable people, including the gradual substitution of the welfare compensations granted for the poorest quintile with social assistance;
- ◆ Stimulate the creation of micro, small and medium enterprises in rural areas, including encouraging investing remittances into business;
- ◆ To stimulate job creation, including by reducing the fiscal and administrative burden, in the initiation and expansion of business, and expanding business access to financial resources provided on preferential terms;
- ◆ Involving the unemployed in temporary public works (repair of engineering networks damaged by accident, fire, natural disasters, etc.).

Simultaneously, a number of important actions would be necessary to take in the near future:

1. It would be necessary to strengthen the partnership between state institutions, CSOs and private sector institutions, not just those in the social. There must be an interconnection between institutions and organizations from different areas;
2. It would be required to have a constructive involvement of the civil society in developing draft legislation in the social field. In this respect, the involvement of active CSOs in this area is appropriate;
3. It would be appropriate to have CSOs involve more actively in establishing contacts and joint activities with the private sector, to be part of the social projects and activities it pursues;
4. It would be desirable to create the necessary preconditions for stimulating and motivating parents abroad to invest the financial resources obtained especially in the education of children in the country and less into consumption.



5. It is important to develop solutions to ensure that the principle of fairness and equality in achieving **MDG 1**; for example, creating a unique database of the poor and low income make it possible to determine both the total number of poor persons and the amount of social support which they enjoy.

In the future, both short term and medium, CSOs believes that in advocacy, the following steps are to be taken:

1. actively participate in implementation and monitoring strategies;
2. organizing campaigns aimed to bring the projects undertaken to public attention;
3. labor market analysis, vocational guidance and training;
4. contributing to the transparency of governments and public authorities;
5. working with children and youth on developing their vocational and decision making skills;
6. efficient channeling of social assistance to vulnerable persons, including by restricting entry of new beneficiaries in individual allocations system and ensuring a minimum monthly income of vulnerable families by providing social support, established in accordance with the assessment of the total monthly income of each family;
7. assessing opportunities and needs for the gradual increase in aid / social benefits provided to vulnerable groups;
8. stimulating micro-businesses, small and medium business sites in rural areas, particularly by encouraging business investment;
9. further optimization targeting agricultural subsidies, to encourage development of animal production and value-added plants, with particular emphasis on the processing industry;
10. stimulating the creation of new jobs, including reducing taxes and administrative fees for initiating and managing a business and facilitating business access to loans provided under preferential terms;
11. encouraging participation in public works temporary of the unemployed (repair facilities / equipment affected by accidents, fires, natural disasters, etc.).



# BIBLIOGRAPHIC SOURCES

1. Report on the implementation of the MDGs, the Government of Republic of Moldova, [www.rapc.gov.md](http://www.rapc.gov.md)
2. Report on the Millennium Development Goals: “New Challenges – New Objectives”
3. Report on implementation of Millennium Development Goals, the Government of RM, 2009, [xa.yimg.com/.../Raport+ODM\\_primul\\_draft.doc](http://xa.yimg.com/.../Raport+ODM_primul_draft.doc)
4. Report of the National Bank of Republic Moldova, [www.bnm.md/.../external\\_operations\\_via\\_banc\\_sy...](http://www.bnm.md/.../external_operations_via_banc_sy...)
5. Report evaluating the implementation of the development strategy during 2009-2010, pag.81
6. Report evaluating the implementation of the development strategy during 2009-2010, pag.82-84
7. The project strategy of the development of civil society, 2012-2015
8. Report regarding the activity of the Ministry of Economy in 2011
9. [file.microfinance.md/.../Annual-Report-2011-ro.p..](http://file.microfinance.md/.../Annual-Report-2011-ro.p..)
10. <http://statbank.statistica.md/pxweb/Dialog/view.asp?ma=PRE0101&ti=Indicii+preturilor%2C+pe+sectoare+ale+economiei%2C+anul+precedent%3D100+by+Indici+and+Ani&path=../quicktables/RO/05%20PRE/PRE01/serii%20anuale/&lang=1>
11. [www.rapc.gov.md/file/Raport\\_ODM\\_prefinal\\_ro.doc](http://www.rapc.gov.md/file/Raport_ODM_prefinal_ro.doc)
12. [mec.gov.md/.../nota-informativa-saracia-si-impact...](http://mec.gov.md/.../nota-informativa-saracia-si-impact...)
13. [ww.anofm.md/en/node/341](http://ww.anofm.md/en/node/341)
14. [www.statistica.md](http://www.statistica.md) și [www.bnm.md](http://www.bnm.md)
15. [www.microfinance.md/](http://www.microfinance.md/)
16. [www.socbank.md/](http://www.socbank.md/)
17. <http://nsali.ulim.md>
18. [www.cancelaria.gov.md/download.php?file](http://www.cancelaria.gov.md/download.php?file)