



Assessment and Recommendations to Improve the Resilience of the Social Protection System for a Timely and Flexible Response to the Needs of All Vulnerable Children and Families Facing Shocks, Disasters, and Crises in Moldova

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# LIST OF ACRONYMS

<b>FGDs</b>	Focus Group Discussions
<b>HBS</b>	Household Budget Survey
<b>MLSPF/MMPSF</b>	Ministry of Labour, Social Protection, and Family / Ministerul Muncii, Protecției Sociale și Familiei al Republicii Moldova
<b>MMGI</b>	Minimum monthly guaranteed income
<b>MSAS/SIAAS</b>	Moldovan Social Assistance System / Sistemul Informațional Automatizat „Asistența Socială”
<b>NSIH</b>	National Social Insurance House
<b>NBS</b>	National Bureau of Statistics
<b>OOP</b>	Out-of-pocket

# EXECUTIVE SUMMARY

The following report was commissioned by UNICEF Moldova and prepared by a research team from the University of Maastricht Graduate School of Governance (MGSoG) as part of the “Assessment and Recommendations to Improve the Resilience of the Social Protection System for a Timely and Flexible Response to the Needs of All Vulnerable Children and Families Facing Shocks, Disasters, and Crises in Moldova” project. This project was designed to assess how the current social protection system in Moldova, namely social assistance programmes such as *ajutorul social* and the Republican Fund and Local Funds for Social Aid of the Population (hereafter referred to as the republican fund), can be improved to increase the resilience of households facing idiosyncratic shocks. Four aspects of the social assistance system and how it functions following an idiosyncratic shock were explored:

- 1) sources of household vulnerability, and the types and impacts of shocks on the well-being of a household;
- 2) coping mechanisms used by households to enhance resilience in the face of shocks;
- 3) the specific role of social assistance mechanisms in helping households prevent and mitigate shocks, and;
- 4) measures or components that could improve the efficiency and effectiveness of the social protection system in bolstering household resilience faced with shocks.

These four areas were explored using a mixed methodological approach. Literature was reviewed related to past assessments of vulnerability in Moldova, assessments of social assistance schemes, reports on poverty and shocks, and legislation. Data from the Moldovan Social Assistance System (MSAS) were reviewed for insight into the administration of the *ajutorul social* scheme, and data from the Household

Budget Survey (HBS) were analysed to construct poverty profiles in Moldova and to assess how efficiently poor families were targeted and how important the *ajutorul social* benefits were. Data from a household screening questionnaire implemented among 393 households and discussions from eight focus groups conducted in different regions were used to provide more in-depth insights into household experiences of shock and resilience. The main findings of this report are summarised below.

## Vulnerability & Shocks

Household vulnerability to shocks involves two different elements: exposure to risks, and sources of resilience to withstand the consequences of shocks. Some households have both a higher exposure to risk and more limited resilience in the face of shocks; multigenerational households, households with multiple children, and households where at least one member has a long-term illness or disability have been identified as particularly vulnerable.

The shocks that households and individuals experience differ by scope (whether they are covariate or idiosyncratic), timescale (if the shock occurs only once or can be considered an ongoing shock), and the severity (the magnitude of negative economic consequences the shock carries with it). Common idiosyncratic shocks include the onset of a serious illness and unexpected high expenditures for health care, the death of a household member, the loss of a job by a household member, divorce or marital dissolution, and damage to a home, crops, or livestock due to a hazard such as a fire or flood.

The shocks that were rated as the most severe by respondents to the household screening questionnaire and participants in the focus groups were those that created long-term economic consequences. Respondents evaluated the

following specific shocks as being the most severe because of the way they perpetuated vulnerability: the onset of a serious illness and high expenditures for health care, the loss of house or damage to property from events like fire/flood, the loss of a job of the main breadwinner, the death of a household member (primarily an income earner), and divorce or marital dissolution.

These shocks significantly had a negative impact on the household's economic situation, often because they affected many different aspects of an individual's life simultaneously.

## Coping Mechanisms

To cope with a shock, focus group respondents indicated that they first reduced expenditures on goods they perceived to be non-essential such as clothing and heating; after reducing expenditures as much as possible, respondents generally tried to increase sources of household income through borrowing small sums of money from family members and friends. More formal lending procedures, such as receiving a bank loan, was generally perceived as being inaccessible, particularly from respondents living in rural areas.

While most respondents reported seeking social assistance as a way to cope with a shock, the majority did not consider social assistance to be an effective coping method because of low assistance values and the lag between the time of need and the receipt of social assistance.

Many respondents also had limited information about the existence of different social assistance programmes and were unaware of the *ajutorul social* programme and assistance offered through the republican fund.

## Social Assistance as a Coping Mechanism

Two specific social assistance mechanisms were assessed: *ajutorul social* and the republican fund.

*Ajutorul social* aims to guarantee a minimum-living income for vulnerable families and is a long-term poverty-alleviation mechanism that is not intended to cover situations of immediate need.

The republican fund, in contrast, was designed to address the immediate needs of households that have experienced a shock through the provision

of one-off material aid or cash assistance. *Ajutorul social* can provide households with the resources they need to invest in risk prevention, but there is limited evidence to substantiate this potential. While analysis of HBS data suggests that *ajutorul social* does target the most vulnerable segments of the population, the benefits provided by *ajutorul social* also do not yet cover the minimum consumption needs of a family, which limits the poverty-reduction capacity of the programme. Similarly, while the 'emergency' assistance provided by the republican fund can potentially help households cope with the immediate economic consequences of a shock, the effectiveness of the fund is unclear, as the republican fund has not yet been formally assessed, and the population has limited knowledge of this particular programme.

Both *ajutorul social* and the republican fund face significant challenges that curtail their effectiveness as coping mechanisms. Focus group respondents identified four areas where social assistance mechanisms need improvement:

- 1) communication about different social assistance programmes;
- 2) local-level programme administration;
- 3) administrative barriers to application, and;
- 4) programme design.

The most common problems identified in each of these areas include:

- Limited public awareness of the different social assistance programmes;
- Limited public knowledge of where more information on social assistance can be found;
- Limited public trust in the integrity of local social assistance offices;
- Local social welfare officers were reported to be hostile, unhelpful, and unable to evaluate an individual's assistance claim objectively;
- Social welfare officers were reported to apply regulations in an inconsistent manner;
- The process of collecting documents is costly because some documents can only be requested in person from institutions or offices in specific cities;
- Assistance values were too low and represented only a very small share of the total need created by a shock;

- The processing time of applications was lengthy, and assistance from locally-administered emergency funds was sometimes not available following a crisis;
- The application evaluation process was not transparent because application decisions were not communicated in writing from the evaluator but verbally from local social welfare officers;
- The *ajutorul social* proxy calculation did not appropriately evaluate a household's needs and unfairly excluded applicants in poor living conditions and those residing in complex, multi-family households.

*Recommendations to Improve the Resilience-Boosting Capacities of Social Assistance*

Many of the limitations identified in the social assistance system lead to specific recommendations that can improve the overall functioning of social assistance as a means of enhancing household resilience. Four types of recommendations are provided:

- 1) those with limited fiscal and/or legislative impact;
- 2) those with potential fiscal and/or legislative impact;
- 3) those with implications for social protection regimes beyond the social assistance system, and;
- 4) those related to further research and evaluation needs.



The following table summarises the key recommendations proposed.

Type of Recommendation	Specific Recommendations
Limited fiscal/legislative impact	<ul style="list-style-type: none"> <li>● Improve the provision of information about social assistance schemes</li> <li>● Provide applicants with clear guidance on application requirements, steps, and timelines</li> <li>● Individual applicants should be assisted in collecting required application documents</li> <li>● Improve recruitment and training of local social officers</li> <li>● Allow applicants and beneficiaries to request another social welfare officer</li> </ul>
Potential fiscal/legislative impact	<ul style="list-style-type: none"> <li>● Formalise the process by which assistance applications are reviewed</li> <li>● Formalise communication about application decisions</li> <li>● Revise benefit payment modalities so that beneficiaries of social assistance are not reliant on third parties, including social welfare officers or local postal office staff, to receive their benefits</li> <li>● Consider major changes to the administration of the Republican Fund, which could include eliminating categorical benefits, consolidating it with other social assistance mechanisms or delegating its oversight and dispersal to a different administrative level</li> <li>● Specify procedures for evaluating the economic impacts of an emergency and provide assistance that covers a greater share of the expenditures needed to recover from a shock</li> <li>● Update the ajutorul social proxy calculation to include not just the presence of assets but their value and utility</li> <li>● Residency requirements for ajutorul social should be adjusted so that applicants living in tenuous living conditions can still access “ajutorul social” benefits</li> <li>● Simplify the requirements for “ajutorul social” applicants residing in multi-family, complex households</li> <li>● Ajutorul social benefit values should be indexed on a yearly basis and adjusted for inflation with the eventual aim of calibrating benefit values to the real value of a standard basket of goods</li> <li>● The value of the winter allowance/cold season aid should be handled as a lump-sum for recipients relying on commodities such as coal and wood, instead of monthly instalments, and disseminated to the target groups once a year before the cold season starts</li> </ul>
Improvements beyond the social assistance system	<ul style="list-style-type: none"> <li>● Improve health policies, particularly those related to health insurance and the provision of free or discounted goods and services to the vulnerable population</li> <li>● Expand coverage of formal social insurance that protects workers against old age, unemployment, sickness, work-place injuries, and disability</li> <li>● Improve the provision and availability of asset insurance, including for homes, crops, and livestock</li> <li>● Improve assistance for job seekers, particularly in rural areas</li> <li>● Labour market reintegration should be supported through counselling services offered to “ajutorul social” applicants</li> </ul>
Further research & analysis needs	<ul style="list-style-type: none"> <li>● Complete both process and impact evaluations of the Republican Fund</li> <li>● Evaluate the success of communication strategies used in the past to raise awareness about “ajutorul social”</li> <li>● Use the Moldovan Social Assistance System (MSAS) to monitor the performance of both district and specific social welfare officers and to better understand local deprivation</li> </ul>

# INTRODUCTION

The degree of economic and social vulnerability experienced by households, families, and children is related to their exposure to risks on the one hand, and their resilience to withstand the effects of a shock on the other (Gassmann, Berulava, & Tokmazishvili, 2013). *Exposure to risks* refers to the probability households, families, and children have of being confronted with shocks. In developing and transition countries, where households frequently face severe idiosyncratic shocks—such as the loss of a (working) family member—or covariate shocks—such as adverse weather events—this probability is typically higher than in developed countries. *Resilience* is defined as “the ability of children, households, communities, and systems to anticipate, manage, and overcome shocks and cumulative stresses... with special attention to the most vulnerable and disadvantaged.” (UNICEF 2014) The resilience of households, families and children to withstand the consequences of shocks is directly related to the resources they own as well as their ability to use these resources. Resources refer to financial resources, productive assets, human capital, and social resources. A household or individual’s ability to use these resources is dependent on factors such as their access to markets, public services, and social resources.

When support from an adequate social protection scheme is not available or inadequate, vulnerable households will attempt to find alternative ways to deal with an unexpected loss of income as a consequence of a shock on their livelihood. Frequently-used coping strategies in such cases include reducing food consumption or cutting health expenditures, reducing expenditures on education, or increasing the participation of household members on the labour market. While in the short term, such measures allow families and children to “survive” difficult times, they may have serious negative implications for

the long-term development of individual family members, particularly children, as well as of a society as a whole. For instance, providing inadequate nutrients to very young children may lead to disturbed cognitive development patterns and consequently to reduced chances on the future labour market, including an average of 10 percent lower earnings over an individual’s lifetime (UNICEF, n.d.). Similarly, taking children out of school to save on education costs or to employ them in the labour market can harm their future chances of finding a good job, which subsequently affects their earning capacity. In the long run, the cumulative impacts of adverse household-level coping strategies may hamper faster-paced economic development or stagnate economic growth altogether.

The role of the social protection system in this context is to protect households against the risk of an unforeseen loss of income due to shocks and crises. This protection has two aspects: reduction of poverty and vulnerability among individuals through long-term poverty reduction measures and providing direct and adequate support to households affected by shocks and crises. A two-tiered approach such as this effectively increases the resilience of households and is consequently likely to have positive impacts on the long-term (economic) development of a country as a whole.

Moldova is one of the poorest countries in Europe with an absolute poverty rate of 12.7 percent (Ministry of Economy, 2014) and a 2013 Human Development Index<sup>1</sup> of 0.663, which falls below the European and Central Asian country average of 0.738 (UNDP 2014). After its independence from the Soviet Union in 1991, major internal disparities in terms of employment opportunities, income, infrastructure, and water supply emerged. Such discrepancies in development and access, rather than disappearing have

<sup>1</sup> “The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.” – UNDP

increased (Cruc et al., 2009). Although Moldova has experienced broadly positive economic development since 2000, its economic growth is highly fragile. The Moldovan economy relies heavily on remittances, which are becoming increasingly unstable due to economic volatility in Russia, the main destination of male labour migrants. The Moldovan economy is also largely driven by income from agricultural activities, which is another unstable source of income due to the increasing incidence of unpredictable weather and the economic volatility in countries which import goods from Moldova. Due to a lack of domestic energy sources, Moldova is also fully dependent on energy imports, the bulk of which come from Russia (UNICEF, 2014; ToR).

As a result, large sections of the Moldovan population are poor, live in a highly-volatile economic context, and are exposed to both idiosyncratic and covariate shocks. The consequences of such conditions are particularly problematic for children. Children are generally dependent on other household members for care, and many live in households in which at least one parent is absent, working abroad. In addition, households with (many) children are as an average poorer than childless households (Stănculescu & Marin, 2011). The social protection system that is currently in place takes a two-tiered approach by employing both long-term poverty alleviation measures and one-off cash assistance measures in emergency situations.

The current system, regulated by the Law on Social Assistance (25.12.2003), is still very young. Following a significant reform in 2008, social assistance cash benefits have been allocated based on a proxy means test. Although the new scheme, called *ajutorul social*, increased coverage of the poor, the decrease of categorical compensations and allowances resulted in a negative overall balance for certain households, including those with children (Cruc et al., 2009).

In order to increase the resilience of vulnerable households facing idiosyncratic shocks and to prevent them from having to adopt adverse coping strategies, the Moldovan government has created an emergency assistance fund – the Republican Fund and Local Funds for Social Aid of the Population (hereafter referred to as “the republican fund”) – in addition to the means-tested benefit scheme. By law, this fund provides support to households in a situation

of “extreme poverty,” a “difficult life situation,” or an “exceptional situation.” There is no legal definition, however, what types of circumstances fall under these various notions, and the criteria that should be fulfilled to qualify for a one-off cash support in emergency situations are not clearly specified. The result is that the allocation of cash-transfers to households is currently taking place on a highly subjective basis in which some households affected by shocks are not receiving any support while others are receiving “double” benefits, both from the means-tested scheme and from the republican fund (UNICEF, 2014).

## 1.1 Objective of the Assignment

This report **assesses how the current social protection system in Moldova—in particular social assistance—can be improved to increase the resilience of households facing idiosyncratic shocks.** Particular attention is paid to how the social protection system responds to households in need, the timeliness of that response, the ability of social assistance to flexibly address these needs, and the adequacy of the response. The assignment focuses on vulnerable households, including those with one or more children.

The analysis focuses on four aspects:

- 1) the types of shocks experienced by households, the impact of these shocks on the well-being of households and the coping strategies households adopt to mitigate the impacts of these shocks;
- 2) the existing social assistance mechanisms that address households that have experienced both idiosyncratic and covariate shocks;
- 3) the limitations and shortfalls of the current system, and;
- 4) the measures or components that could improve the efficiency and effectiveness of the social protection system in bolstering household resilience in the face of shocks.

The assessment concentrates on two components of the social assistance system: the proxy means-tested social benefit programme (*ajutorul social*), and the emergency assistance programme (the republican fund). Particular attention is paid to how these two assistance schemes intersect with each other (or do not) and how their mutual complementarity can be enhanced.

## 1.2 Methodology

A mixed-method approach was used in this report, which combined a review of existing literature and legislation, the analysis of (secondary) quantitative data, and the analysis of qualitative information collected through in-depth interviews and focus group discussions (FGDs).

The **review of existing literature** draws on papers and reports that are publicly available in English, Romanian, or Russian. Background literature was used to understand what evidence is available regarding the characteristics of poor and vulnerable households in Moldova and what impact different coping strategies have been found to have for individuals who have experienced a shock that threatened the livelihood of their household. Past evidence is also used to validate the findings of the current analysis and to assess whether the situation has changed over time. The description of the current social assistance schemes is also primarily based on existing documents, such as the legislation governing social assistance programmes and previous analyses of their effectiveness and efficiency. In each of the three core chapters of this report (Chapters 2-4), background literature is reviewed in the first part of the chapter to provide context for the findings of the current analysis.

The report also uses **quantitative data** from three different sources to describe the current social assistance programmes and the prevalence of shocks and their economic impact on affected households. Administrative data from the Moldovan Social Assistance Scheme (MSAS) on social assistance applicants were provided by the Ministry of Labour, Social Protection, and Family. This data is used in this report to provide an overview of current beneficiaries, rejected applicants, and the characteristics of each group. The analysis also draws on data from the Household Budget Survey (HBS) 2014, which is a nationally representative survey implemented annually by the National Bureau of Statistics of the Republic of Moldova (NBS). The HBS data are used to assess the targeting performance of the current social assistance programmes. Finally, quantitative data collected for the purpose of sampling focus group participants (screening questionnaire) provides insights into

the incidence of shocks and the coping strategies which households applied. The data collected from 393 respondent households is used to this end. Additional information on the design and implementation of the screening questionnaire is available in Annex 2. Given the limited sample size and geographical scope of the screening questionnaire, data are not representative for the whole country; the analysis is therefore only indicative and should be interpreted with caution.

**The qualitative analysis** draws primarily on findings from eight FGDs that were held in March and April 2015.<sup>2</sup> The FGDs were spread across the three regions of Moldova (North, Centre and South) and in Chisinau. In each region, two FGDs were conducted – one in an urban area and one in a rural area. In each focus group, there were between eight and 12 participants from different households taking part, giving an overall total of 85 participants.

During the FGDs, participants spoke about the different types of shocks their households had faced, how they have coped with these shocks, and how the social assistance system can/has played a role in increasing their resilience against different shocks. Participants were invited to join the FGD after the completion of a screening questionnaire conducted with the head of household or most-knowledgeable respondent, which screened the household according to specific recruitment criteria. The method through which localities and participants were selected is described in detail in Annex 2.

A final qualitative component of this research involved in-depth interviews conducted with different stakeholders<sup>3</sup> in December 2014.

Data from these interviews provided a better understanding of the overall situation in Moldova with regard to shocks, needs, and the perceived effectiveness of current social protection instruments. The results of the in-depth interviews were primarily used by the research team to understand the context of this assignment and to propose changes to existing social assistance mechanisms; the interviews are not explicitly analysed in this report but are engaged where relevant, particularly in the recommendations section.

<sup>2</sup> The FGDs were conducted by CIVIS, a Moldovan research company. Implementing staff were provided with the data collection instruments and trained on their use. Staff from MGSOG participated in the training and several of the focus groups.

<sup>3</sup> In depth interviews were conducted with officials of the Ministry of Labor, Social Protection and Family; local government officials and social workers directly involved with clients and; representatives of civil society organizations in the area of social protection and emergency support. The full list of interviews is available in Annex 3.3.

## 1.3 Guide to Chapters

The main body of this report consists of four chapters. Chapter 2 discusses vulnerability in Moldova; it highlights how certain characteristics of individuals and families may increase the risk of a household experiencing a shock. Chapter 3 addresses resilience and coping mechanisms; in this chapter, the way households and families prevent, adapt to, and mitigate the economic consequences of shocks are discussed. Chapter 4 then narrows the focus to the role of social assistance as a coping mechanism. Within

this chapter, the role of the two focal social assistance programmes—*ajutorul social* and the republican fund—are described. Chapters 2-4 have a similar structure; each chapter describes the background context, including past research and studies on the topic, as well as the findings of the current analysis. Finally, Chapter 5 discusses the implications of the findings for the Moldovan social assistance system and offers policy recommendations relating to how the social assistance system, namely *ajutorul social* and the republican fund, can be optimised to boost the resilience of vulnerable households.

# VULNERABILITY IN MOLDOVA

## 2.1 Background

Moldova has been in a process of transition for more than two decades. This process has been marked by profound demographic, social, economic, and geostrategic challenges, all of which contributed to Moldova's current status as one of the poorest countries in Europe. Constant demographic decline (MMPSF, 2011a, 2011b), decreasing socio-economic levels of the population (Republic of Moldova, 2013), high out-migration rates (Republic of Moldova, 2014a), and the reduced capacity of the social protection system to cover the needs of the population (Vaculovschi, Vremis, Craievschi-Toarta, & Toritsyn, 2011) have all contributed to a generalized state of vulnerability which is currently experienced by a significant proportion of Moldovan families.

At the household level, vulnerability can be created by a number of factors. Vulnerability is associated with poverty but it is not always identical to being poor (Gassmann, Berulava, & Tokmazishvili, 2013). The degree of vulnerability is not always created by a single shock, and not all households are equally exposed to shocks or equally affected by them. It is often the case that a family must simultaneously cope with two or more co-occurring shocks, which significantly increase the level of vulnerability and negatively affect household coping mechanisms (Neubourg, Karpati, & Cebotari, 2015). Different households have specific characteristics, have different priorities, and make different decisions when a shock occurs.

Identifying vulnerable groups in Moldova is challenging because of the complexity that vulnerability entails within the national context. Vulnerable groups have been profiled in previous analyses of national policies, assessments of quality of life, and reports of poverty and income inequality in Moldova. According to the

*Law on Social Assistance of the Republic of Moldova* (547/12/2003 amended in 18/06/2010), vulnerable groups are defined as:

- a) children and youths with emotional and physical problems,
- b) families who cannot fulfil the care and education obligations toward children,
- c) families with limited or no income,
- d) individuals who are subjected to violence within the family,
- e) families who are affected by intra-family violence,
- f) single individuals who cannot take care of themselves,
- g) families with three or more children,
- h) single-parent families with children,
- i) the elderly, and
- j) individuals with disabilities and other persons or families in difficulty (Republic of Moldova, 2003).

In the past decade, another vulnerable group emerged in Moldova, namely migrants and their families who remain behind (Vaculovschi et al., 2011). Subsequent studies conducted in Moldova identified additional groups which face a significant risk of vulnerability: the population of the Transnistrian region affected by conflict (Stănculescu & Marin, 2011; Vaculovschi et al., 2011); farmers in rural areas, especially those affected by natural disasters (Republic of Moldova, 2012), and; women and individuals with low education (UNDP, 2011). Each study targeting and documenting vulnerable groups in Moldova has established their own criteria for when a group is considered vulnerable, depending on the context of the study and by applying data-specific indicators collected by ad-hoc surveys and qualitative techniques. Such group vulnerability must be considered in the context of each study's objectives and the intended policy interventions.

More specific perspectives of vulnerability are given by Moldovan parents regarding the well-being of their children. Poverty among Moldovan children is higher than the average incidence in the country (Otter & Vladicescu, 2011; Republic of Moldova, 2012; Stănculescu & Marin, 2011). Families with many children—those with three or more children—are most referred in the literature as prone to vulnerability. In the years 2006–2009, more than 40 percent of such families lived in absolute poverty (Vaculovschi et al., 2011) but the situation improved by 2013 when 34.6 percent (Republic of Moldova, 2014c) of families with three or more children lived in poverty. Qualitative data revealed that parents are mainly concerned about food, followed by shelter, clothes, education, health, and the environment (Otter & Vladicescu, 2011). The concerns regarding food do not only relate to having sufficient food but also the diversity and quality of food given to children. The price inflation effect is emphasised as well, since parents experience sudden price increases for basic goods that are not mirrored by similar increases in their incomes. The concern regarding education is also widespread and remains as children grow older. Parents are further worried about the living environments, a lack of opportunity to spend time playing and being outdoors, and increased exposure to alcohol (Otter & Vladicescu, 2011). Problems around preventive health and treatment are also noted despite the fact that children can receive free emergency help. The purchase of food or medicine is often a conflicting decision that parents have to make, especially when they share a household with children and the elderly (Stănculescu & Marin, 2011). Allowances targeted at families with children are available in Moldova and prove to be an important instrument in tackling vulnerability, even if benefit amounts are considered by parents to be low according to their needs and are not always implemented efficiently (Republic of Moldova, 2012).

Income poverty is an obvious aspect of deprivation because it implies more than limited consumption possibilities. Limited income has a direct consequence on people's social and economic lives, potentially leading to social exclusion and fewer life opportunities. For example, children in income-deprived families often drop out of school and have limited access to adequate healthcare services, which affect their future prospects (UNDP, 2011). In Moldova, poverty reduction is a fundamental government

priority. One of the main objectives of the National Development Strategy “Moldova 2020” is to bring 149,000 Moldovans out of poverty, which represents over 20 percent of the chronically poor (Republic of Moldova, 2012). Not all regions in Moldova are equally affected by poverty, however. The poverty headcount rate is significantly higher in the South and Central regions (25.1% and 23.4%, respectively) than in the North (18.7%) (Republic of Moldova, 2012). Four of five people living in poverty live in rural areas (Stănculescu & Marin, 2011). Evidence suggests that the most vulnerable segment of the rural population is that in the bottom 40 percent of the income distribution. In addition, people in rural areas are particularly vulnerable to natural disasters and have significant deficiencies in health and education compared to the urban population (WB, 2015b). According to the Moldovan government, approximately 22.8 percent and 18.8 percent of rural residents lived in poverty in 2012 and 2013, respectively (Republic of Moldova, 2014c). Estimates from the World Bank based on standardized poverty lines of US\$5 per day and US\$2.5 per day at purchasing power parity, found that 46.5% of the total population in 2014 was poor, and six percent was extremely poor (WB, 2015b).

Within Moldova, there are policies to address vulnerability, particularly in terms of poverty alleviation; such policies are often criticised for not being directed to the most vulnerable households, however. Specifically, the methods used to assess a household's need for social assistance have been identified as error prone, and assessment of the overall performance of the social assistance policies in the face of demographic and economic changes of the country suggest the need for additional refinements (Republic of Moldova, 2012). Despite these critiques, extreme poverty in Moldova has been reduced, from 4.5 percent in 2010 to 2.0 percent in 2013 (Republic of Moldova, 2014c) while the consumption of the poorest 40 percent of the population went up by 2.8 percent from 2007–2012 (WB, 2015b).

Within policy reports, the majority of work performed in the informal sector has been identified as a source of vulnerability that affects the well-being of the population (Otter & Vladicescu, 2011; Stănculescu & Marin, 2011; UNDP, 2011). Informal work implies economic activities outside the legal boundaries of formal

contracts, which avoids taxation on income and contributions to social insurance schemes. Measuring economic growth is difficult to do given the high level of informal work, which also creates a challenge for social protection policies since eligibility criteria cannot be easily verified, and the tax base for financing policies is smaller than if the majority of workers are formally employed. People perceive that formal work is not enough to guarantee a decent living and therefore also take work in the informal sector (Republic of Moldova, 2012). Most informal work takes place in rural areas, where small-scale farming generally cannot provide formal employment for people involved in agricultural activities. Even outside the agricultural sector, having a job does not guarantee a high enough income to push a family above the poverty line. The minimum wage in Moldova was 1,100 lei (€72) in 2011 (IMF, 2012), which increased to 1,900 lei (€95) in 2015 (Republic of Moldova, 2015a). This salary level does not offer families the opportunity of having a decent standard of life (i.e. covering a *minimum consumption basket of goods* and services), thus many individuals decide to work informally and/or rely on social assistance benefits, which are in some cases more generous than a minimum wage provided in formal employment.

Vulnerability is persistent for another segment of Moldovan population—the elderly. Migration and the declining birth rate have resulted in a critical population structure. In 2013, compared to 2000, the proportion of youth (0-14 years) decreased from 23.8 percent to 16.0 percent while the proportion of elderly (65 + years) increased from 9.4 percent to 10.3 percent in the overall structure of the Moldovan population (Republic of Moldova, 2015b). The change in the demographic structure has consequences for the pension system and for the other social protection benefits the elderly receive. The absolute poverty rate among households headed by elderly persons (65 +) was 39.6 percent in 2009 and 18.0 percent in 2013 (Republic of Moldova, 2014c), exceeding the average country level. Despite efforts to increase allowances (for example, from 2010-2011, pensions were indexed by 12.1%), the average old-age pension rate was 1,087.6 lei (€54) in 2014 (Republic of Moldova, 2015c), which represents only 90 percent of the value of the national poverty line. The elderly are also more prone to health problems and higher healthcare expenses, which further reinforce their vulnerability.

One important group of vulnerable people who receive social protection benefits in Moldova is persons with disabilities. Among households facing difficulties, it may be possible to cope with those difficulties until a family member falls ill or becomes disabled, in which case the trauma and associated medical expenses significantly erode household well-being (OPM, 2007). In the past decade, Moldova experienced a dramatic increase in the number of persons with disabilities. In 2002, 141,400 individuals with disabilities were registered; in 2009 this number rose to 176,700, and in 2014, there were 183,953 individuals (MMPSF, 2013, 2014).

The increase in the number of children with disabilities is of particular concern. In 2011, there were 14,003 children registered as having disabilities, a figure which rose to 14,264 in 2013 (MMPSF, 2014). In Moldova, people with disabilities are covered by social insurance (disability allowance and disability pensions) and by social assistance when the family income falls below a minimum guaranteed income. Such social protection mechanisms may not help persons with disabilities avoid falling into poverty, however, many persons with disabilities thus seek employment despite their health status—in 2013, 16 percent of Moldova's total workforce was people who had some degree of disability (MMPSF, 2014).

Since the turn of the century, international migration has been one of the most important phenomena to influence the family, the social and economic life of Moldova's population. Migration out of Moldova mainly started after 1998, when the Russian financial crisis led to a decrease in savings and economic output of many Moldovan families. (Cebotari, Siegel, & Mazzucato, 2015). The labour force study conducted by the Moldovan Statistical Office put the number of Moldovan migrants at 332,500 in 2013 (Republic of Moldova, 2014a) but the unofficial number of those who left the country is believed to be up to one million people. (MMPSF, 2014). The majority of those who leave the country are married, and more than one-third are women (MMPSF, 2013). There is a gender component of migration to specific destination countries: the majority of male migrants move for work to Russia while the majority of female migrants migrate to destinations in Western Europe, particularly Italy, Spain, and Portugal (MMPSF, 2014; Republic of Moldova, 2014a; Vaculovschi et al., 2011).



Children are already potentially-vulnerable, and the absence of an adult family member may exacerbate this vulnerability. The fact that migration has the potential to keep children and parents apart for longer periods of time adds to the vulnerability of Moldovan children who stay behind (Cebotari et al. 2015). In 2012, more than 21 percent of all children in Moldova were estimated to live without at least one parent, of which 5 percent have both parents away due to migration (Republic of Moldova, 2014b).

Another dimension of vulnerability that has recently risen on the policy agenda is related to environment and natural hazards. Moldova's main environmental problems include soil degradation, water pollution, the lack of sustainable water resources, and hazard management (Stănculescu & Marin, 2011; WB, 2015b). Rural areas are particularly at risk from a wide range of natural hazards such as drought, floods, severe weather, earthquakes, and landslides. Such hazards can levy significant, negative effects on the well-being of households across the country because agriculture represents an important segment of the Moldovan economy. Natural hazards impact the well-being of the population beyond purely economic outcomes.

The perceived likelihood of a sudden flood, drought, or earthquake is very high among the poor, who may then decide not to invest in productive activities such as agriculture that could be swiftly destroyed by a natural disaster (OPM, 2007). Studies found that losses in agriculture result in poor nutrition for children and reduced access to drinking water, especially in rural areas where people rely on wells as a source of water for domestic use (Stănculescu & Marin, 2011). In the last decade however, Moldova has made important progress in protecting the environment and has implemented multiple projects aimed at stopping soil degradation, combatting hail with chemically-prepared shells, and reducing quantities of pesticides (WB, 2015b).

An additional vulnerability for the Moldovan population is the shock created by price inflation (OPM, 2007; the Republic of Moldova, 2012). The cost of covering basic needs has rapidly and disproportionately increased compared to incomes such as wages and social assistance benefits or pensions. Considering the high percentage of funds spent on food and basic necessities by households, inflation can mean huge shocks

to the budget and to food security. This type of shock is particularly dangerous due to its unpredictability. Families in need cannot prepare for sudden price increases, and many families in Moldova are aware that a financial crisis can lead to their savings and benefits losing their value practically overnight (OPM, 2007).

To summarise, based on the existing evidence, the vulnerability in Moldova is based upon shocks that are both idiosyncratic and universal. Therefore, it is important to point out that the risks reflected in the studies are specific to the individual and family situations but may also include occurrences that affect entire communities or regions.

## **2.2 Current Analysis: Focus Group Data**

### **2.2.1 FEATURES OF VULNERABILITY**

The degree of economic and social vulnerability experienced by individuals and households is related to their exposure to risks on the one hand, and their resilience to withstand the effects of a shock on the other (Gassmann, Berulava, & Tokmazishvili, 2013). Two sources of data were used by this study to understand such vulnerability: quantitative data collected from the household screening questionnaire, and insights provided directly by respondents during focus group discussions. These data suggest features of an individual's life and environment that may not only increase an individual's risk of being exposed to a shock but that may also dampen an individual's capacity to mitigate or recover from a shock once it has occurred.

There are three types of features that can enhance an individual's vulnerability:

- 1) those related to the individual him or herself,
- 2) those related to the household/family composition or the family network, and
- 3) those related to the placement of the household within a community.

Different characteristics within each of these levels are described in Table 2.1 below. These features were identified by correlating focus group discussions with information on the frequency, type, and severity of shocks identified in the screening questionnaire.

**TABLE 2.1: Features of Vulnerable Individuals**

Level of Characteristic	Characteristic	Link to vulnerability
<b>Individual</b>	Age	Older individuals are less likely to be engaged in paid employment and are exposed to life-cycle risks such as catastrophic health threats and the loss of a partner; children may require more consistent health and educational expenditures
	Gender	Women may be in more tenuous employment positions and may be at higher risk of incurring costs associated with child rearing
	Marital status	Divorced and widowed individuals are at higher risk of income deprivation
	Work history	Individuals exposed to workplace hazards (e.g., pesticide exposure, heavy lifting, armed conflict) have higher risk of developing health problems; receipt of social benefits may depend in part on prior employment
	Labour market position	Unemployment, under-employment, and tenuous employment make it more difficult to cushion a household against unexpected expenditures
<b>Household/ Family</b>	Multigenerational household	Shocks experienced by one member of a multi-generational household (e.g., an elderly person) can correspond to household-level costs; household economic health reflects presence/absence of social assistance recipients and income-earners
	Multi-child household	The presence of multiple children can be costly and require greater adult presence for supervision
	Ill/injured/disabled household members	The presence of individuals who require medical care and/or are unable to participate in the labour market can strain household finances
	Presence of extended family	Larger family networks can entail financial risks, as shocks experienced by one member can be felt by all members of the network who contribute to the recovery process
	Family member return from abroad	Family members who return from work abroad may return with an illness or injury that needs to be treated locally; withheld wages can lead to a deficit in household income
<b>Community</b>	Employment opportunities	Limited local employment opportunities contribute to unemployment and may require travel of long distances for work
	Cost of living	The cost of goods and services, and sudden increases in costs (e.g., heating, food) due to national- or community-level shocks can increase household expenditures
	Distance to urban centres or market	Individuals in rural communities may have to travel longer distances to sources of employment, medical treatment, or markets where agricultural products can be sold
	Environmental challenges	Households that are located near rivers, flood plains, or in drought-prone areas may be more exposed to environment calamities (e.g., flooding, drought)

The shocks that afflict individuals are not necessarily isolated to one level of vulnerability; there are clear overlaps across sources of vulnerability (e.g., between individual- and household-level characteristics). Complicated “chains” of shocks may be generated when one shock further heightens vulnerability. For instance, an older individual who experiences a job loss may be both less able to find another job and more likely to receive assistance from other members of his or her household or family, thus transforming an individual-level vulnerability characteristic into a shock that is experienced by a whole household or family. Another example is an individual who experiences a health shock such as the onset of a serious illness and may face add-on shocks such as job loss due to limited mobility or stamina created by the illness. As another example of the links among these vulnerability levels, community-level circumstances such as access to arable land or the absence of non-agricultural employment will have obvious implications for an individual’s job possibilities.

Vulnerabilities and shocks are not easily disentangled: a source of vulnerability (e.g., marital status) can easily translate into a shock (e.g., income loss experienced as a result of divorce or death). There is value in distinguishing among categories of the vulnerable, however, given the different levels of risk to which they are exposed.

**Within the focus groups, several characteristics appeared to correspond to an individual having a greater chance of experiencing singular or overlapping shocks, chiefly:**

- 1) residence in a multigenerational household,**
- 2) residence in a household with multiple children, and**
- 3) residence with individuals with a chronic illness or disability. These sources of vulnerability are clearly tied to demographic characteristics, namely age, and may be strongly interrelated.**

Multigenerational households are those in which three generations or age cohorts co-reside. Within such households, multiple forms of shocks related to different stages in the lifecycle

may be experienced, including illnesses that are more likely to occur among the very young (e.g., congenital disorders, chronic bronchial inflammation) or among the aging population (e.g., hypertension or high blood pressure, diabetes, stroke). Multigenerational households may not only be exposed to a greater variety of shocks associated with different stages of the lifecycle but are also exposed to a greater range of costs associated with lifecycle-specific occurrences, such as the transition of an elderly person into retirement or the transition of children from mandatory education to secondary or post-secondary education. Multigenerational households may be additionally vulnerable to experiencing a shock or being unable to recover from a shock because of the reason underlying the household composition. Many of the focus group respondents who lived in multigenerational households explained that their residency situations *were created* by other shocks such as the death of an elderly parent (resulting in the remaining parent moving in with the adult child and his/her family) or the loss of a home due to a natural disaster such as flooding, a landslide, or fire. The coresidence of adult children and their aging parents or multiple nuclear families from the same family network may also make a household more vulnerable in its ability to deal with economic shocks because of the design or eligibility criteria of social assistance packages, which appear to unduly penalise coresidence. The link between complex living arrangements and social assistance packages is discussed in more depth in Chapter 4. In many studies of vulnerability conducted in the context of other countries, multigenerational households have actually been found to be *less* vulnerable and better able to cope with shocks. Such households may be more resilient because there are more potential income earners in the household, more members of a social network who can assist in times of need, and more individuals who are able to take on tasks such as caring for children, which could enable the reintegration of mothers into the workforce. It is interesting to see that in the Moldovan context, these benefits appear to be outweighed by lifecycle-related risks that enhance a household’s overall vulnerability.

Households with multiple children, both below and above the age of 18, are the second type of household that was identified as particularly vulnerable. Members of such households may be more exposed to specific kinds of shocks

that require greater expenditures (e.g., child medical treatment) as well as ongoing costs associated with child development (e.g., clothing, food, school fees). Households with particularly high dependency ratios (i.e., the number of economically-inactive individuals to economically-active individuals) appear at heightened risk of being unable to cope with a shock when it occurs given the limited sources of household incomes. Multigenerational households with multiple children are of particular concern in this regard, particularly when the head of the household is a single parent.

The third type of household that was identified as particularly vulnerable was that in which one or more members lived with a chronic illness or disability. Many such illnesses or conditions, such as type 2 diabetes, may relate to age; others, such as heart arrhythmia, may be related to congenital conditions and persist across an individual's life course. In other cases, a chronic health condition may be created by a one-time shock, such as a workplace injury requiring the amputation of a limb, which has long-term consequences for an individual's mobility and employment possibilities. Larger households and households featuring several generations may be at particular risk of being exposed to costs and constraints associated with chronic health conditions.

While these three groups were most-consistently identified as experiencing a greater number of shocks and of having the most limited resilience in the face of shock, other groups of individuals were also identified as vulnerable given their limited capacities to build up resources. Working-age mothers, for instance, were identified as particularly vulnerable because of their disadvantaged economic positions. One male respondent from Rîșcani explained that:

*“My wife wanted to find a job, but each time she went for an interview they sent her away after they found out she had two children. ‘That is not possible if you have two children, I do not need anyone like you!’ Even though she had some training, she had completed courses training people who work in bars and waiters... they told her if you have children you should stay at home.”*

Several female respondents also mentioned that they had been passed over for jobs because the

interviewers felt that a man would need the job more. Single mothers appear to face additional discrimination, particularly from local social welfare officers—a problem that is described in more depth in Chapter 4.

The groups identified as particularly vulnerable in this research largely align with those identified in past studies. The *Law on Social Assistance of the Republic of Moldova* (547/12/2003 amended in 18/06/2010) explicitly recognises that families with multiple children, single-parent families, the elderly, and individuals with disabilities or other physical/mental health problems are particularly vulnerable. The law therefore appears to encompass most of the particularly vulnerable population, but one additional group identified in this study—multi-generational households—are not explicitly recognised in the law as experiencing greater vulnerability. As is discussed in section 2.2.2, such households may be exposed both to a greater number but also a greater variety of shocks because of their composition. As multigenerational households may contain several types of individuals identified as particularly vulnerable (e.g., children, elderly individuals, those with disabilities or health problems), it is important to recognise that multigenerational households are particularly high-risk.

### **2.2.2 TYPES OF SHOCKS & SHOCK SEVERITY**

Different vulnerabilities correspond to different kinds of shocks, which are discernible from each other not only in terms of cost but also in terms of their long-term implications for the resilience of the household. Respondents in both the screening questionnaire and the focus groups discussed different categories of shocks: namely idiosyncratic versus covariate shocks, and one-time shocks versus perpetuating shocks.

Idiosyncratic shocks are those that affect only one individual or family; examples of this kind of shock include the death of a family member or the onset of an illness. Covariate shocks are those that affect all individuals living within a particular area or community and examples include landslides, flooding, or crop disease/pestilence. Shocks were also distinguished not only by their geographical scope but also in terms of time scale. One-time shocks are those that occurred at a specific moment in time and had limited consequences

for future shock occurrence; localised household fires, for instance, were generally discussed as one-time shocks.

Perpetuating shocks, in contrast, were described as those shocks that significantly heightened the vulnerability of experiencing the same shock again or of experiencing a related shock in the

future. The onset of an illness is a clear example of a perpetuating shock: while it may begin as an isolated shock at a particular moment, illness is often accompanied by subsequent, related shocks (such as hospitalizations, catastrophic health expenditures, job loss) that have a strong economic impact s. Table 2.2 below illustrates how different shocks were categorised by respondents.

**TABLE 2.2: Shock Characterisations**

Timescale/ Geographic Scope	One-Time	Perpetuating
<b>Covariate</b>	<ul style="list-style-type: none"> <li>● Crop damage from frost</li> <li>● Crop damage from pestilence/disease</li> </ul>	<ul style="list-style-type: none"> <li>● House loss from landslides</li> <li>● Inflation on local market/increased cost of basic goods</li> </ul>
<b>Idiosyncratic</b>	<ul style="list-style-type: none"> <li>● Damage to home due to fire/flood</li> <li>● Divorce (not from main breadwinner)</li> <li>● Job loss</li> <li>● Withheld payment for work</li> <li>● Problems with the law</li> </ul>	<ul style="list-style-type: none"> <li>● Complete destruction of home/crops due to fire/flood</li> <li>● Death or theft of livestock</li> <li>● Divorce (from main breadwinner)</li> <li>● Accident leading to disability</li> <li>● Onset of a serious illness or health condition</li> <li>● Death of a breadwinner</li> </ul>

This manner of categorising shocks risks oversimplifying patterns of shocks, as the enduring qualities of the same shock may affect different individuals or households in different ways given pre-existing vulnerabilities. Shocks have been generalised in this way, however, to highlight how participants assessed the overall severity of different kinds of shocks, as there is a strong overlap between these categorisations and the severity ranking respondents assigned to each shock.

**Covariate, one-time shocks were generally discussed as the easiest to address or to cope with, in part because they tended to represent partial damage to a larger whole (e.g., loss of a certain percentage of the anticipated crop output, damage to a part of a house but not its complete destruction).** One-time, idiosyncratic shocks also tended to be rated as lower in severity, often because they were associated with larger problems that respondents expected to occur. Job loss, for instance, was discussed as a shock that “can just happen,” it could reasonably be anticipated in the course of one’s working life and is symptomatic of larger problems in the labour market.

Perpetuating shocks of both covariate and idiosyncratic nature were generally regarded as the most severe. **Shocks such as the onset of an illness, the complete destruction of house or land, or the death of a breadwinner (particularly of a husband/father) were rated as particularly difficult to overcome because they were shocks that were both initially expensive and that seriously eroded the household or family’s capacity to shore up resources. Such perpetuating shocks tended to also generate larger crisis scenarios because they generated a series of interrelated problems.** For example, the death of a breadwinner could lead to funeral expenditures, represent the loss of a family’s only source of income, or require the surviving partner and children to move in with other family members, and/or remove an essential source of child supervision that allowed the other partner to participate in the labour market. While a death may thus be a one-time event, its repercussions could be far-reaching and could generate a series of additive shocks that undermine a household’s ability to develop effective coping strategies to deal with the immediate shock as well as possible future shocks.

One respondent from Rîșcani provided another example of how an initial shock (an apartment fire) became a perpetuating shock that came to affect her larger family network:

*“I used to live in Chișinău, I was working there. There was a fire in my apartment and I had to move back in with my parents. For that reason, I had to terminate my maternity leave early. I would clearly not have been able to cope with the situation in any other way because rent is expensive. I had to take my children and move back in with my parents, and we are all living together—all of us... I have not been able to find work in the village—and neither has my husband! ... I mean, there are no jobs. Anyone who wants to work in a rural area lives from hand to mouth.”*

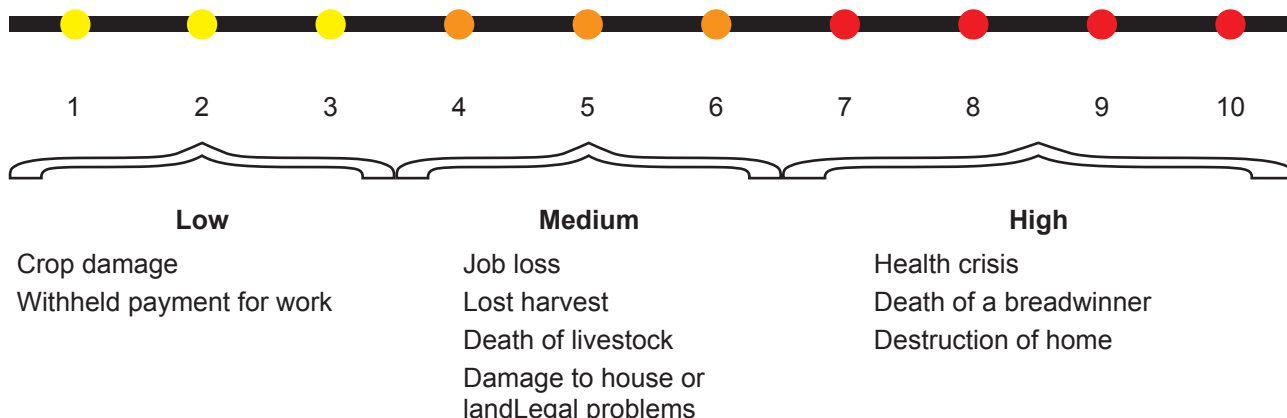
The respondent further explained that their household is now a large, multigenerational one, with three children under the age of 18. The shock of losing their home to a fire not only involved immediate material losses but also required the respondent and her husband and children to move back to her parents’ household, which required both her and her husband giving up their jobs. These economic hardships were further compounded by the death of some of the family’s livestock, which removed an additional source of income from the household.

Respondents from different types of communities generally indicated consensus on the severity of different types of shocks, but some shocks were obviously more prevalent among certain members of the population than others. In rural

areas, for instance, covariate shocks relating to environmental phenomena such as flooding and heavy rain and hail leading to landslides and crop damage were more common than in urban areas. Damage to or theft of crops and livestock were also more often discussed within rural communities than in urban communities. A greater exposure and experience of shocks relating to agriculture do not necessarily translate into greater vulnerability, however. Rural households may be better insulated from the economic consequences of shocks because they may have better access to resources that can be used to mitigate the consequences of a shock. As is discussed in more detail in Section 4.3, rural households may have more coping mechanisms at their disposal to deal with a shock than urban households do. Households that own livestock, for instance, may both be able to substitute goods they would normally buy with their own production and may also be able to generate income by selling the by-products of their livestock (such as milk, cheese, and eggs).

In each of the focus groups, respondents were asked to rank the severity of different kinds of shocks. In line with the ways in which they characterised different kinds of shocks—as idiosyncratic/covariate and as one-time/perpetuating—respondents assessed their severity based on several different characteristics. They considered the initial cost of the shocks, the anticipated duration of its consequences, and the costs of any possible add-on shocks. Figure 2.1 below provides a visual representation of the severity rankings respondents assigned to different kinds of shocks.

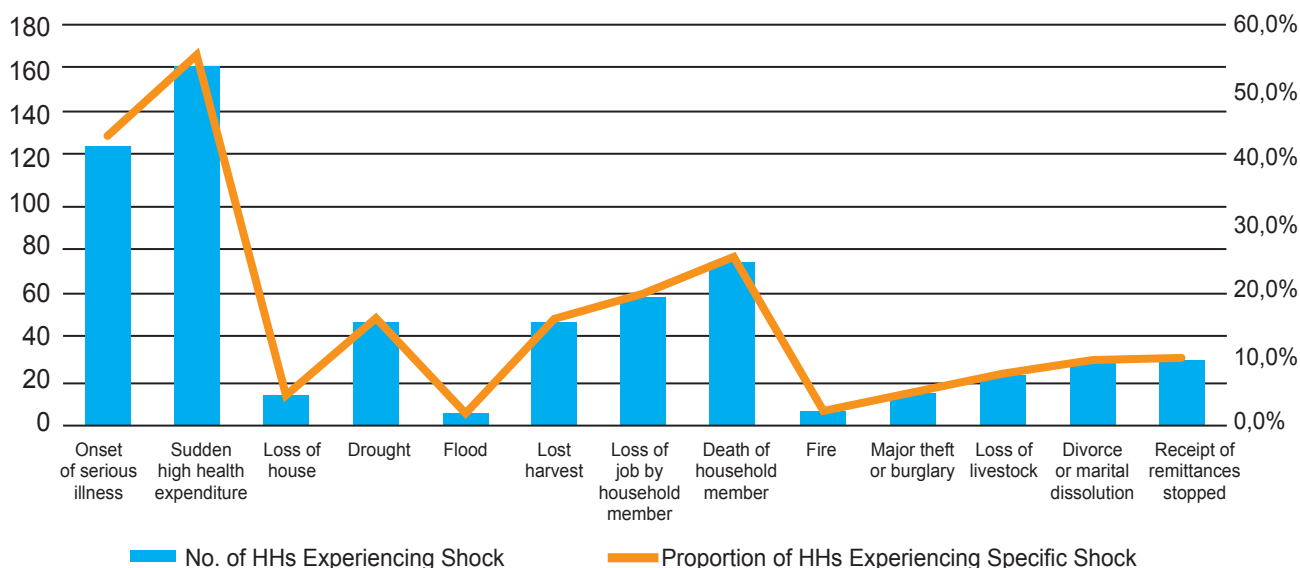
**FIGURE 2.1: Severity Ranking of Shocks**



Data from the screening questionnaire provide additional insight into the occurrence of different kinds of shocks and the economic impact such shocks had on the household. Of the 393 households that responded to the screening questionnaire, nearly 74 percent had experienced one or more shocks in the past five years. Of the 290 respondents who had

experienced a shock, the largest share had experienced sudden, high health expenditures (55%); the onset of a serious illness (43%); the death of a household member (25%), and the loss of a job by a household member, generally a major contributor to household income (19%). Experiences of shocks are shown in Figure 2.2.

**FIGURE 2.2: Number & Percentage of Households Experiencing a Shock**

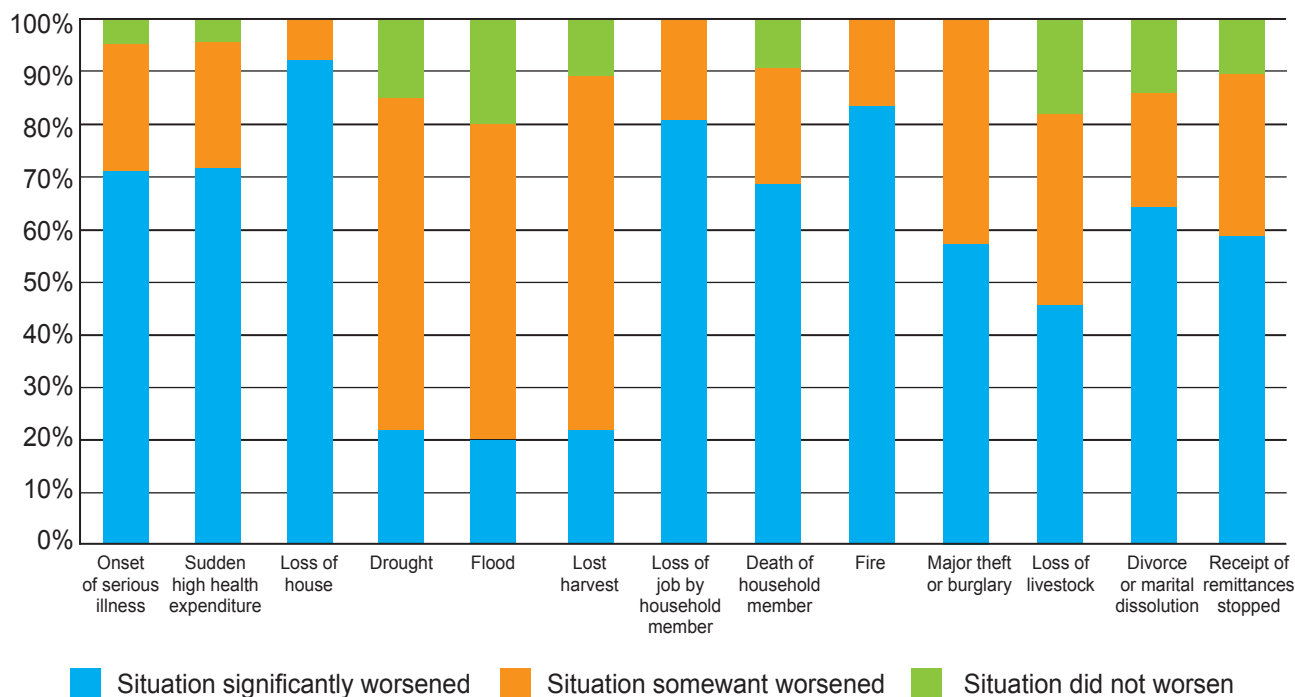


Source: Household screening questionnaire

Figure 2.3 indicates the severity of different types of shocks on the household's economic situation as reported in the household screening questionnaire. A household's economic situation significantly worsened when hit by several shocks such as the onset of a serious illness and high health expenditures, the loss of house or damage to property, the loss of a job from the primary breadwinner, the death of a household member (primarily an income earner), and divorce or marital dissolution. Shocks that concerned damage or loss to property or agricultural products (e.g., crops or livestock) such as drought, flood, crop damage, and death/theft

of livestock were generally considered to have somewhat worsened the household's economic situation. As these shocks entailed partial loss or damage, they appeared to be considered less severe than the loss of a house, for instance. Only a very small proportion of respondents who had experienced particular shocks reported that their household's economic situation did not worsen as a result. A slightly larger share of individuals who had experienced a flood, drought, or loss of livestock reported not experiencing adverse economic conditions as a result, but this was indicated by less than 20 percent of those questioned that had experienced those shocks.

**FIGURE 2.3: Impact of Shocks on Household Economic Situation**



Source: Household screening questionnaire

**When asked to identify the most severe shocks a household could experience, focus group respondents consistently identified three:**

- 1) the onset of a serious illness,**
- 2) the loss of a home, and**
- 3) the loss of the primary breadwinner’s job.**

Across all focus groups, the onset of an illness or a severe health shock such as invasive surgery or an accident was considered a particularly severe shock. Respondents explained that health shocks were particularly problematic because individual health is a prerequisite for coping with the demands of daily life:

*“If there is a little health, you can still repair something.” (Hincești)*

*“...if the man is ill, he can’t do anything he can’t sow, plough, (or) save money to buy an apartment, so illness is the most [troublesome]...” (Chișinău)*

*“[If a house is damaged] you can repair it, build another, or move to live elsewhere. In any case you can overcome the situation and you can get back to normal. But if you’re sick, you’re crippled, and there is nobody to give you a helping hand, then it is very difficult.” (Soroca)*

Health shocks were assessed as particularly problematic given the initial, high cost of treatment; the cost of ongoing treatment, including medicines and hospital treatment; limited work possibilities given physical constraints of the illness, and; the need for supervision or care of the ill individual by other members of the family. These four characteristics of health shocks make health conditions, particularly chronic ones, difficult for a household to recover from because they create continual expenses and/or require household resources, including labour, to be reallocated to meet evolving health needs. Some health shocks, particularly those related to congenital conditions (e.g., heart-, muscle-, or skeletal defects) or the onset of severe health problems (e.g., spinal conditions, muscular disease, ocular degeneration), may be severe enough as to be recognised as a disability. In the case of disability, an individual is unlikely to be able to work in some types of jobs or at all, depending on the severity of disability. While in principle an individual who has received recognition of disability is entitled to social assistance, many respondents reported problems in this process, which are described in more depth in Section 4.5.

The majority of respondents in focus groups described experiencing catastrophic health



expenditures generally following the onset of a medical condition. Such expenditures related to hospitalizations or other in-patient medical treatments, including the cost of receiving a bed in the hospital and the cost of receiving care; the cost of out-patient medical treatments, including services such as blood testing; the cost of transport to medical facilities, many of which are only located in urban centres, and; the cost of medicines and at-home medical testing materials, such as blood glucose test strips. Many of the focus groups were dominated by discussions of the economic repercussions of illness, particularly in terms of medicine and treatment. Respondents described medicines as being problematic both in terms of availability and of overall cost. Some medicines were not available in local pharmacies and so had to be obtained at compounding pharmacies in urban centres, which required significant travel. Most respondents described medicines as being prohibitively expensive and available only when they were paid for out-of-pocket; medical insurance did not appear to cover important medicines. Respondents noted that medical insurance often did not pay for the full cost of treatment but would only cover a particular type of expense, such as the stay in the hospital, but not the medical treatment itself. Other respondents noted that medical treatment was inaccessible because of informal costs, namely bribes. Two respondents in Căușeni discussed this issue at some length:

*Respondent 1: “My other son had a blockage in one of his main veins and I was with my newborn baby and had no money and nowhere to take the money from. I had to go to the hospital in Chișinău, to the Oncology Institute where we were hospitalised... When you go to Chișinău you need to ‘put money in the pocket’ [i.e. give a bribe] in order to get the doctor’s attention and care. If I ‘filled the pocket’ they cared; if I didn’t, they just passed by. I kept asking when they would perform surgery and they said we had to wait. Meanwhile my son was in pain, and I ‘filled the pocket’, I spent a lot of money but what else could I do?”*

*Respondent 2: “I didn’t ‘fill the pocket’ and lost my daughter. She passed away when she was only 19 months. Because I didn’t have money the surgery wasn’t performed and we... had no help from anywhere. I asked for help but*

*was told not to use the child’s illness to ask for money and that I ‘have enough money for food and drink’.”*

The issue of medical treatment being refused because of a failure to pay bribes was brought up in other focus groups as well, including one in Șoldănești where two respondents noted how institutionalised bribery was in the medical sector.

*Respondent 1: “When you go to a doctor, he asks you what you have in your pockets, he looks you up and down from head to toe and appraises your situation and then tells you an amount, and that is how much you have to pay.”*

*Respondent 2: “...if someone has health problems like these ladies and goes to hospital to see a doctor, the medic must not look one the patient up and down to decide whether you have any money in case you have a health insurance policy. Everyone must be treated... because there is a poster on each door, ‘DO NOT GIVE BRIBES’.”*

The ongoing costs of treating medical conditions coupled with the limited resources of chronically ill or disabled household members can contribute to the household not being able to discern health shocks from other forms of shocks. **While the loss of a home or the loss of a job by a primary breadwinner were also described by focus group respondents as severe and problematic, these shocks were not described as so corrosive to the household economic situation as medical shocks, in part because they generated fewer additional shocks.**

## 2.3 Current Analysis: HBS Data

In identifying vulnerable households, it is important not only to identify what characteristics make a household more vulnerable, but also how that vulnerability corresponds to the risk of a household falling into poverty. Data from the Household Budget Survey 2014 (HBS) can be used to construct a poverty profile of Moldova, which can help identify how different vulnerabilities—such as the presence of children in the household—correspond to the risk of a household being considered poor<sup>4</sup>. The HBS provides data on income and expenditure for

<sup>4</sup> Note that only selected HBS modules were shared with the research team. The HBS contains a poverty module in which specific thresholds for poverty are determined and as this module was not shared with the research team, the results in this report may differ from the direct HBS results and figures from other sources referred to in this report.

5,082 households<sup>5</sup> as well as information on specific characteristics of those households and their members. The HBS also records information on the receipt of social benefits, including the value of benefits granted to each household. These characteristics of the HBS make it possible to discern rates of poverty among different groups within Moldova.

Within this analysis, an absolute measure of poverty was used, and consumption expenditure per adult equivalent (PAE) was used as a proxy of income<sup>6</sup>. In this assessment, a monthly PAE expenditure of 1,196 lei (MDL) was used as the absolute poverty line. Households with a monthly PAE expenditure of MDL 1,196 or less were therefore considered poor, and those with a monthly PAE expenditure of 680 MDL or less were considered to be in extreme poverty. These values correspond to the national poverty line and

minimum monthly guaranteed income (MMGI) in 2014, respectively<sup>7</sup>.

Given the above poverty thresholds, analysis of the HBS data revealed an overall poverty headcount rate of 15.7% in 2014—which is three percent higher than the poverty rate recorded by the government in 2013, indicating a slight rise in the share of the poor. As shown in Table 2.3, the poverty headcount rate was much higher in rural than in urban areas. The intensity of poverty, which is measured by the poverty gap and which takes the average distance from the poverty line into account, is also higher for rural households. The poverty headcount rate for households with at least one child was five percent higher than the rate for households without any children, confirming that such households are more vulnerable to income deprivation.

**TABLE 2.3: Absolute Poverty in 2014 Using Poverty Line of MDL 1196 and Extreme Poverty Line of MDL 680**

	Population Share	Poverty Headcount	Poverty Gap	Extreme Poverty Headcount	Extreme Poverty Gap
<b>Overall</b>	<b>100.0%</b>	<b>15.7%</b>	<b>2.8%</b>	<b>0.7%</b>	<b>0.1%</b>
<b>Urban</b>	42.0%	5.5%	0.8%	0.0%	0.0%
<b>Rural</b>	58.0%	23.0%	4.3%	1.2%	0.2%
<b>No children</b>	49.2%	13.0%	2.3%	0.7%	0.1%
<b>At least one child &lt; 18</b>	50.8%	18.2%	3.3%	0.8%	0.1%

Source: Author's calculation of 2014 HBS data

As particular types of households have been identified as especially vulnerable in previous assessments, it is important to understand if residence in these households does indeed correspond to a higher exposure to poverty. Table 2.4 provides a breakdown of poverty rates by four different household types. Those households headed by a woman constitute 40.9 percent of all households, representing 35 percent of the population, and the poverty headcount rate of 16.5 percent is slightly higher than the average for the total population. In contrast, the poverty

headcount rate for individuals living in single-parent households is *below* the average (at 12%). Households with more than one child and multigenerational households with both children and elderly household members have particularly high poverty headcount rates, with the latter group expressing the highest poverty headcount rate of all groups at 25.8 percent. **This suggests that households with children are indeed particularly vulnerable to experiencing material deprivation—particularly when they also contain elderly members.**

<sup>5</sup> 13,284 individuals

<sup>6</sup> Both expenditures and incomes were tested in the following analyses, with limited differences in trends discernable between the two. Expenditures are preferred over incomes because they are expected to be more accurate than income data. The consumption expenditure per adult equivalent was calculated according to the MMGI household equivalence scale in which: First adult = 1, Other Adult = 0.7 & Child=0.5.

<sup>7</sup> The value of 680 Lei was used as the extreme poverty threshold until 1 November 2014 and is therefore the most representative figure for this analysis.

**TABLE 2.4: Poverty Rates within Vulnerable Types of Households**

	Population Share	Poverty Headcount	Poverty Gap	Extreme Poverty Headcount	Extreme Poverty Gap
<b>Total</b>	<b>100%</b>	<b>15.7%</b>	<b>2.8%</b>	<b>0.7%</b>	<b>0.1%</b>
Female headed household	35.2%	16.5%	3.0%	0.8%	0.1%
Single-parent household	1.7%	12.0%	2.4%	0.6%	0.1%
Household with at least one child and elderly member (age 65+)	5.4%	25.8%	4.1%	1.0%	0.2%
Multiple children	25.2%	21.1%	3.8%	0.8%	0.1%

Source: Author's calculation of 2014 HBS data

Given the higher incidence of poverty among households with children, it is important to understand how children are distributed across consumption quintiles. As poverty rates differ considerably by the location of households, Table 2.5 below shows the distribution of children across consumption quintiles<sup>8</sup> by locale of residence (urban

or rural). In general, the incidence of poverty is much lower in urban than rural areas, and children in urban areas are more likely to live in richer households, as the proportion of households with children is higher in the two richest quintiles. In contrast, most children are living in rural areas and belong to the two lowest consumption quintiles.

**TABLE 2.5: Distribution of Children Across Consumption Quintiles, 2014**

	Total	Q1	Q2	Q3	Q4	Q5
Urban	35.8%	3.8%	5.2%	6.4%	9.8%	10.8%
Rural	64.2%	23.3%	15.7%	10.3%	8.8%	6.1%
<b>Total</b>	<b>100%</b>	<b>26.9%</b>	<b>20.9%</b>	<b>16.7%</b>	<b>18.8%</b>	<b>16.9%</b>

Source: Author's calculation of 2014 HBS data

Based on the overall incidence of poverty among different population sub-groups, some households appear to be more vulnerable to experiencing material deprivation than others. The incidence of poverty among households with children, particularly those in rural areas, was much higher than the national average, and the concentration of rural households with children in the lowest consumption quintiles suggests that relative deprivation is particularly acute within these households. Households with children have been identified both in Moldovan legislation and in

past evaluations as being particularly vulnerable, and this conclusion is borne out in the current assessment – but with the distinction between rural and urban households, as urban households with children did not appear to be particularly vulnerable to being considered poor. The HBS data also confirms the finding from the focus groups that certain household types are more vulnerable than others, with a significant share of multigenerational households and households with multiple children falling below the poverty line.

<sup>8</sup> Quintiles of consumption expenditure per adult equivalent, calculated according to the MMGI household equivalence scale in which: First adult = 1, Other Adult = 0.7 & Child=0.5.

# RESILIENCE AND COPING MECHANISMS

## 3.1 Background

Individuals, households and the state can develop coping strategies to build resilience against severe deprivation. In Moldova, coping mechanisms are embedded within two settings, which are not mutually exclusive: through individual and family mechanisms and through social protection policies developed and administered by the state.

When a family's income decreases, a common coping strategy that poor households adopt is to change their consumption patterns, which involves changing both the type and amount of goods consumed (OPM, 2007; Otter & Vladicescu, 2011). A change in consumption can imply the purchase of expired food, the decision not to purchase clothes, or not to use extensive heating in the cold periods. The strategy of using second-hand clothes is common among relatives and friends (Stănculescu & Marin, 2011). Changing consumption behaviours is employed by low-, mid- and high-income households during times of crisis; studies have found that both households with and without children reported rearranging their food expenditures by lowering consumption and shifting from high- and mid-priced products to cheaper options (Stănculescu & Marin, 2011).

The sources of income on which poor households in Moldova rely are not very diverse, which can reduce a household's resilience following a shock. When prices increase or when a job is lost, small-scale agriculture is often the only alternative income-generating activity individuals have, and agricultural production can become an important coping mechanism. Despite the vulnerability of farmers to natural hazards, many households, including those in urban areas, do own land and see land ownership as an investment and a coping strategy. Farming is mainly seasonal, however, and subject to

variations in productivity that can undermine a household's financial security. Most rural families need to rely on their children to be able to work the land, and many children enter the labour force at a very early age (Otter & Vladicescu, 2011; Stănculescu & Marin, 2011). Agricultural households may also face uncertain yearly yields because of weather conditions and natural hazards. Furthermore, the optimization of farming is impeded by land fragmentation and by proliferation of unsustainable land management practices (e.g., using the same types of crops, use of manual work, child labour, etc.) that need to be curbed in order to reduce land productivity losses (WB, 2015b). To cope with income shocks, families may try to sell agricultural products or animals, which can also imply consuming as little as possible and selling what is left and of higher quality. One study found that families may sell high-quality products in order to purchase the same goods but of lower quality (Otter & Vladicescu, 2011). Decreasing the quality of food consumption can, however, increase the level of food deprivation and decrease nutritional intake, which is especially worrisome for developing children.

Borrowing money either in small-scale community loan groups or individually from neighbours or relatives is another coping mechanism, which is usually used when families are in need of short term cash (Otter & Vladicescu, 2011). In rural areas, many people borrow money or take loans during the winter and then work during the summer to repay their creditors. Loans are not always taken in the form of money: poor families may take food loans from local shops and pay when they get money.

Another coping mechanism is changing residency arrangements (OPM, 2007). Families choose to share costs by living together with members of the extended family, and in situations of extreme need, parents may also leave their

children in institutional care. Although living with extended family members may save on living costs, this strategy can jeopardise qualifying for social assistance programmes. Currently, social assistance schemes such as *ajutorul social* consider all individuals living in the same compound to belong to one household, and the income and proxy calculation of assets are applicable to all members of the household, regardless of whether they share expenditures or would otherwise meet the criteria of being a single household.

Other individuals may choose to emigrate as a coping strategy because of the opportunity of working abroad and sending remittances to family members who remain in Moldova. In the most recent World Bank report (WB, 2015b), it is stated that most of the observed poverty reduction in Moldova is driven by remittances, which provide the population with higher income for consumption. Rural populations are the main beneficiaries of remittances. Data show that 21 percent of the income in rural areas comes from remittances, poverty rates in rural communities have decreased significantly as a result of remittances (Republic of Moldova, 2012). World Bank specialists believe that remittance-led growth will remain an important share of the Moldovan economy for the next few years (WB, 2015b). The economic crisis in Europe did not appear to affect the volume of remittances sent back by Moldovan migrants. In 2010-2011, migrants sent 33 percent more remittances than from 2009-2010 (Republic of Moldova, 2012). In 2014, the share of remittances as a percentage of GDP in Moldova was 26.1 and has risen compared to previous years (24.9% in 2013 and 24.6% in 2012) (WB, 2015a). Moreover, there is evidence to suggest that recipients of remittances who also receive social assistance benefits make better use of social assistance programmes in terms of the types of purchases they make. In a recent study, Waidler, Hagen-Zanker, Gassmann, and Siegel (2014) found that remittances and social assistance are spent in different ways by those who receive them, and each source complements rather than substitutes the other in terms of how they influence the well-being of Moldova's population.

Other coping mechanisms relate to specific shocks such as health crises. Evidence suggests that some people without health insurance or

who cannot afford health consultations rely on alternative medicines when faced with a health crisis rather than accessing formal and regulated healthcare providers, which can lead to sub-optimal health treatment (OPM, 2007; Otter & Vladicescu, 2011). Health insurance, although an obvious coping and prevention strategy, is often not used due to a lack of formal employment, as national health insurance is only provided to contract workers and is generally too expensive for the unemployed to purchase out of pocket. Health insurance use is also curtailed by limited information on how it should be used and confusion regarding entitlements. In 2011, only 77 percent of the population had health insurance; and 70 percent of those who were uninsured came from rural areas (Republic of Moldova, 2012). The population also generally has a negative perception of the public healthcare system, citing unsatisfactory healthcare services and attitudes of some of the medical personnel, including the expectation of bribery (Stănculescu & Marin, 2011). As a coping strategy, people choose to visit a doctor only in extreme cases and otherwise choose traditional means of treatment

### 3.2 Current Analysis

Focus group respondents were asked to discuss the methods they had used to cope with particular shocks as well as the methods they would use if a hypothetical shock arose.

**Respondents discussed two broad types of coping methods: a reduction of expenditures, and diversification of sources of household income.** Most of the coping mechanisms identified by respondents align with those found by other studies. Otter and Vladicescu (2011), for instance, it was noted that individuals may change their consumption patterns by reducing both the quantity and quality of goods and services they used, which was also prominently discussed by focus group respondents.

While respondents clearly distinguished between and among shocks in terms of their severity, the coping methods they discussed did not differ radically according to the shock; only the most extreme shocks, those that required a household to raise MDL 10,000 or more, were met with fundamentally different coping strategies. The coping methods that respondents discussed, and the relative frequency with which respondents discussed using them, are summarised in Table 3.1.

**TABLE 3.1: Coping Methods**

	Coping Method, Ranked by Relative Importance
<b>Reduction of Expenditure</b>	<ol style="list-style-type: none"> <li>1. Cutting clothing expenditure</li> <li>2. Cutting utilities expenditure</li> <li>3. Consuming cheaper foods</li> <li>4. Shopping at cheaper stores, including second-hand stores</li> <li>5. Buying less food, sometimes in combination with producing own food</li> <li>6. Taking shop credit</li> <li>7. Paying for goods or services in kind</li> <li>8. Moving to less expensive residence, including moving in with family</li> </ol>
<b>Diversification of Sources of Household Income</b>	<ol style="list-style-type: none"> <li>1. Informally borrowing from family members</li> <li>2. Informally borrowing from friends/acquaintances</li> <li>3. Applying for social assistance</li> <li>4. Selling agricultural products</li> <li>5. Taking on additional work</li> <li>6. Formally borrowing from friends/acquaintances (i.e., borrowing under contract)</li> <li>7. Selling small goods without a licence</li> <li>8. Taking out a bank loan</li> <li>9. Selling property or livestock</li> </ol>

Respondents most often discussed changing their expenditure or consumption behaviour, particularly by reducing spending on clothing and on household heating. Many respondents also reported buying cheaper foods or less food, but respondents were clear that they adjusted their own consumption behaviours before changing the types or quantities of foods that they bought for children. Respondents in rural areas mentioned that they were sometimes able to compensate for foods they would normally buy by growing the foods themselves or by paying for food in kind, usually by providing friends or acquaintances with other goods or services in exchange for agricultural produce. This finding echoes that of Otter and Vladicescu (2011), who also found that households that were able to substitute their consumption with own produce did so in response to changes in income. Households in rural areas appeared to have an advantage in this regard: respondents in agricultural areas mentioned that they could sell agricultural products such as fruits/vegetables, milk, eggs, and cheese if they needed to, and in emergency situations they could also sell land or

livestock to raise money. While rural households may thus be exposed to a larger number of shocks than individuals in urban areas, they may also have access to a greater number of potentially-productive assets that can be used to protect them from economic crises.

While respondents did mention first trying to reduce expenditures as a way to offset the financial strains of a shock, many also noted that costs could be reduced only up to a certain point. After experiencing so many perpetuating shocks and without having the opportunity to build up their resources, many respondents reported that they could not change their consumption behaviours enough and needed to seek other ways of increasing household income. **Respondents signalled heavy reliance on family members and social networks for borrowing money**; many reported collecting small sums from various members of their social networks, which they could then repay when they had the opportunity. Several respondents provided good illustrations of how essential informal lending is:

*“I borrowed from an acquaintance, they are many, but they lend me as much as they have. We save. They all save and help you, but they can’t lend more than 100 – 200 lei. With this money you go to the shop and it isn’t enough to fill the bag, but we have to eat eat.” (Hîncești)*

*“I needed 1,000 rubles for surgery for my child in Bender. I borrowed not from people that I knew had money, because I knew they wouldn’t give me any. I went and asked for at least 50 rubles from the people that I knew would help. I told them that I would give the money back on a certain date, and if I didn’t manage that, I would tell them in advance which is how I raised 1,000 rubles and paid for the surgery.” (Căușeni)*

This method of coping with a shock was discussed as effective by most respondents, but only for a short time and only for addressing relatively small expenses. Respondents were quick to note that when everyone in the same social network was in a similar, tenuous economic position, friends or family members could lend only relatively small sums of money and only occasionally, when they had some money to give. Informal lending could thus be assessed as a relatively unsustainable coping mechanism because it depends entirely on availability of money within a finite pool of people. Formal loans of larger sums of money from a bank were largely regarded by respondents as unattainable because of a lack of collateral, limited credit history, and poor repayment conditions:

*“The bank will not lend funds to the first person who comes in from the street. They want to verify the amount you need and compare it with your income level. They would want to know how and in what way you are going to repay the loan.” (Comrat)*

*“Now [if you need] 10,000 lei, you first ask who will give it to you?! You go to the bank—they ask you what you have at home. You will not put the apartment or house as collateral as you do not know what tomorrow brings, [what] if you become disabled? Who will return the money? They will have to take your apartment! Will you live on the streets?” (Soroca)*

Despite scepticism about borrowing from a bank, many respondents reported that they had done so in the past and would do so again if absolutely

necessary—but prospects of bank lending appeared to be most appealing to households in Chișinău, as respondents in rural areas seldom mentioned the possibility of borrowing from a bank.

Beyond borrowing money, respondents also reported trying to increase their household’s income by applying for social benefits. As is discussed further in Chapter 4, respondents generally reported first approaching the local public administration for help and then applying to specific social assistance schemes prompted by local social welfare officers. Very few respondents knew that different social assistance schemes existed, and the distinction between *ajutorul social* and the republican fund never came up in discussion. As such, respondents did not have clear perceptions about the effectiveness of different forms of social assistance, and the findings in this section should be understood as referring to social assistance in general.

Many respondents in the focus groups had received some form of social assistance in the past or were receiving it at the time of the research. **Despite this, most respondents found social assistance to be inaccessible because of unclear application criteria or procedures, the high amount of documentation needed, or apathy/antipathy of local social welfare officers.** Respondents who received social assistance at the time of the research also noted that the sums of assistance they received were generally insufficient and sometimes received only on condition that they were spent on specific goods (these perceived problems with the social assistance system, among others, are described in more depth in Chapter 4). One respondent from Căușeni described the interlinked barriers she faced in trying to access social assistance:

*“In 2010 I gave birth to a girl, and it happened that she was born with a congenital heart defect; she had two holes in her heart... When I went to the mayor’s office to ask for social aid, the lady from the Social Assistance Office told me that I was using the child to seek money for food and partying, and I gave up... My daughter was slowly dying; my husband had been put in jail because he killed his mother. Shortly after this my daughter died... Now I am a single mother of 4 children. I stay*

*with my mother; my mother is 67 and retired. Sometimes she works with me doing seasonal jobs and sometimes not. I am hired by the day and paid 10 lei per hour. It is very difficult to raise 4 children; the Social Assistance Office can't help me because I have to bring a certificate from my ex-husband in prison. To do that I need to get to Chişinău but I can't afford it... when we go to the Social Assistance office... it takes a good half year before you get 200-300 lei."*

Another respondent in Comrat shared an anecdote that expressed frustration with the process of seeking social assistance, which many respondents echoed:

*"Assuming I would like to apply for an allowance, I will have to go to Comrat. I get to Comrat and they tell me I must bring them a certain certificate from my local town hall.. A trip costs MDL 10 to Comrat and MDL 10 back to my village... I actually started with my town hall and they sent me to the Comrat office—and now the Comrat office is sending me back! I had to make three round trips in one day. Although they could fax the document – we are living in the 21<sup>st</sup> century, for God's sake! I asked them after my third round trip if they still had a conscience. The answer was: 'You can always go away if you do not like it.'"*

**As a strategy for coping with financial shocks, social assistance was assessed as not being very effective by respondents.**

While differences could be expected between emergency and non-emergency assistance, respondents generally discussed both as insufficient to cope with a crisis. On the few occasions where it was clear that respondents had benefited from the republican fund, respondents were clear that the assistance shielded the household from the worst possible outcome (such as homelessness) but was not sufficient to protect the household from the long-term economic consequences of a shock like a fire. The following story from a respondent in Hînceşti illustrates this well:

*"There was a fire in my household two years ago... I was at work, two rooms burnt down. The living-room, the television set, and our furniture burnt too. They gave us help... they offered us 2,000 lei, and I also added some money, then I borrowed, and now I am in debt. I have to pay off 2,000 lei. I repaired my house, because it was winter. I had to repair it, to have some place to live... It [the social assistance] was a drop. It didn't help me much. The 2,000 lei was enough only for cement and sand. Some 10,000 lei [were the total damages]."*

The emergency assistance the respondent received represented approximately one-fifth of the total damages to the house, and while it certainly helped the respondent make the house habitable, it was not independently sufficient to allow the respondent to recover from the shock.

Identifying respondents' perceptions of the effectiveness of *ajutorul social* is difficult because respondents did not clearly discern between *ajutorul social* and the republican fund (or, indeed, between any form of social assistance). Despite this challenge, respondents were clear that all forms of social assistance they received represented only a small portion of their total expenditures. As *ajutorul social* is included in this general assessment, it can be inferred that respondents did not find the programme to be an efficient means of either coping with a pre-existing shock or of preventing a lapse into poverty in the event of a future crisis.

The effectiveness of social assistance as a method for coping with a shock—or as a method of insulating a household from the effects of a future shock—is challenged by several aspects of social assistance schemes. The following chapter therefore provides a more complete assessment of the overall structure and composition of the social assistance system in Moldova, the function of *ajutorul social* and the republican fund as specific social assistance modalities, and the challenges respondents in the current research identified in using social assistance.



# SOCIAL ASSISTANCE

The state contributes to household resilience through social assistance. Social assistance programmes are mainly cash- and in-kind transfers that are non-contributory and generally financed through general taxation or external aid. In Moldova, social assistance is characterized by a wide range of allowances and compensatory payments given to vulnerable segments of the population (Republic of Moldova, 2003; Republic of Moldova, 2008). Eligibility for social assistance is usually determined by a categorical vulnerability, and payments are intended to compensate for the decrease in the quality of life that individuals experience when experiencing a shock. Three types of social assistance payments use (pseudo-)means-tested instruments to assess the general well-being status of the individual and the family as a whole: material or emergency aid provided by the Republican Fund<sup>9</sup> for the Social Support of the Population (in Romanian, *Fondul Republican de Susținere Socială a Populației* [FRSSP]), social aid (*ajutorul social*) and aid for the coldest months of the year (in Romanian *ajutorul pentru perioada rece a anului*). About 95 percent of social assistance payments are made through the National Social Insurance Budget (in Romanian *Bugetul Asigurărilor Sociale de Stat* [BASS]) and the remaining five percent is made through the local administration budgets. Two of the social assistance programmes, *ajutorul social* and emergency aid provided through the republican fund, are discussed in a more detail below.

## 4.1 Background: Emergency Funds Provided Through the Republican Fund

The Republican Fund and the Local Funds for Social Aid of the Population (in Romanian, *Fondul republican și Fondurile Locale de Susținere Socială a Populației*), which is also known as the Material Aid fund (in Romanian, *Ajutorul Material*),

is an important component of social assistance in Moldova. The republican fund is regulated by law nr. 827, from February 18, 2000 Republic of Moldova, 2000). As a combination of both national and local funds, this programme is administered by the Ministry of Labour, Social Protection and Family of Moldova, the municipalities of Bălți and Chișinău, the Autonomous Territorial Unit of Gagauzia, and the 32 territorial district centres. The aim of the republican fund is to provide relief and to attenuate the economic consequences of a shock experienced by poor families or those in a vulnerable situation.

There are two main distinctions between the republican fund and social assistance provided through *ajutorul social*. The first is the nature of the shock and vulnerability covered by assistance. The republican fund aims to assist individuals who suffered from an exceptional shock—such as a sudden illness, natural disasters, the death of a family member, or crop failure—whereas *ajutorul social* is not responsive to short-term changes in household income/expenditures and is rather intended to decrease a household’s long-term risk of poverty. The second distinction relates to the nature of the payment. The republican fund provides a one-time, lump-sum assistance, either in cash or in goods, that should be determined in relation to the magnitude of the shock; *ajutorul social* provides assistance in monthly installments over an extended period of time, and the amount is determined by household composition and the minimum guaranteed income. The republican fund also has an “emergency” component in that local authorities have a financial instrument that can be used to promptly address a shock within the community.

The republican fund is financed from different sources, and the base value of the fund therefore varies considerably from year to year.

<sup>9</sup> From now on, shorthanded as “the republican fund.”

The following sources support the fund (Veverita, 2010):

- 1% of the budget of local administrations. This percentage is approved on a yearly basis and varies accordingly;
- 2.5% of the revenues from the services provided by private mobile phone companies in Moldova. This source provides up to 60% of the total material fund;
- A tax of 50 lei issued by the Ministry of Information Technology (in Romanian, *Ministerul Dezvoltării Informaționale*) on vehicles registered in Moldova;
- 0.1% of all foreign currency exchange transactions performed in the country;
- Humanitarian aid provided by third parties;
- Donations by physical and juridical entities.

This funding structure makes the value of the republican fund quite volatile. As the fund is comprised of sources that lie outside of the government's channels of revenue collection, it is vulnerable to fluctuations in the business activities of the main contributors. This situation makes it difficult to make projections about the future sustainability and use of the republican fund. Despite its volatility, however, the republican fund has significantly increased in value since its introduction in 2000. In 2009, the fund contained 104.6 million lei, which by 2013 had grown to 107.9 million lei (MMPSF, 2014). The amount of assistance provided through the republican fund increased accordingly: in 2008, the average assistance value provided through the republican fund was 358.8 lei (approximately €25)<sup>10</sup> and in 2013, 507.5 lei (approximately €28) (MMPSF, 2011a, 2014).

In 2013, most recipients of assistance delivered through the republic fund had received assistance for medical traumas (69% of all beneficiaries), or for the partial coverage of medical expenses (28% of all beneficiaries). Only three percent of beneficiaries received assistance for other types of shocks (MMPSF, 2014). Republican fund assistance was similarly distributed in 2010, 2011, and 2012 (MMPSF, 2013). Although the types of emergency situations have the potential to vary from one year to another, the fact that the majority of payments consistently went to coping with medical vulnerabilities may signal structural

problems with other forms of social protection such as medical insurances or contributory benefits related to work-place injuries.

In addition to assistance provided for emergency situations, the republican fund also supports assistance for six categories of persons who receive yearly lump-sum payments, irrespective of their shock experiences. These categories are:

- Veterans of the Afghan war;
- Veterans of the Transnistrian war;
- Those who helped with the Chernobyl nuclear disaster in 1986;
- Veterans of World War II, who receive benefits on May 9<sup>th</sup> on the commemoration of Victory Day;
- Individuals who were deported in 1946-47, 1949, and in the early 1950s by Stalin and who later returned. Benefits are paid on July 6<sup>th</sup>, when the commemoration of deportations takes place;
- Individuals aged over 100

Additionally, four special payments are given during the year to families who have specific vulnerabilities:

- On 1 June, Children's Day, benefits are given to families with more than one child;
- On 1 September, the start of the school year, benefits are given to families with many children to help them prepare for the school season;
- On 1 October, Older People's Day, benefits are delivered to individuals of retirement age who are considered highly vulnerable (i.e., those who live alone, are disabled or belong to the oldest age category etc.);
- On December 3<sup>rd</sup>, the Day of Persons with Disability, benefits are delivered to individuals with a registered degree of disability.

The republican fund has not been evaluated, to the authors' knowledge, and details of the programme and its impacts are scarce in both academic and the policy literature. Information about the republican fund only appears to be reported in the *Annual Social Reports* of the MLSPF. Additionally, one study commissioned by Soros Moldova and implemented by the CASE

<sup>10</sup> Conversion into Euro is based on historical exchange rates derived from [www.oanda.com](http://www.oanda.com).

foundation in 2010 did assess the performance of the programme in 2008 (Veverita, 2010). This study found significant flaws in the distribution of assistance: funds were approved without following correct eligibility assessment, monitoring of the categories of recipients and criteria for granting funds was incomplete, distribution of funds was highly uneven between urban and rural areas, a significant proportion of recipients received the assistance several times throughout the year, there were no clear criteria for assessing the degree of vulnerability, and the population was generally unaware of the republican fund and how to receive assistance through it (Veverita, 2010). As this assessment was conducted seven years ago and did not assess impact, there is a pressing need to conduct an evaluation of the material aid programme, particularly to identify complementarities or points of substitution between the republican fund and *ajutorul social*.

## 4.2 Background: Ajutorul Social

*Ajutorul social* is the main social assistance programme in Moldova. It was first conceived in 2008 by the Government of Moldova as the baseline social aid programme and was further enhanced in 2009. The regulatory code based on which *ajutorul social* functions is law no.. 133-XVI from 13 June 2008 (Republic of

Moldova, 2008). The programme was designed to guarantee a minimum living income for vulnerable families, and it assigns benefits on the basis of a proxy means-test, which contrasts to other social assistance benefits that are granted on a categorical basis. Currently, *ajutorul social* is comprised of two main sub-programmes: the *ajutorul social* cash benefit and aid for the coldest months (in Romanian, *ajutorul pentru perioada rece a anului*). Depending on the assessments of the household's overall wealth, a household can receive either the *ajutorul social* cash benefit, the aid for the cold period, or both. Within both sub-programmes, assistance is assigned to the main applicant within a household, but the household in which the applicant resides is the intended beneficiary of assistance (MMPSF, 2011a).

Eligibility for *ajutorul social* is based on the difference between the actual overall monthly household income and the minimum monthly guaranteed income (MMGI) (in Romanian, *venitul lunar minim garantat*). The MMGI is revised every year in the national budget law and indexed accordingly to guarantee that benefits have a real impact on the living conditions of recipient families. The MMGI assigned to a family represents the total sum of MMGIs each member of the household is entitled to according to the following equivalency scales:

**TABLE 4.1: Ajutorul Social MMGI Household Equivalence Scale**

Household Member	Equivalence Scale	% of MMGI Value
Applicant adult	1	100
Applicant adult with registered degree of disability who is only adult in household	1.4	140
Non-applicant adult	0.7	70
Non-applicant adult with registered degree of disability	1	100
Child	0.5	50
Child with registered degree of disability	1	100

Source: Adapted by authors from MMPSF, 2011a

The total value of the *ajutorul social* benefit is calculated according to the value assigned to each individual in the household; for example, a household with two adults and two children would be entitled to a benefit equivalent to  $(1 \times (1\text{MMGI})) + (1 \times (.7\text{MMGI})) + (2 \times (.50\text{MMGI}))$ . If the MMGI value was 500 lei, such a household would therefore be entitled to 1350 lei in benefits. As a second example, a household with two adults and two children, one of whom was disabled, would have a different entitlement equivalent to:  $(1 \times (1\text{MMGI})) + (1 \times (.7\text{MMGI})) + (1 \times (.50\text{MMGI})) + (1 \times (1\text{MMGI}))$ . With an MMGI of 500, such a household would be entitled to 1,600 lei in benefits.

At the time *ajutorul social* started operating in 2008, the MMGI value was set at 430 lei (€30). The MMGI value has since been adjusted in line with inflation and was 680 lei in 2013 (€38) and 765 lei (€38) as of April 1<sup>st</sup> 2015. The MMGI value does *not* reflect the value of a minimum consumption basket for a Moldovan family, nor is it anchored to the value of the national absolute poverty line, which is currently set at 1,196 lei. The MMGI is arbitrarily established based on the availability of funds for *ajutorul social* for the fiscal year. Currently, the Government of Moldova is devising a strategy to index the MMGI to the value of the minimum consumption basket of goods.

Within *ajutorul social*, overall household wealth is established through a proxy calculation, which takes into account formal wage incomes declared by all household members, income from agriculture, remittances, hidden income sources (e.g., informal employment), and assets. The proxy system relies on social assistance specialists, who not only disseminate information about *ajutorul social* to vulnerable families in the local community but who also visit applicant households to check if the submitted application is truthful. The proxy calculation produces a score, based on which the decision to grant *ajutorul social* is made. The list and weight of proxies are based on data from the Household Budget Survey (HBS) of the last three years, and it is constantly revised to take into account changes in welfare different assets provide over time.

Basic eligibility for *ajutorul social* is determined by whether or not one or more adult household

members fulfils the following criteria: 1) is a pensioner according to national legislation; 2) has a registered degree of invalidity; 3) is unemployed and registered with the territorial agency for unemployment/labour exchange; 4) is the main caregiver of a child who is aged zero to three; 5) is the main caregiver of a family member who has a first degree of invalidity and who needs a special care arrangement ; 6) is the main caregiver of a family member aged 75 years or older and who needs special care arrangements, or; 7) is employed in the labour market but resides with other individuals who fulfil the above criteria. If these criteria are fulfilled the proxy means testing is applied to evaluate the final eligibility.

Since its establishment in 2008, *ajutorul social* has been implemented in five stages. The first stage, from December 2008 to June 2009, started with a step-wise inclusion of vulnerable households into the programme. The programme first included households with one or more members who were disabled, then households with children, and finally all other households that fulfilled other qualifying criteria. By June 2009, up to 20,000 beneficiary households were included in the programme (MMPSF, 2011a).

The second stage, from July 2009 to January 2010, was characterized by stagnation in applicant and beneficiary numbers. Information about *ajutorul social* had not been disseminated appropriately to vulnerable families, and those beneficiaries who were enrolled in the programme during the first six months did not know that they were entitled to apply for a six-month extension, which resulted in most households dropping out of the programme after six months. During this period, it was also found that proxies related to farming assets (e.g., land holdings, machinery) did not correctly capture the vulnerability of the rural and agricultural populations. Many households in rural areas were found to own agricultural land, but a significant proportion of landowners were elderly individuals, persons with disabilities, or families with many children who were unable to work the land and generate any benefits from it. As a consequence, the *ajutorul social* inclusion criteria were adjusted so that that the proxy for agriculture could be omitted for households that were unable to work the land because of the above-mentioned demographic features.

The third period, from February to July 2010, was characterized by intense media dissemination of information about the programme, which resulted in a rapid increase in the number of applications and beneficiaries of *ajutorul social*. By July 2010, there were 38,500 beneficiary households, which received an average benefit of 726 lei (MMPSF, 2011a).

The fourth stage of implementation, which lasted from August 2010 to September 2014, was characterized by a constant increase in applications and beneficiaries for *ajutorul social*. The highest number of applicants and beneficiaries was registered in 2011, when 219,868 applications were filed. In August 2010, an electronic system for managing *ajutorul social* was implemented by the National Agency for the Employment of the Labour Forces (in Romanian, *Agentia Nationala pentru Ocuparea Fortei de Munca*) and the National Social Insurance Agency (in Romanian, *Casa Nationala pentru Asigurari Sociale*). The creation of this system resulted in better management of the programme. During this stage of implementation, another important modification to the qualifying criteria was made. In 2013, the age at which an applicant qualified for aid for the cold period and for which the proxy for agricultural land could be omitted from the calculation was lowered from 75 to 62 years. Another modification involved cutting out 120 lei of income for each member of the family who was in the labour market and had a salary income from the proxy calculation; before 1 April, 2013, only 60 lei was ignored in the proxy calculation. The *Annual Social Report* for 2013 noted that these modifications had a significant, positive impact on the well-being of Moldovan families (MMPSF, 2014).

The fifth stage of implementation started with the decision of the Government of Moldova (nr. 821/07.10.2014) to implement a mechanism for increasing the efficiency for *ajutorul social*, which further extended its reach to additional vulnerable families (Republic of Moldova, 2014). The aim of this adjustment was to calibrate the income and proxy score of families in need to lower qualifying criteria. The adjustment included:

- Omitting 200 lei of salary incomes of each working member of the family from the proxy calculation. This decision was taken to encourage adult family members in poor families to search for and remain in

employment instead of relying on social assistance benefits;

- Leaving out 200 lei of child-allowance benefits from the proxy calculation for families in which parents stay home to care for their infant children;
- Excluding assets from the proxy calculation, including colour televisions, refrigerators, washing machines, vacuum cleaners, and music players. This decision was motivated by widespread usage of these assets, which proved to not impact the welfare of the family;
- Extending the period for which beneficiaries have the right to re-apply for *ajutorul social* benefits from every six months to every 12 months. This decision was made in order to make the process of re-application more fluid and less time consuming for beneficiaries.

The Government of Moldova has invested significant resources in monitoring the implementation and outcomes of the *ajutorul social* programme. Apart from internal annual reviews conducted as part of the *Social Annual Report* prepared by MLSPF (MMPSF, 2011a, 2013, 2014), a number of other studies have evaluated the impact of *ajutorul social* on reducing vulnerability. For instance, the World Bank conducted an analysis of the impacts of *ajutorul social* in 2011 by comparing the assistance system before the reform to the system in 2011 (WB, 2011). The evaluation emphasised that prior to the reform in 2008, social assistance spending was very high but only marginal benefits were created for the population due to inefficient targeting and fragmented administrative structures across the country. The proportion of social assistance beneficiaries was almost identical across income quintiles, and the impact of such assistance on poverty reduction was therefore not considered high—a conclusion reached by other studies as well (Republic of Moldova, 2012). The targeted cash-benefit programme *ajutorul social* established in 2008 was based on innovative design and administration features, which helped reduce the gap between the guaranteed minimum income and the assessed income of each household. The World Bank assessment further found that the new system has improved targeting accuracy compared to the pre-reform system, but the coverage of vulnerable household remained low due to limited awareness of the programme or limited incentives for households to apply for the benefit (WB, 2011).

Other assessments of *ajutorul social* found that despite lower-than-desired coverage, the programme has had a significant impact on poverty reduction. A poverty assessment report found that 82 percent of *ajutorul social* beneficiaries are from the first and second poverty quintiles, and 79 percent of the assistance for heating granted in the winter months reached those who needed it most (Republic of Moldova, 2012). A UNICEF study also found that in 2010, *ajutorul social* had a small but positive impact on reducing child poverty, while nominative compensations had a negative impact on child poverty (Stănculescu & Marin, 2011).

Despite these achievements, some studies identified gaps in the programme that require attention. Studies found that certain vulnerable groups are not considered to be eligible for *ajutorul social* benefits. Among these are children with disabilities, children leaving residential institutions or who served time in juvenile detention facilities, and homeless children (Stănculescu & Marin, 2011). Social assistance benefits, including those provided by *ajutorul social*, were found to be used predominately to pay for utilities and food and less used for investing in schooling and health, which are commodities with higher returns to well-being (Otter & Vladicescu, 2011). Despite the small assistance values, recipients were nevertheless found to appreciate its regularity and the security it provides (Waidler et al., 2014). Initial signs of success in *ajutorul social* should not deter further improvements to the mechanisms of its implementation, and the impact the programme

produces should continue to be monitored and evaluated to guide further improvement.

### 4.3 Current Analysis: MSAS Data

More specific information on the assistance provided through *ajutorul social* is available in the Moldovan Social Assistance System (MSAS), which was created in 2008 to complement the National Social Insurance House (NSIH) database. The MSAS database was created to archive more detailed information on social assistance applicants, which could be used to streamline administration and monitoring efforts. The MSAS database contains information on individual *ajutorul social* applicants and on the members of applicant households, regardless of the outcome of the application. As data are entered during the application process, the new system does not require any additional data entry effort, thereby minimising the risk of errors and of missing information. The MSAS data is thus instrumental in understanding the background of households that choose to apply and the decisions made on household eligibility.

The MSAS data included in this section covers the timeframe from the introduction of *ajutorul social* in 2008 until the end of March 2015.

#### 4.3.1 APPLICATION AND ELIGIBILITY

As Table 4.2 shows, the total number of applications for *ajutorul social* has increased significantly since 2009, the first full year of the programme. The highest number of applications was registered in 2011.

**TABLE 4.2: Number of Applications for Ajutorul Social**

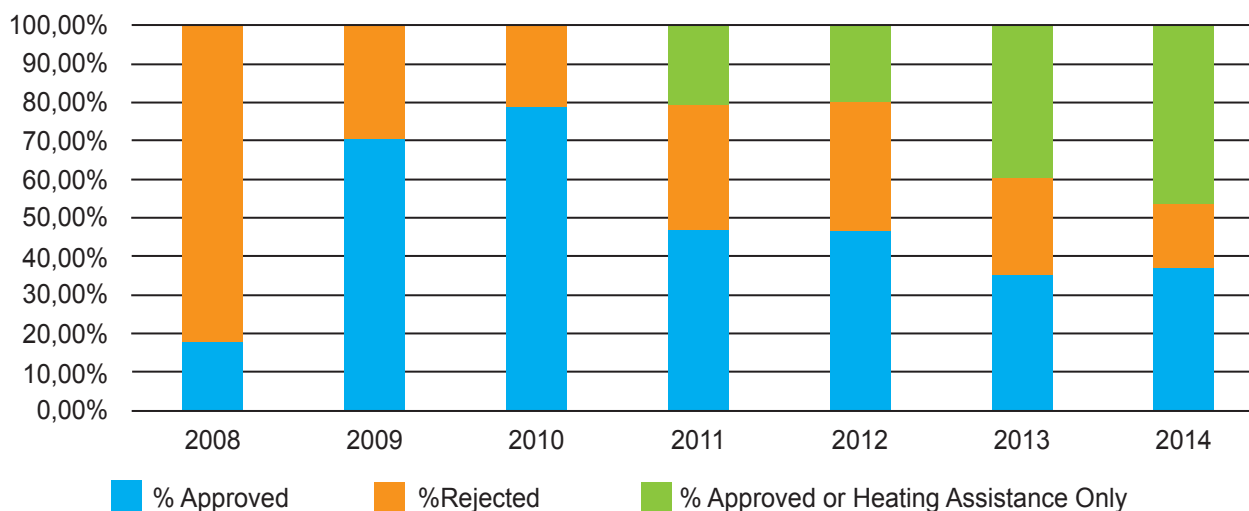
	2008	2009	2010	2011	2012	2013	2014 <sup>1</sup>
<b>Urban</b>							
Applications	568	8,664	16,025	37,896	24,382	6,085	n/a
Re-applications	0	0	0	2,671	7,529	11,370	n/a
<b>Rural</b>							
Applications	2,056	53,452	82,929	169,086	110,013	93,162	n/a
Re-applications	0	1	1	9,958	21,962	45,044	n/a
<b>Total</b>	<b>2,624</b>	<b>62,117</b>	<b>98,955</b>	<b>219,611</b>	<b>163,886</b>	<b>155,661</b>	<b>153,392</b>

Source: MSAS Database, March 2015 – Authors' calculations

Figure 4.1 illustrates how application approval rates changed over the implementation years. The percentage of approved applications decreased from 69.5 percent in 2009 to 36.2 percent in 2014, with the largest decline observed between 2010 and 2011. This drop coincides with a sharp increase in the number of applications in 2011. Around two percent of all applications every year

were rejected because they were incomplete, except for in 2008, when more than ten percent of all applications were considered incomplete. This may suggest that information about how to complete an application was better disseminated as the programme matured or that social welfare officers became better able to check and filter applications before they were submitted.

**FIGURE 4.1: Approval & Rejection Rates of Ajutorul Social Applications, 2008-2014**



Source: MSAS Database, March 2015 – Authors’ calculations

In order to be eligible for *ajutorul social*, households need to fulfil several criteria. The first is that the household’s income should be below the guaranteed minimum monthly income (GMMI), the minimum income level adjusted to household composition. A household should secondarily achieve a minimum proxy score based on the proxy means-test, which is considered to be a further indicator of household

well-being and, in effect, of the need for social assistance benefits. Table 4.3 reflects the share of applicant households who had met one or both of these criteria since introduction of the programme in 2008<sup>12</sup>. Some notable differences can be seen between years: a much greater share of applicant households fulfilled both the GMMI and proxy text criteria in 2009, 2010, 2014, and 2015 than in previous years.

**TABLE 4.3: Fulfillment of GMMI & Proxy-Means Test Criteria**

	All Years	2008	2009	2010	2011	2012	2013	2014	2015
Household fulfills GMMI & proxy test criteria	62.3%	18.4%	73.2%	82.7%	48.6%	48.2%	54.5%	81.1%	88.6%
Household fulfills GMMI criterion only	6.3%	0.6%	3.0%	2.9%	6.2%	10.0%	8.6%	5.0%	2.3%
Household fulfills proxy-means test only	25.9%	68.3%	21.4%	13.4%	38.0%	29.5%	30.0%	13.9%	9.1%
Household does not fulfill any criteria	5.3%	2.8%	1.2%	0.9%	7.2%	12.3%	7.0%	0.0%	0.0%
No information	0.1%	9.9%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>99.9%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: MSAS Database, March 2015 – Authors’ calculations

<sup>12</sup> The MSAS database records additional criteria, but the two discussed here are the most decisive ones.

Table 4.4 shows the proportion of applicant households that did not meet the criteria and were eventually approved or rejected for receiving either the full *ajutorul social* benefit or the aid for the cold season. While a small proportion of all applicants that did not meet the GMMI criterion were still granted cash

assistance, a relatively large share (42%) of such households did receive assistance for heating costs in the winter months. This is due to a separate income threshold for determining eligibility for heating assistance when the application was rejected because the household income exceeded the GMMI.

**TABLE 4.4: Proportion of Applications Approved or Rejected, by Year & Eligibility Criterion**

Criteria Not Fulfilled	% of All Applicants	% Approved	% Rejected	% Approved for Heating Assistance Only	Other <sup>2</sup>	Total
<b>GMMI Income Threshold</b>						
All Years	31.3%	0.6%	56.8%	42.0%	1.3%	100%
2008	71.1%	0.0%	99.9%	0.0%	0.1%	100.0%
2009	22.6%	0.0%	98.8%	0.0%	1.2%	100.0%
2010	14.4%	0.0%	94.5%	1.7%	3.8%	100.0%
2011	45.2%	0.0%	52.8%	45.8%	1.5%	100.0%
2012	41.8%	0.0%	50.7%	48.0%	1.3%	100.0%
2013	36.9%	0.1%	43.2%	55.9%	0.8%	100.0%
2014	13.9%	0.5%	69.3%	30.2%	0.0%	100.0%
2015	9.1%	0.4%	87.1%	12.4%	0.1%	100.0%
<b>Proxy-Means Test</b>						
All Years	11.8%	0.1%	95.8%	2.1%	2.0%	100%
2008	3.4%	0.0%	100.0%	0.0%	0.0%	100.0%
2009	4.2%	0.0%	98.6%	0.0%	1.4%	100.0%
2010	3.8%	0.0%	97.6%	0.0%	2.4%	100.0%
2011	13.4%	0.0%	98.1%	0.0%	1.9%	100.0%
2012	22.3%	0.0%	98.1%	0.0%	1.9%	100.0%
2013	15.6%	0.3%	91.3%	6.3%	2.1%	100.0%
2014	5.0%	0.9%	87.8%	9.3%	2.0%	100.0%
2015	2.3%	0.2%	97.1%	0.2%	2.5%	100.0%

Source: MSAS Database, March 2015 – Authors' calculations

**Between 2008 and 2013, the proxy score threshold that would correspond to a decision to accept or reject an application was unclear, as there were no consistencies within the data in terms of the scores that accepted households had.** A clear threshold can only be distinguished in 2014: scores between -68.7 and 90 appeared to be sufficiently low to qualify for *ajutorul social* benefits whereas those between

90 and 188.7 were not. The wide range of scores in other years and the apparent arbitrariness of the decision to accept or reject an application on the basis of this score can have several reasons, but this cannot be determined on the basis of this dataset. There is no evidence that there is consistency of scores within districts, which would indicate that different districts establish their own score thresholds. Another possible explanation

<sup>13</sup> This column includes approved applications that received a benefit of 25 lei or less and applications that were rejected for incompleteness.



is that the proxy scores initially calculated upon submission of the application are adjusted when a social welfare officer visits a household to confirm the application. Final decisions on eligibility could then be based on the assessment of the social welfare officer rather than on the initial score recorded in the database. Again, as this cannot be confirmed by the MSAS data by itself, **this is a matter that should inspire additional investigation, as deviation from the proxy means-test threshold could suggest that the actual implementation of *ajutorul***

**social eligibility criteria differs from what is guaranteed by law.**

In 2013<sup>14</sup>, the overall approval rate for *ajutorul social* applications was 34 percent<sup>15</sup>. Of all applications, 23 percent were completely rejected, and 39 percent were only considered eligible for the heating compensation<sup>16</sup>. In urban areas the approval rate was 43 percent, which was higher than that of rural areas by ten percent. Approval rates differed significantly across districts, which is summarised in Table 4.5.

**TABLE 4.5: Rates of Approval Across Districts , 2012 & 2013**

Highest Rates of Approval			
2013		2012	
Cantemir	46%	Șoldănești	59%
Șoldănești	44%	Ungheni	56%
Taraclia	47%	Basarabeasca	56%
Lowest Rates of Approval			
2013		2012	
Cimișlia	19%	Drochia	31%
Drochia	20%	Sîngerei	34%
Râșcani	23%	Căușeni	38%

Source: MSAS Database, March 2015 – Authors' calculations

#### 4.3.2 CHARACTERISTICS OF APPLICANT HOUSEHOLDS

In 2013, approximately one-quarter of applicants were male, and three-quarters were female. Recipient households appeared to be larger

on average than rejected applicant households and to have a greater number of children and a greater share of household members with a disability. Further main household characteristics are identified in Table 4.6.

**TABLE 4.6: Characteristics of Applicant Households in 2013, by Application Outcome**

	Total Population in Applicant Households	Recipient Households	Non-Recipient Households	Heating Compensation Only
Average household size	3.6	4.4	3.1	2.4
Average age in years	43.8	30.9	51.6	60.8
Proportion of female household members (aged 15 and older)	64.6%	60.1%	64.6%	70.1%

<sup>14</sup> Due to coding errors in the MSAS data set, data for 2014/2015 cannot be disaggregated by locale of residence (urban/rural) or by raion; only data for 2013 is therefore discussed in this section when regional disaggregation is made.

<sup>15</sup> Note that this number is different from the share of households that pass the criteria. Eligibility may be adjusted upon personal assessments of households by a social welfare officer.

<sup>16</sup> Additionally, one percent were granted less than 25 lei.

Average number of children < 18	1.2	1.9	0.7	0.4
Average number of elderly > 60	0.3	0.1	0.5	0.7
Proportion of household members with a disability	17.5%	18.4%	10.9%	21.1%
Proportion of household members abroad	3.8%	3.4%	6.5%	2.5%

Source: MSAS Database, March 2015 – Authors' calculations

It is also useful to compare the economic status of adults in households of recipients and non-recipients. Table 4.7 provides an insight into the situation of all household members aged at least 15. Interestingly, the proportion of employed

individuals is higher within recipient households than within non-recipient households. Almost half of all adults in non-recipient households are pensioners.

**TABLE 4.7: Labour Market Status of Household Members, by 2013 Benefit Receipt**

	Total Population	Recipients	Non- Recipients
Employed	19.0%	22.3%	18.4%
Pensioner	28.9%	7.9%	45.9%
Student	6.2%	8.0%	5.7%
Unable to work	21.0%	25.8%	14.2%
Unemployed	14.0%	19.9%	9.2%
Caring for others	10.8%	16.23%	6.6%
Total	100%	100%	100%

Source: MSAS Database, March 2015 – Authors' calculations

Within the *ajutorul social* application form, several different sources of income can be specified, including wages from employment and other labour activities, income from non-agricultural self-employment, and income from social benefits. It further asks for details on agricultural work, production, and land-ownership in order to generate a corresponding income value for agricultural activities so that applicants do not have to calculate this value themselves. These income categories are aggregated into one value of total monthly household income, which is recorded in MSAS for every applicant

household. In 2013, the average income per adult equivalent was 1,119.89 lei/month (€53). For approved applications, the average income per adult equivalent was 348.23 lei/month (€16.5), and for those whose application was rejected, the average was 1599.37/month<sup>17</sup> (€75.9). The significant difference between the incomes of approved and rejected applicant households does suggest that *ajutorul social* is reaching relatively less well-off households.

The MSAS records data on individual household characteristics and assets that are then used

<sup>17</sup> Due to the complex methodology of computing the total income, these values can differ significantly from income from wages or different types of labour and social benefits. The value of land-ownership and agricultural production needs to be considered since it is an important part of the overall income for most households.

to determine eligibility based on the proxy means test. Due to the individual nature of scores and combinations of assets, one cannot infer that eligibility is linked to specific, singular characteristics. Some trends in assets ownership are particularly interesting and summarised here for 2013, however.

In 2013, only four percent of applicant households reported that they had received remittances in the past 12 months. While the approval rate was approximately 35 percent for both groups, 31 percent of applicant households that did receive remittances were rejected compared to 23 percent of households that did not. The proportion of those who received a heating compensation benefit rather than no benefit was higher among households that did not receive remittances (40% compared to 30%).

Out of applicants who had some savings, 64 percent were not considered eligible for any benefit, and 30 percent were granted one of the two benefits. Around 23 percent of applicants without savings were rejected, with 73 percent receiving one of the types of benefit.

Approximately 75 percent of all applicants in 2013 had medical insurance, of which 70 percent were not considered eligible for *ajutorul social*, compared to 34 percent of the uninsured.

Another factor that appeared to relate to rejected applications in many cases was car ownership. While 47 percent of car owners were not considered eligible for *ajutorul social*, only 22 percent of applicants that did not report owning a car were rejected.

The main conclusion that can be drawn from the analysis of the MSAS Database is that while understanding and awareness in the context of *ajutorul social* has increased over the years, a lack of coherence remains regarding the application process and eligibility. It appears that households on the one hand report what they own as they perceive it, i.e. may simply not consider certain assets or characteristics to be worth mentioning, while social welfare officers on the other hand follow the detailed list of criteria and submit applications that would be eligible according to the application form. This is a problem that needs to be addressed as the proxy means test requires a comprehensive picture of individual assets and ownership, which makes the application process very complex.

#### 4.4 CURRENT ANALYSIS: HBS DATA

Data from the 2014 Household Budget Survey (HBS) provides additional information on how well *ajutorul social* targets poor households. As noted in subsection 2.3 above, the HBS collects information not only on household incomes and expenditures but also on social assistance benefits. It therefore allows for assessment of the coverage of *ajutorul social* in terms of households in need. In the following analyses, poor households were identified based on a per capita household monthly consumption, with a threshold of MDL 1,196 used to determine absolute poverty and MDL 680 used to demarcate extreme poverty.

To assess the targeting efficiency of *ajutorul social*, it is important to see to what extent poor households are covered by the transfer and how recipient and non-recipient households are distributed across consumption quintiles. Table 4.8 below indicates the coverage and distribution of the population across consumption quintiles based on the receipt of *ajutorul social* or categorical social benefits. Overall, only four percent of the population benefits from *ajutorul social*. Coverage is higher among poorer consumption quintiles, but still very low. Less than ten percent of the poorest quintile benefit from the transfer. However, the distribution of beneficiaries is clearly progressive. More than 75% of population that received the *ajutorul social* cash benefit belonged to the lowest two consumption quintiles, whereas recipients of categorical benefits were concentrated within the highest three quintiles. **This signals that *ajutorul social* does appear to be delivered to the poorest households, which is an important improvement in programme targeting.** In a 2012 assessment of the programme, it was found that the proportion of beneficiaries of *ajutorul social* was almost identical across income quintiles, suggesting little discrimination of households based on need (Republic of Moldova, 2012). It does not appear as if categorical benefits are similarly well-targeted, however, but this would be expected given the difference in eligibility criteria for categorical benefits, as these are delivered regardless of household income or a proxy of total household wealth.

**TABLE 4.8: Coverage and Distribution of Ajutorul Social & Categorical Benefit Beneficiaries across Consumption Quintiles<sup>18</sup>**

	Total	Q1	Q2	Q3	Q4	Q5
Receiving <i>Ajutorul Social</i>	3.9%	8.8%	5.7%	3.1%	1.5%	0.3%
Distribution	100%	45.5%	29.8%	15.8%	7.5%	1.5%
Receiving Categorical Benefits	1.1%	0.5%	0.7%	1.2%	1.7%	1.7%
Distribution	100%	8.3%	12.4%	21.0%	28.9%	29.8%

Source: Author's calculation of 2014 HBS data

The poverty headcount and extreme poverty headcount rate among recipient and non-recipient households provides a similar sense of the targeting of each form of assistance, as can be seen from Table 4.9. Compared to a total poverty headcount rate of 15.7 percent, 36.8 percent of all beneficiaries of *ajutorul social* were considered poor (with average household per capita monthly consumption of MDL 1,196 or below), and 1.9 percent were extremely poor, with an average per capita household expenditure of MDL 680 or less. **Less than ten percent of the poor population is benefitting from a long-term poverty alleviation benefit. Of the extremely poor, only 22 percent are receiving *ajutorul social*, which means**

**that 78 percent of those living in extreme poverty are not.** Several reasons may explain this discrepancy. For instance, households that appear poor based on consumption may not meet the income or proxy means test eligibility thresholds. This would be unlikely in the case of households classified as living in extreme poverty, however. Another explanation may be that households which are living in poverty or extreme poverty received *ajutorul social* benefits in the past but do not receive it now, either because they had not applied for an extension of the benefit or because they no longer qualify for the benefit. In either situation, this would suggest that the benefit has a limited impact on reducing poverty among the poorest.

**TABLE 4.9: Poverty Rates among Recipient and Non-Recipient Households**

	Population share	Poverty Headcount	Poverty Gap	Extreme Poverty Headcount	Extreme Poverty Gap
Overall	100.0%	15.7%	2.8%	0.7%	0.1%
Recipient <i>Ajutorul Social</i>	3.9%	36.8%	7.7%	1.9%	0.2%
Non-Recipient <i>Ajutorul Social</i>	96.1%	14.8%	2.6%	0.7%	0.1%
Recipient Categorical Benefit	1.1%	3.9%	0.4%	0%	0%
Non-Recipient Categorical Benefit	98.9%	15.8%	2.9%	0.7%	0.0%

Source: Author's calculation of 2014 HBS data

The potential impact of *ajutorul social* benefits on household economic resilience can partially be evaluated by assessing the average monthly per capita consumption of beneficiary and non-beneficiary households. Table 4.10 below provides an overview of consumption and benefit values of

beneficiary and non-beneficiary households across the consumption quintiles. **Both recipient and non-recipient households in the first quintile notably have average monthly per capita consumption below the absolute poverty line of MDL 1,196; while the addition of *ajutorul***

<sup>18</sup> Consumption quintiles per adult equivalent

**social** benefits would ensure that a recipient household is not living in extreme poverty, it is not enough to bring a household out of poverty. The table also highlights discrepancies in the average value of the *ajutorul social* benefit received across the quintiles. **While in principle households in the third, fourth, and fifth**

quintiles should not be eligible for *ajutorul social* on the basis of incomes (assuming incomes and consumption behaviours follow the same trends), it appears that non-poor households are benefitting, and the average benefit values are highest for households in the third and fifth quintile.

**TABLE 4.10: Average Monthly Consumption & Benefit Amount in Beneficiary- and Non-Beneficiary Households of Ajutorul Social, across Consumption Quintiles (in MDL)**

	Q1	Q2	Q3	Q4	Q5
Average per adult equivalent consumption (all households)	1,035	1,452	1,826	2,386	3,858
Average per adult equivalent consumption of recipient households (after benefit)	1,002	1,404	1,837	2,326	3,271
Average per adult equivalent consumption of non-recipient households	1,038	1,455	1,826	2,386	3,860
Average amount granted through <i>ajutorul social</i> (if any) per adult equivalent, cash benefit only	311	288	350	304	483

Source: Author's calculation of 2014 HBS data

Such beneficiary trends suggest that the targeting of *ajutorul social* can be improved by reducing both inclusion and exclusion errors. As Table 4.11 below shows, **the targeting accuracy is better for households with children than for households without children, as a greater share of**

**households with children in the lowest quintiles received the benefit.** The benefit is particularly progressive for multigenerational households with children and the elderly, where 95.9% of all individuals living in recipient households fall within the first two consumption quintiles.

**TABLE 4.11: Percent of Households that Receive Ajutorul Social Benefits, by Vulnerable Household Types across Consumption Quintiles**

	Q1	Q2	Q3	Q4	Q5
Household without children	5.5%	3.8%	2.2%	1.5%	1.0%
Household with children	11.2%	7.5%	4.2%	1.4%	0.5%
Household with two or more children	13.4%	12.5%	6.3%	2.6%	0%
Multi-generational household	8.8%	5.6%	1.1%	0%	0%
Single-parent household	33.8%	30.1%	18.8%	0%	0%

In addition to the targeting of benefits, the relative importance of benefits should be evaluated. Among beneficiaries of *ajutorul social*, the benefit comprised, on average, nearly 25 percent of the overall household expenditure. Within poor households—those with average per capita consumption of MDL 1,196 or less—*ajutorul social* benefits made up nearly 30 percent of total expenditure, and among household living

in extreme poverty, nearly half of the total expenditure value was made up of *ajutorul social* benefits. The benefits made up a higher share of total expenditures among beneficiary households with children. In comparison, categorical benefits formed a very small part of average household expenditure, as the benefit represented approximately 1.5% of the expenditure of poor households, on average.<sup>19</sup>

<sup>19</sup> Note that out of 124 recipients of the categorical benefit, only 22 are poor households.

**TABLE 4.12: Share of Ajutorul Social within Total Per Capita Expenditure**

Household Type	Benefits as Share of Expenditure
All households	24.7%
Poor households	28.2%
Extremely poor households	42.2%
Households with children	
All households	28.0%
Poor households	30.5%
Extremely poor households	41.4%

Source: Author's calculation of 2014 HBS data

The HBS data provides some basic indicators of the effectiveness and targeting of *ajutorul social*. It suggests that while the targeting of the benefit has significantly improved over the implementation period, some inclusion and exclusion errors remain. *Ajutorul social* benefits are overwhelmingly received by the poorest households, but seven percent of beneficiaries are in the fourth quintile of the consumption distribution, and an additional 1.5 percent are in the fifth, suggesting that even some relatively wealthy households are receiving the benefit. Households in the fifth quintile also receive a higher average benefit. However, due to the low coverage, a relatively large share of poor households appear to be excluded from the benefit, as over 90 percent of poor and extremely poor households did not receive the benefit.

#### 4.5 Current Analysis: Screening Questionnaire & Focus Group Data

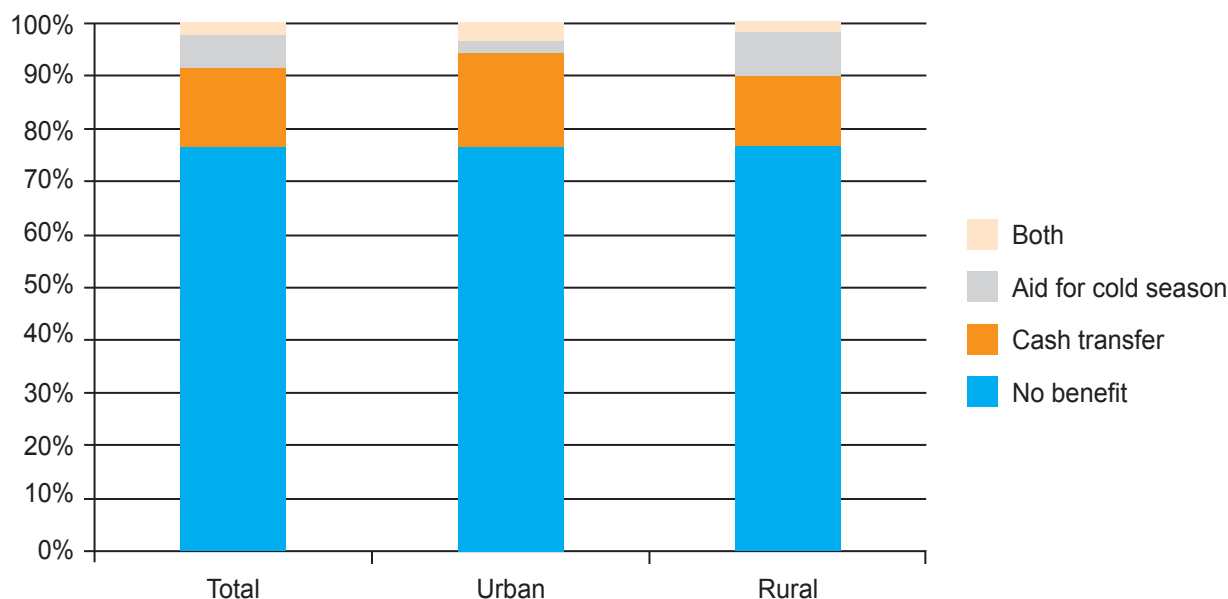
The HBS and MSAS data provide a sense of macro-level social assistance trends and gives insight into the programme's overall scope and targeting. Such statistical extracts are well complemented by the self-reported experiences of both recipients and non-recipients. This section therefore summarises the findings of the screening questionnaire and focus group

discussions relating to social assistance. Patterns of social assistance receipt among respondents of the screening questionnaire are first described. The following sections then detail the challenges focus group respondents reported in accessing and using different forms of social assistance.

##### 4.5.1 PATTERNS OF AJUTORUL SOCIAL RECEIPT

Among the 393 respondents of the household screening questionnaire, a relatively small share (23%) had received social assistance through *ajutorul social* in the 12 months preceding the survey. Similar proportions of urban and rural households were beneficiaries of this programme, but households in each area tended to receive different forms of assistance. Of all *ajutorul social* beneficiaries, over 60 percent had received cash transfers, 26 percent had received aid for the cold season, and nearly ten percent had received both forms of aid. As can be seen from Figure 4.4, a much greater proportion of *ajutorul social* recipients in rural areas than in urban areas received aid for the cold season; whereas less than ten percent of *ajutorul social* recipients in urban areas received only aid for the cold season, over 35 percent of rural households that received *ajutorul social* benefited only from this form of aid.

**FIGURE 4.2: Prevalence & Type of Ajutorul Social , by Area of Residence**



Source: Household screening questionnaire

A large number of respondents had also benefited from other forms of social assistance beyond *ajutorul social*, most of which represented benefits delivered in kind through local administrative offices. Again, as most respondents were not clear about the different social assistance schemes, there may be some overlap between these benefits and *ajutorul social* (particularly in terms of assistance for the cold weather) or between these benefits and aid received from the republican fund.

Nearly 85 percent of all respondents had received some form of cold weather aid (not necessarily through *ajutorul social*), which was by far the largest benefit type in terms of total beneficiary numbers. Only a very small number of respondents had received other forms of assistance such as food packages, hygiene goods or medicines, or second-hand clothing. Respondents were also asked if they had ever received assistance for emergency situations, however, and around 17 percent of

the total respondent population indicated that they had. This is not to say that 17 percent of all respondents had received assistance from the republican fund, as respondents generally did not know from which fund assistance delivered from local public authorities was taken. It seems likely, however, that most of the respondents who reported receiving assistance for an emergency had benefited from the republican fund.

From this perspective, it is useful to discern the types of shocks that respondents who have received assistance for an emergency had experienced. While the assistance may not have been given for the specific shock a respondent reported experiencing in the past five years, it can nevertheless be revealing to break down emergency-assistance recipients into groups based on their shock experiences. Table 4.13 indicates the number of households that experienced a specific shock in the past five years and the proportion that received assistance for an emergency.

**TABLE 4.13: Shock Prevalence & Incidence of Emergency Assistance Receipt**

Type of Shock	Nr. Of Households Reporting Shock Experience (% of Total Sample Population)	Share of Households With Shock Experience That Received Emergency Assistance
Onset of serious illness	125 (31.9%)	21.6%
Sudden high health expenditure	162 (41.1%)	19.9%
Loss of house	13 (3.3%)	23.1%
Drought	46 (11.7%)	13.0%
Flood	5 (1.3%)	40.0%
Lost harvest	46 (11.7%)	13.0%
Loss of job by household member	57 (14.6%)	14.0%
Death of household member	73 (18.6%)	9.6%
Fire	6 (1.5%)	16.7%
Major theft or burglary	14 (3.6%)	14.3%
Loss of livestock	22 (5.6%)	18.2%
Divorce or marital dissolution	28 (7.2%)	14.3%
Receipt of remittances stopped	29 (7.4%)	20.7%

Source: Household screening questionnaire

Respondents who received social assistance in response to an emergency received the aid through specific district offices, generally the office of the district where the respondent lived. Table 4.14 shows the number of households per locality that had experienced one or more shocks in the past five years and the proportion that has received some form of emergency assistance. The localities

with the largest proportions of the population that had experienced a shock were Râșcani and UTAG. The localities with the greatest share of the population that had received emergency assistance were Soroca, Șoldănești, and Căușeni whereas the lowest share of households that had received emergency assistance were in UTAG, Râșcani, Hîncești, and Chișinău.

**TABLE 4.14: Shock Prevalence & Incidence of Emergency Assistance Receipt, by Locality**

Locality	Nr. Of Households Reporting Shock Experience (% of Locality Sample Population)	Share of Households That Received Emergency Assistance
Râșcani	41 (85.4%)	10.4%
Soroca	32 (66.7%)	31.2%
Șoldănești	29 (60.4%)	22.9%
Hîncești	36 (75%)	10.4%
UTAG	37 (78.7%)	2.1%
Căușeni	36 (75%)	22.9%
Chișinău	79 (74.5%)	10.3%
<b>Total</b>	<b>290 (73.7%)</b>	<b>15%</b>

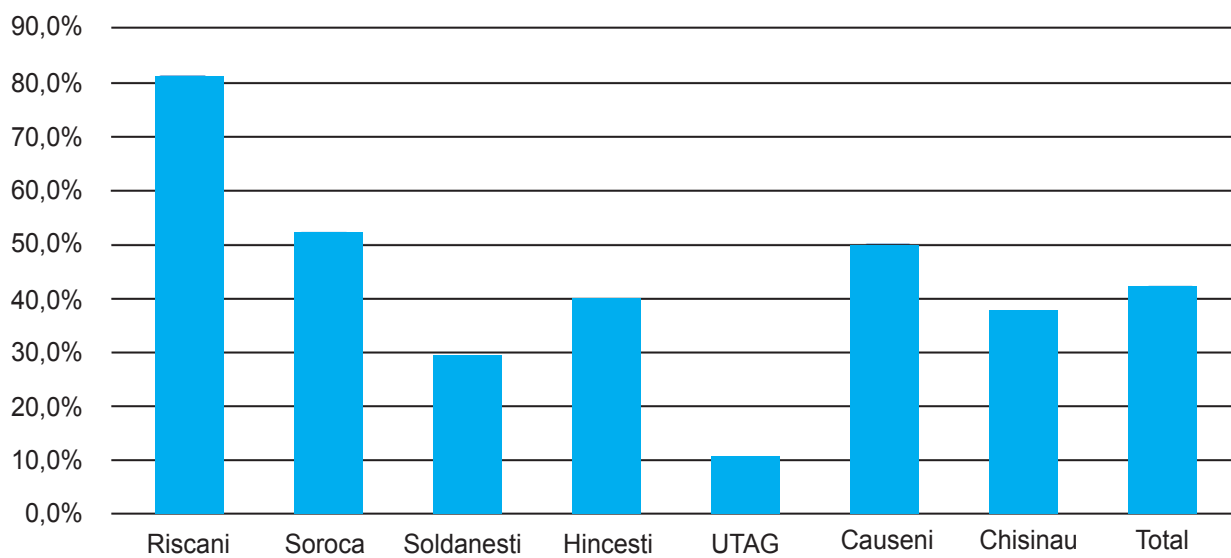
Source: Household screening questionnaire



Despite the relatively high number of respondents who had received some form of social assistance in the past, over 42 percent of all respondents to the household screening questionnaire indicated that they or someone else in their household currently needed social assistance and had not received it. Within this sample, more than 30 percent had applied for some form of social assistance in the past and been denied, and an

additional 25 percent would apply but found the procedure unclear. The third important reason that respondents had not applied for social assistance was that they were unable to collect the required documents. Some differences could be seen between districts in terms of the proportion of (self-described) households in need, which had not received social assistance, as indicated in Figure 4.3.

**FIGURE 4.3: Proportion of Non-Beneficiary At-Need Respondents, by District**



Source: Household screening questionnaire

Among those respondents who indicated needing social assistance, the greatest proportion of those who did *not* receive it was in the districts of Rîșcani, Soroca, and Căușeni. In contrast, only a small share of respondents residing in the Autonomous Territorial Unit of Gagauzia reported needing assistance and not receiving it.

The household screening questionnaire provides some indication of the prevalence of the use of social assistance and identified some of the problems respondents faced in benefiting from

social assistance, but discussions from focus groups provide more detailed insight into these problems. The following sections summarise major findings from the focus groups related to problems in social assistance programmes. These problems can be broadly divided into four types: those related to communication, local-level implementation, administrative barriers, and programme design. Table 4.15 provides an overview of the specific complaints that were raised by respondents according to the type of problem they represent.

**TABLE 4.15: Problems Reported by Respondents in Attaining Ajutorul Social**

Problem Type	Specific Complaint
Communication about programme	No knowledge of specific programmes
	Uncertainty about where to find more information about/apply for programmes
	Unclear regulations
	Conflicting messages about content of programme & eligibility criteria
Local-level implementation	Apathy or hostility of local social welfare officers
	Inconsistent application of regulations by local social welfare officers
	Lack of knowledge of local application assessors
	Limited trust in the impartiality of local social welfare officers
	Incorrect targeting or misappropriation of aid by local social welfare officers
Administrative barriers	Too many specific or unattainable documents required
	Cost of travel to collect documents
	Documents must be renewed or applications need to be re-evaluated too frequently
Programme design	Small assistance values that do not accommodate severity of problem or claim
	Uncertain availability of funds, particularly from the republican fund
	Processing time
	Informal communication of application decision
	Aid conditionalities can require significant expenditure on non-essential goods
	<i>Ajutorul social</i> proxy does not appropriately capture economic need
	Multi-family residency arrangements not appropriately addressed in <i>ajutorul social</i> regulations
	<i>Ajutorul social</i> requires rental contract or fixed residency, excluding applicants in tenuous living conditions

Many of the problems identified by respondents are interlinked, both within and across these categories of problems. Respondents identified local-level implementation as being particularly problematic because local social assistance offices are generally the first point of contact an individual has with a social assistance programme. As a first source of information, local social assistance offices and representatives bear the burden of guiding the population through what can be complex procedures to obtain social assistance. Misinformation or poor communication about the types of documents an individual needs and the places an applicant needs to apply for or file such documents can

create two distinct yet interrelated problems in the eyes of an applicant: poor communication on behalf of local social welfare officers, and the burden of documentation requirements on behalf of respondents. Both of these perceived problems can contribute to the perception that social assistance programmes are inaccessible, an attitude that was communicated by most focus group respondents.

#### **4.5.2 AWARENESS & KNOWLEDGE OF AJUTORUL SOCIA**

One of the key themes to emerge from the focus groups is that individuals knew very little about

social assistance in general and almost nothing about specific social assistance programmes.

**Respondents were not aware of what they are entitled to, or responsibilities in relation to individual social assistance schemes, and they were unable to discern between types of aid delivered under different programmes.**

Respondents discussed social assistance that they received or had applied for in terms of either the category of benefit or why they were entitled to it; the most consistently-identified benefits were those related to annual payments (e.g., on Children's Day, Veteran's Day, the Day of Persons with Disabilities), cold weather assistance (but no distinction was made between categorical, in-kind benefits and benefits provided through *ajutorul social*), maternity allowances, and pensions (namely old-age and disability pensions). No respondent identified *ajutorul social* by name, and the only way they clearly distinguished it from other types of benefits was by describing the proxy assessment. Respondents generally did not know about the republican fund unless they had benefited from it in the past. The only aspect of it that respondents generally recognised was that it was dispersed locally and based on local assessments of need or damages. Some differences in knowledge about social assistance could be seen by focus group locality. Respondents in the focus groups conducted in Chişinău were most knowledgeable about social assistance schemes, particularly the republican fund. The focus group conducted in Comrat also contained more individuals who had benefited from emergency assistance, who also more clearly signalled awareness of these different programmes.

It is essential to recognise that for many respondents, it is not important to know which specific fund or programme assistance comes from, particularly if individuals are not aware that different funds require different applications and have different eligibility criteria, the population is unlikely to know or care that different benefit schemes exist. The following conversation between a moderator and respondent from a focus group in Rîşcani illustrates this point well:

*Moderator: "Did they just give you that money without explaining where exactly it came from?"*

*Respondent: "I was not interested in that. What mattered to me was that they gave me this assistance, not where it came from."*

From an implementation and delivery perspective, it is clear that different social assistance programmes or schemes need to be distinguished. From an applicant or recipient perspective, however, distinctions between or among funds are only relevant when they require different application behaviours.

From this perspective, communication is a key issue identified by respondents that should be addressed, particularly in terms of making it clearer to respondents who they should approach for information about different schemes. Many respondents noted that they did not know where they should find information about social benefits and decided to visit specific offices to receive information related to specific conditions or schemes. For instance, respondents indicated that they went to places like the Department of Social Security for information on child benefits or to the employment agency/labour exchange for information about unemployment benefits. Most respondents reported first approaching local public offices for information, mainly the *primaria* or *town hall* and the mayor. Many also reported being informed that the local office they approached could not or would not help them, however, which may indicate that even staff in local offices are not always aware of where responsibility for social assistance should be delegated.

Respondents also discussed uncertainty about what office or agency to approach for information on processing social benefit applicants. Many respondents complained that they were not informed about the status of applications that had been filed and did not know whether they would be contacted if there were problems in the application that required the applicant to provide additional information. A bigger problem indicated by respondents which is closely tied to local-level programme administration, related to the reliability of information communicated by local officials. For instance, the following discussion occurred in a focus group in Comrat, which contained respondents from several districts in Gagauzia:

*Respondent: "Is it possible that in this social security office you have been telling us about, that the officer will tell me they have forwarded my application to Chisinau and there has been no answer yet – but actually there has been an answer and the assistance money has arrived, and they have misappropriated it...?"*

*Moderator: "... It is hard to discuss generally whose word should or should not be taken on trust and what may or may not happen. It is a popularly held belief that money has actually arrived, but has been given to someone else."*

*Respondent 1: "So how can one check if the documents have actually arrived? Where should someone go to find out what happened?"*

*Moderator: "You should go to this office one more and submit one more application."*

*Respondent 1: "That is so humiliating."*

*Respondent 2: "For example, where can I enquire whether the documents have actually arrived?"*

*Respondent 1: "...They [the local social assistance office] do not provide any reference addresses."*

As is discussed in subsequent sections, respondents did generally not seem to trust local authorities and doubted that they would inform them truthfully. While this relates mostly to local-level programme administration, such an issue also relates to communication and transparency of the process by which an individual communicates with public authorities about social assistance.

Another related concern that respondents raised is that the information they receive from local authorities sometimes conflicts with the information communicated through public information campaigns. When asked where they have received information on social assistance, many respondents, particularly those from urban areas, indicated that they had seen television adverts about social assistance. Some respondents said that "on television, they say one thing, but when you go, they tell you something else." (Soroca). Part of this perceived conflict may be that television ads generally address *ajutorul social*, whereas when individuals approach local authorities for information about social assistance, they may receive information on other programmes without realising that there is a difference.

#### **4.5.3 CHALLENGES OF LOCAL-LEVEL IMPLEMENTATION OF AJUTORUL SOCIAL**

Many of the problems respondents brought up relating to communication specifically concerned the way that local authorities addressed information about social assistance.

As mentioned earlier, **respondents consistently identified the local-level implementation of social assistance as the greatest challenge to applying for and receiving social assistance.**

Specific problems that respondents reported relating to the local level are described in this section, but it is important to bear in mind that these are the problems respondents *perceived*, which are not necessarily accurate representations of what the real underlying problem is. For example, local-level corruption was discussed in every focus group, with many respondents sharing personal anecdotes and experiences related to this theme. Without additional evidence to substantiate that the reported examples of corruption have occurred, it cannot be concluded that local-level corruption is a problem; however mistrust and doubts about the integrity of local authorities *is* a problem that needs to be addressed.

One of the problems respondents identified on a local level related to apathy or hostility shown by local social welfare officers. . Discussions revealed that respondents felt like they were ignored or dismissed by local social welfare officers and there were some instances reported where local social welfare officers refused to help them. One respondent from Chişinău shared the following story:

*"I personally cared for three bedridden [individuals]. They cannot go to make these requests [for social assistance] themselves... (so) when I submitted them myself I was at the office (and) the social worker asked me: 'Why did you come here on his behalf'? She told me to leave him because he has only a few days to live, and then he will die ..."*

Many other respondents reported that when they went to local authorities seeking information or to file an application for social assistance that they were told they were not eligible without anyone formally reviewing their application or eligibility. A specific aspect of this problem is that local social workers or assistants may know the applicant, either directly or indirectly through gossip, and may provide assistance based on their personal perception of the applicant's situation. This was one of the biggest problems reported by respondents—that local social welfare officers have the power to stop an application before it is even filed and may make an ill-informed judgement

about an applicant's eligibility without having full information, which violates an individual's right to file an application for social assistance. Such a perception indicates that respondents do not think that rules or regulations are applied consistently but are instead applied differently depending on who the social welfare officer is.

Many respondents provided examples of this, particularly as it related to assumptions local social welfare officers made about the support an applicant had from family members. For instance, the following quotes all illustrate how local social welfare officers might discriminate against individuals with migrant family members because they assume that they benefit from remittances, regardless of whether or not they actually receive them:

*"I applied [for social assistance] for my daughter-in-law because she doesn't know much in the village. It took me one month to get all the papers. She got 3,030 lei because there are 12 of us in the family. She had been receiving this aid for 4 months before the social workers came to check on what we spent the money. After the check-up they cancelled the aid, saying the father of the child is abroad and he is able to support the child. This is not true though, because my son is tricked all the time and he doesn't get paid."* (Căușeni)

*"After six months of receiving social aid, I went again to file the documents, and I was told that since my husband is abroad and I can leave periodically in summer... it is not possible to give me [aid] any longer."* (Chișinău)

*"Pensioners have been receiving MDL 250 for the past five months, [but] I have not received anything... When I went there they told me I had a son in Moscow so I would not receive anything."* (Comrat)

Other respondents gave examples of occasions where local social welfare officers would not review their applicants because they were in a relationship with someone who was presumed to be supporting them. Two respondents from Rîșcani described a similar problem:

*"I have a guy, a boyfriend now – but, well, I do not want to make the relationship formal... My first marriage lasted for 11 years, we had four children and then my husband walked out. You see, I have not been receiving anything*

*since October, and I must support my two children who go to school... that was MDL 1,168 and MDL 400 [that I used to receive] as an allowance, but I have not received anything since October... because Ms. N. (a local social welfare officer) interfered. She is finding fault with me because I have a boyfriend. I have already provided explanations about this matter; I was at the Rîșcani office... I wrote an application and went with it to the municipal hall, but Ms. N. did not even want to listen to me."*

*"I am living with a boyfriend. I applied to the municipal hall, but the lady there refused to accept my application. She said I had a boyfriend so he should support me because he is what I have chosen."*

Other respondents indicated that they or their family members had been denied assistance based on only very cursory assessments of their financial situations by local social welfare officers.

*"I have a daughter. She has two school-age children. A year ago she left for Florești. She went to the social fund, but they said they wouldn't give her money because her parents (meaning me) are rich... Her husband had an accident. He is disabled - a first degree disability. She doesn't work anywhere. She stays at home, her children go to school. How can I keep them? The social welfare office gives money to rich people who have two-storied houses as though they were poor, but those who really need money can't get it... they said we had a computer, a washing machine, and the social fund can't be used in our situation."* (Hîncești)

The last quote also suggests that some respondents think that assistance is given to people who do not qualify for it. This perception is linked to widespread assumptions about local-level corruption and the misappropriation of funds. The perception that local public authorities were individually benefiting from funds seemed to be held by my members of the focus groups. Many respondents indicated that they thought local authorities did not distribute aid—both in the form of money and goods—when they received assistance from federal authorities. Respondents across the focus groups reported corruption to be a problem, and the following selection of quotes provides just some illustration of the way respondents discussed the issue:

*“...nepotism is a national and local tradition. If assistance comes to the mayor, he will distribute it to his relatives, brothers, godfathers—and somehow forget about those who actually need it...” (Șoldănești)*

*“Well, generally speaking, the municipal hall has a staff of, say, 10. If this town hall is allocated MDL 200,000 as assistance, they will simply divide the MDL 200,000 among the relatives of the town hall officials and make it look good in the report by writing, ‘We have given assistance to that, that and that person.’ But in reality they are not even looking at the poorest and the neediest.” (Comrat)*

*“As for social aid from the mayor’s office ... for example now they have received some humanitarian aid – Persil detergent, and they brought something else, I don’t know what. We got nothing; it was all distributed among the people that work at the mayor’s office. When they were confronted about this they said that they didn’t hear or see anything... even when the humanitarian aid such as clothes come, the mayor’s office workers lock the doors and choose the best clothes, and what’s left is given to us.” (Căușeni)*

*“I got a phone call from Comrat one day. I had a grandmother... They told me that three hearing aids had been allocated to our municipal hall, for my grandmother, for a certain old man, and for another old lady. They had been allocated in a targeted way, stating the exact names of the intended recipients. I was not at home that week, but when I returned home a week later and went to collect that hearing aid, they told me at the municipal hall I had failed to come on time and they had given this hearing aid to someone else... they told me they were free to decide at their discretion who of us to give what.” (Comrat)*

As was noted earlier, these anecdotes do not necessarily imply that funds are actually misappropriated on a local level, but they do signal that the population has little faith in the correct administration of social assistance. Lack of confidence in local-level social assistance offices is a major barrier that should be addressed in any reforms to social assistance programmes, particularly as the first point of interface between an individual and social assistance is through local offices.

#### 4.5.4 ADMINISTRATIVE BARRIERS TO AJUTORUL SOCIAL BENEFIT

Focus group participants also discussed at some length the administrative barriers they faced in filing social assistance applications. These barriers generally concerned the need to collect documents to prove eligibility for particular types of social assistance. Respondents indicated a high level of frustration with collecting all the necessary documents for an application, some of which could only be obtained from specialised institutions. **The need to collect documents from institutions or bodies in other cities can be costly and time consuming:**

*“In fact, it was difficult for me to get all the certificates. It took me two and a half months to get the documents and then another three months to receive those from the Department of Social Security, the Real Estate Register, the house project, the certificate about the property I own, and the one certifying the absence of other properties. So, it took 6 months to get all the papers together. Then, at the city hall, they examined them for three months. After nine months [of waiting], I have run out of patience.” (Chișinău)*

Some respondents also complained that the documentation required for an application was just a way to deter people from applying:

*“The problem is not in writing the application; it is in the supporting papers that they ask for. They ask for papers that are impossible to find. This is their way out and they use it a lot; they know we can’t get these papers.” (Căușeni)*

Some of the documentation dilemmas that respondents discussed related to specific benefits, namely assistance for disability. Given the significant economic consequences associated with disability, the issue of difficult-to-attain documentation could undermine the ability of social assistance to help individuals or households in situations of vulnerability. Several respondents, such as the following respondent from Pascăuți, discussed how complicated the documentation issue could be:

*Respondent: "My daughter is ill, with a Disability Category 1, but they are not giving her anything because she is not registered with the doctor. I cannot get her registered here because she is registered in Rîșcani, and that territory is administrated by a different town hall."*

*Moderator: "Why don't you de-register her there and register her in the village?"*

*Respondent: "I have no documents for the house after my husband's death; I cannot get the house registered in my name."*

The issue of receiving a disability designation was also discussed by respondents. In order to be eligible for disability benefits, an individual needs to prove that they have a disability which is of a particular degree. Respondents are able to receive an official disability status following the assessment by a board, which determines the degree of disability and the frequency with which an individual needs to be re-assessed for disability. Some respondents stated that receiving this assessment was problematic because even long-term problems, such as hypertension (high blood pressure) in old age or type 1 diabetes, had to be reassessed frequently. A related complaint was that every time a revision is made to a social assistance programme in terms of benefit values or eligibility criteria, a new application has to be filed, which can mean months of waiting for a decision.

#### **4.5.5 PROBLEMS OF AJUTORUL SOCIAL RECEIPT BASED ON PROGRAMME DESIGN**

A final and closely-related category of respondent complaints related to the design of social assistance schemes. **Some of the problems identified by respondents related to all social assistance; these include complaints about small aid values, processing time, and informal communication about the application decision.**

Most respondents who had received some form of assistance in the past noted that it was insufficient to cover the household's needs. When assistance was received following damage to a home, as in the case of fire or flooding, for instance, respondents assessed that assistance covered around 20 percent of the total cost of damages. Very few respondents who had benefited from the

emergency assistance in the past reported that the aid provided was proportional to the severity of the shock they had experienced. For example, one respondent from Hîncești had experienced two shocks from the same event: heavy rains and flooding of a nearby river destroyed parts of the respondent's house as well as the crops that the family grew. The crops were both a source of food and of income for the household, which created a considerable economic strain on the household, particularly when coupled with the need for home repairs:

*"Our house was destroyed by rain... They offered us 800 lei, but what can one do with 800 lei? We also got 49 lei because we lost the crops from the garden... it was very difficult for me to handle the situation but now it has become worse. Now we eat [only] if we have something ..."*

The assistance provided to the respondent through the republican fund was not big enough to compensate the household for the cost of repairs, nor the lost crops. The respondent was clear that while aid was essential to help the family through the time immediately following the shock, it made very little difference for the household's longer-term recovery.

A related problem of the republican fund relates to the availability of aid, which is conditional on the funding delivered to the district and the demands on the fund experienced throughout the year. As aid from this fund is essentially distributed on a "first come, first served" basis, there may not be assistance available when a household experiences a shock. A respondent from Rîșcani expressed frustration at this:

*"They [staff of the town hall] told me straight away they had no funds at the time because it was the end of the year-and they were only expecting some funds in February. I waited from November till February and it was only then that they gave me the promised MDL 1,000."*

Respondents who received other forms of aid also discussed the point that sum of money was generally insufficient to cover the cost of goods or services that the aid was intended to cover. Respondents acknowledged that the benefits they received to support specific expenditures such as medical care or heating were vital to support

immediate needs but were inadequate to address the ongoing nature of a problem:

*“What can you do with 250 lei for wood and coal? One tonne of coal now costs 3,500-4,000 lei. 250 lei is for one bag—which will keep you warm for a week, but what about the rest of winter?!” (Soroca)*

*“We cannot say that the state helped us. We are grateful that it helped us when our son had an operation, we applied to the Ministry of Social and Family Protection, the Ministry of Labour... we were given aid of 1,000 lei for the boy's surgery. We did not want to insult them and say that they didn't help us at all, but what they gave us covered the bare necessities” (Chişinău)*

Aid provided for medical care was identified consistently as being far below the needed value to help a household offset the long-term costs of illness. Respondents noted that if they received assistance for a medical crisis, it was generally only for a one-time course of treatment such as a surgery, medicine, or the cost of a hospital stay—but never for the costs of all types of expenditures.

Recipients of *ajutorul social* and other forms of social assistance calculated on the basis of a minimum subsistence level also questioned the adequacy of the assistance and the accuracy of the minimum threshold. **Across focus groups there was consensus that the established subsistence minimum did not reflect the cost of living, particularly as it was outdated** (one respondent from Chişinău stated: “It [the subsistence minimum] was set in 2001, but the problem is that from 2001 until now, the cost of a decent life has changed!”).

A final problem related to the amount of assistance discussed by respondents related to conditionalities placed on aid receipt, some of which implied that a household would need to make additional expenditures and, in some cases, take on significant debt. Respondents from Căușeni discussed at some length that they were told they would be entitled to assistance only if they bought specific products, some of which would then undermine their eligibility for programmes like *ajutorul social* that were based on a proxy calculation:

*“For a year I received 1,300 lei every month... They give aid only on their own terms – for example I would have to buy a fridge, a washing machine. I agree with some of that, and I bought the washing machine because I need it, but the fridge—I don't need it. The price of electricity has gone up and I have nothing to put in the fridge... What was the point of buying it? I would have better bought food for the children on that money. They gave me this aid and they come every month to check on me... I got this assistance and bought a fridge and a washing machine; they write down that I have those and they don't give me any other aid.”*

*“... It takes a good half a year before you get 200-300 lei. The Social Assistance Office gives us this money, we take it, but we can't buy what we need. We buy what they want... They give you 200-300 lei, but tell you to buy a 2000-3000 lei fridge or washing machine. They simply give you 200-300 lei, and you have to put the remaining 3,000 lei from your pocket.”*  
*“Staff at the Social Assistance Office told me to borrow 10,000 lei from the bank and buy a cow. And how am I supposed to give the money back later? They told me that I would work seasonally and sell milk products from the cow. What do I buy the cow for: to sell the milk or to feed the children? Meanwhile I have to pay interest. I ask them why they want to get into debt. They didn't want to sign me up for social aid unless I took a bank loan to buy a cow...”*

The issue of conditions placed on aid was only discussed explicitly in Căușeni, however, which may imply that this is problem with local-level administration.

Across focus groups, **respondents who had applied for any form of social assistance also generally agreed that the processing time was too long**. While recipients of aid for emergency situations indicated the least dissatisfaction with the time it took to receive benefits, they also generally agreed that aid is often received too late to address the immediate economic needs of an applicant. The following conversation from a focus group in Chişinău provides a representative summary of how respondents perceive the efficiency of the application process:



*Moderator: "Do you think these programmes are efficient when there are urgent needs?"*

*Respondent 1: "You may die 100 times before you get this money."*

*Respondent 2: "It is so difficult to get all the certificates, and then you don't get the money, a year has passed. What kind of efficiency is this?"*

*Respondent 3: "The aid is necessary when one needs it, not later."*

Part of the frustration with the time needed for processing an application is that the status of open applications which are not communicated about in a consistent and formal way. Respondents noted that when they wanted information on a status of an application, they were generally told by the local office where the application was filed to "keep checking back" over the following weeks. For many respondents, this entailed having to travel back and forth to the local assistance office, which could be far away or difficult to access, particularly for applicants with limited personal mobility. Respondents were generally not informed when a decision had been reached and it was only if they physically visited the office to enquire about the application that they received information. Decisions were also often not communicated in writing but verbally, by a local social welfare officer. Respondents often discussed that this way of communicating decisions allowed local public authorities to cheat applicants out of assistance by, for instance, telling applicants that their applicants were rejected when they were in fact granted. The informal way that communicating decisions is made by the central social assistance administration by local social welfare officers contributed to the overall perception that the application system is not fair and transparent.

Respondents further identified problems which were unique to *ajutorul social*. Despite the fact that respondents generally could not identify *ajutorul social* by name and could not clearly distinguish it from other social assistance schemes, they generally did know that it required asset evaluation as part of the proxy means test. The proxy calculation was discussed in many of the focus groups, with respondents complaining that the potential value or productivity of assets were over-evaluated. Many argued that assets were included in the calculation that had no inherent worth and that did not represent the overall level of economic well-being in the household:

*"They want to know if I have a television set and some other things. For example, I have a TV set, my husband left it to me. He said he would leave me everything and just left. And they told me that I am not entitled to assistance if I have all these things. But am I to blame for it? Will this TV-set feed me? I also used to have a computer but it broke down, it is just standing idle in the house... But all those things were left to me - some by my husband and some others by my grandmother. Am I to blame for that? My child needs food." (Șoldănești)*

*"And it was only during the year that my husband passed away they gave me aid for the children and that is all. I applied for kindergarten aid and they told me that we live well, and that we have a fridge, a washing machine, and a computer. We used to have 2 horses and a cow, but before my husband died we sold them because my husband couldn't care for them anymore. From the money we raised, we had new windows put in. When they came and saw the windows they said that we can't apply for social aid." (Căușeni)*

**The perception that the *ajutorul social* proxy does not adequately capture quality of life was widespread across focus groups**, and it signals the power of word of mouth. Many respondents reported learning most about possible social benefits and the process for applying for them from their friends and neighbours. Even those respondents who had not applied for benefits discussed the perceived unfairness about the inclusion of specific assets, such as televisions and computers, in the proxy assessment. This could suggest that when adjustments are made to the proxy formula, as was recently done with the exclusion of televisions, computers, and land holdings, that the population will play an essential role in communicating this change to each other.

**Another problem with the design of *ajutorul social* that respondents identified relates to residency registration. As *ajutorul social* is granted not for individuals but for households, all members of a household who should be included in the proxy calculation must be formally registered at the address of the applicant household.** Potential applicants who are itinerant and do not have a fixed address, such as those who were displaced from their homes following a fire or flood, are ineligible for *ajutorul social* because of the lack of a registered address.

This was a problem identified by respondents in several focus groups who were temporarily living with neighbours or members of the extended family network until they were able to either build/buy a new house or repair the old one. This problem has far-reaching economic consequences, not only for the individuals who experienced the shock directly but also for those household members who then assist them by sharing housing. Other respondents cited problems with attaining documents certifying that they legally owned or rented the house for which they wanted to apply for social assistance. One respondent from Şoldăneşti gave the following example:

*“My sole source of income is my maternity allowance and the orphan’s allowance paid to my children because their father is dead... I inherited the house from my grandmother who died 10 months before my husband’s death. I have not yet registered the house in my name, although 4 years have elapsed since. I have no money to do that.”*

Potential applicants who cannot establish the legal right to occupy a home may not be eligible to receive *ajutorul social* even though one of the sources of their vulnerability could be the lack of housing tenure.

Respondents identified other ways in which housing conditions challenged their entitlements to assistance. **Individuals who shared a home with other families reported that their eligibility to receive assistance was assessed on the basis of the entire household rather than on the needs and expenditures of each family individually.** This assessment method assumes that resources are pooled and shared on household level, which may not be true. Another dilemma related to co-residency is that the presence of an income-earner in the household can cause benefits for specific individuals to be denied, even if the overall financial situation of the household has not improved. Two respondents in Soroca described how their family members were denied assistance because they had moved in together:

*“We have two disabled members in the family—my mother is group I, and her brother has been in group II since childhood... Now we are four people in the family, and with the pension they receive, it is very hard to survive. Therefore, I had to find a job. The salary is not big, but helps us to cope. We haven’t received other aid... Last year, they [mother and brother] received money for wood, coal from the cityhall. But this year, as I live with them and receive a salary, they will receive nothing.”*  
*“I also asked for help with heating. Last year they gave us - 250 lei per month during winter - for 4 months. This year, because my mother cannot see, I moved in with her and because of this, she does not receive any social support, no money for wood and coal. I had to take a little credit to buy wood to keep my baby and my mother warm.”*

In some cases respondents reported that to be eligible for assistance, each family living together within a household would need to be able to prove that they were not benefitting from a household economy of scale by registering their consumption separately. This could entail installing separate electricity meters so that heating subsidies could be calculated for each family unit separately:

*“At the Social Assistance Office if you go they ask you to install a separate electricity meter if you live with your parents in the same house. They told us that we need to have our own electricity meter in order to get the aid. Ok, why should we have 2 electricity meters in the same house if we live together? If we lived in a separate house next to them it made sense to put a separate electricity meter, but there is only one house and it is absurd.” (Căuşeni)*

The need to install a separate electricity meter could imply additional costs to the household, which may be difficult to justify in situations in which the living situation is a direct result of economic hardships that force families to live together.

# SUMMARY OF FINDINGS, CONCLUSIONS, & RECOMMENDATIONS

# 5

This report was commissioned to assess how the current social protection system in Moldova, namely social assistance programmes such as *ajutorul social* and the republican fund can be improved to increase the resilience of households facing idiosyncratic shocks. Key to this assessment is understanding how households in need relate to the social assistance system, how timely the response from the social assistance system is, how flexible the social assistance system is when addressing emergency needs, and how adequate social assistance is addressing the consequences of a shock. To meet the objectives of this report, a mixed methodological approach was developed that involved document review, description of administrative data, analysis of household survey data, and analysis of focus group discussion data.

These different sources of information enable exploration of four aspects of the social assistance system and how it functions following an idiosyncratic shock: 1) sources of household vulnerability, and the types and impacts of shocks on household well-being; 2) coping mechanisms used by households to enhance resilience in the face of shocks; 3) the specific role of social assistance mechanisms in helping households prevent and mitigate shocks, and; 4) the measures or components that could improve the efficiency and effectiveness of the social protection system in bolstering household resilience in the face of shocks.

Sub-sections 5.1-5.3 summarise the main findings of the research related to vulnerability and shocks, coping mechanisms, and the functioning of *ajutorul social* and the republican fund as specific mechanisms for enhancing household resilience. The findings highlighted in these sections reflect insights from both background literature and the analysis of primary data (e.g., MSAS, HBS, household screening questionnaire, focus group discussions). Key ideas that form the

basis for recommendations are underlined. The final subsection, 5.4, provides recommendations for ways in which household resilience can be improved through a more responsive social assistance system.

## 5.1 Key Findings: Vulnerability, Types of Shocks, and Shock Severity

Household vulnerability to shocks involves two different elements: exposure to risks, and sources of resilience to withstand the consequences of shocks. Exposure to risk describes the probability that a household and its members have of experiencing a shock, whereas resilience describes the ability of a household and its members to protect themselves against shocks or adapt to shocks once they occur. Some households have both a higher exposure to risk and more limited resilience in the face of shocks; multigenerational households, households with multiple children, and households in which one or more members has a long-term illness or disability have been identified as particularly vulnerable. These types of households are more likely to experience shocks related to members' lifecycle risks (e.g., the onset of age-related illness, death of a household member), relatively high dependency ratios, and shocks that carry long-term economic consequences. Households with multiple children and those in which one or more members has a physical or mental health problem have been recognised as particularly vulnerable by past assessments and national legislation in Moldova. The primary data collected for this assignment demonstrated that a previously unrecognised group—multigenerational households—can also be considered vulnerable to experiencing a shock and of being unable to adapt to the consequences of shocks.

The shocks that households and individuals experience differ by scope (whether they are covariate or idiosyncratic), timescale (if the shock occurs only once or can be considered a perpetuating shock), and the severity (the magnitude of negative economic consequences the shock carries). Common idiosyncratic shocks include the onset of a serious illness and sudden high health expenditures, the death of a household member, a household member's job loss, divorce or marital dissolution, and damage to a home, crops, or livestock due to an unexpected event such as a fire or flood.

The shocks that were rated as the most severe by respondents to the household screening questionnaire and participants in the focus groups were those that created long-term economic consequences. Respondents evaluated the following specific shocks as being the most severe because of the way they perpetuated vulnerability: onset of a serious illness and high health expenditures, the loss of house or damage to property from events like fire/flood, the loss of a job of a primary breadwinner, the death of a household member (primarily an income earner), and divorce or marital dissolution. These shocks had a significant negative impact on the economic situation of the household, often because they changed multiple aspects of an individual's life at once.

## 5.2 Key Findings: Coping Mechanisms

Despite differences in the severity and enduring qualities of shocks, the coping methods that households or individuals used to offset the negative economic impacts of shocks did not significantly vary. To cope with a shock, focus group respondents indicated first reducing expenditures on goods that were perceived to be non-essential such as clothing and heating; after reducing expenditures as much as possible, respondents generally tried to increase sources of household income through borrowing small sums of money from family members and friends. More formal lending, such as from a bank, was generally perceived as inaccessible, particularly from respondents in rural areas. While most respondents reported seeking social assistance as a way to cope with a shock, most did not consider social assistance to be an effective coping method because of low assistance values and the lag between the time of need and the

receipt of social assistance. Many respondents also had limited information about the existence of different social assistance programmes and were unaware of the *ajutorul social* programme and assistance offered through the republican fund.

## 5.3 Key Findings: Ajutorul Social as a Coping Mechanism

Two specific social assistance mechanisms—*ajutorul social* and the republican fund—were assessed for their current useage and their value as potential tools to help households build resilience against the economic consequences of idiosyncratic shocks. These programmes have fundamentally different capacities to address resilience given differences in their structures and administration. *Ajutorul social* was implemented as part of a larger package of social assistance reforms in 2008-2009 with the aim to guarantee a minimum-living income for vulnerable families. *Ajutorul social* is characterised as a long-term poverty alleviation mechanism that is not intended to cover situations of immediate need but rather addresses households at risk of remaining in poverty given their current sources of income. The Republican Fund and Local Funds for Social Aid of the Population (“the republican fund”), in contrast, was designed to address the immediate needs of households that have experienced a shock through the provision of one-off material or cash assistance.

*Ajutorul social* can provide households with the resources they need to invest in risk prevention; as it guarantees households a minimum living income, the programme can ease household income constraints and allow households to invest in their members' health and human capital. There is limited evidence to link receipt of *ajutorul social* to risk prevention, however. While analysis of HBS data suggests that *ajutorul social* does target the most vulnerable population, particularly when compared to other nominative compensations available in Moldova, a number of shortcomings in the programme have been identified. Past evaluations have found that the coverage of some vulnerable groups has not progressed to the expected level, and information channels that can reach vulnerable segments of the community have not been fully developed. The territorial units are not fully equipped to manage the programme given the quality of social assistance staff, and corruption in assigning

benefits at the local level remains problematic. The benefits provided by *ajutorul social* also do not yet cover the minimum consumption basket of a family, which limits the poverty-reduction capacity of the programme. These findings have all been echoed by participants in the focus groups conducted in the current research, suggesting that many of the problematic aspects of *ajutorul social* have remained within the system despite knowledge of their existence.

The republican fund holds an 'emergency' component by promptly assigning a lump-sum benefit as a response to an extraordinary circumstance of vulnerability. Such benefits can potentially not only assist households in coping with the immediate economic consequences of a shock, but can also enhance a household's ability to recover from that shock. It is unclear how well this function is fulfilled, however, as the role of the republican fund in reducing vulnerability has not yet been formally assessed. The review of previous literature revealed limited evaluation of the republican fund, while the data collected for this assessment suggest that the population has limited knowledge of this particular programme. Both *ajutorul social* and the republican fund contain design elements that can boost household resilience, either through reducing vulnerability and preventing risk or by enhancing coping and recovery processes. Both programmes face significant challenges, however, that need to be addressed. Focus group respondents identified four areas where social assistance mechanisms needed improvement:

- 1) communication about different social assistance programmes;
- 2) local-level programme administration;
- 3) administrative barriers to application, and;
- 4) programme design.

In terms of *communication*, respondents were generally not aware that different social assistance programmes with different eligibility criteria existed. The differences among funds and their application in different circumstances of need were unclear to respondents. Respondents were generally unaware of where to find more information about social assistance.

In terms of *local-level implementation*, respondents generally had little confidence in the integrity of local social assistance offices, and they often found local social welfare officers

to be hostile, unhelpful, and unable to evaluate an individual's assistance claim objectively. Social welfare officers were often reported to inconsistently apply regulations, particularly by rejecting an application without allowing it to be formally evaluated—which violates an applicant's right to apply for social assistance.

*Administrative barriers* include that the process of collecting documents is costly because some documents can only be requested in person from institutions or offices in specific cities. The number of documents needed to make the request for social assistance was also perceived as problematic and time-consuming.

Several *programme design problems* were also identified, some of which applied to all forms of social assistance and others that applied to specific programmes. Assistance levels were found to be too low and to represent only a very small share of the total need created by a shock. The processing time of applications was found to be too long, and respondents complained that sometimes assistance was not available when a crisis had occurred, particularly if that assistance came from locally-administered emergency funds. The application evaluation process was not found to be transparent, especially when decisions about an application were communicated verbally from local social welfare officers rather than in writing from the person who evaluated the application at central level. Other problems identified related only to *ajutorul social*; these included the perception that the proxy calculation was not appropriate to capture a household's need and it unfairly excluded applicants in poor living conditions and those residing in complex, multi-family households.

## 5.4 Recommendations to Improve Efficiency & Effectiveness of Ajutorul Social

The resilience of households to withstand shocks that threaten their livelihoods depends on many factors. Households with more resources (material, human and social) are in a better position to cope with unforeseen events. At the same time, some households are more exposed to shocks given their specific household situation. As the analysis in this report has shown, households with many children, households with

several generations living under the same roof, and households with chronically ill members are more likely to experience shocks and may be less resilient to withstand shocks, as their resources are limited at the onset. In such a situation, the death or severe illness of an income-generating household member, the loss of the job, marital disruptions, or damage to a household's livelihoods puts severe strains on the (already limited) coping capacities of these households, threatening their welfare.

The objective of this report was to provide insight into how the social protection system in Moldova, chiefly through social assistance provided through *ajutorul social* or the republican fund, addresses the needs of households facing idiosyncratic shocks. Social protection systems play an important role in supporting households in need and guarantee their well-being. Effective social protection not only protects citizens against the negative consequences of a shock but also has systems in place that *prevent* the negative outcomes of shocks. While the former is traditionally the role of non-contributory social assistance schemes, the latter function is addressed through both social assistance and social and health insurance systems. Effective social assistance schemes strengthen the resilience of families by providing a minimum living standard and offering protection in the event of a shock. The policy recommendations formulated below therefore focus on strengthening the preventive aspect of social protection. The first three sets of recommendations provided below are organised according to the anticipated fiscal impact or legislative changes required, with those that require minimal costs or changes provided first. The final set of recommendations relates to needed additional research or analysis.

#### **5.4.1 RECOMMENDATIONS WITH LIMITED FISCAL & LEGISLATIVE IMPACT**

1. *Improve the provision of information about social assistance schemes:* Existing methods for disseminating information about social assistance schemes do not appear to be effective in informing families in need about the existence of specific social assistance mechanisms, application criteria for specific programmes, and the application process. Respondents in this research generally did not

know about the existence of different social assistance schemes and were particularly uninformed about the existence and availability of the republican fund. Moreover, as the analysis based on the HBS has shown, coverage of *ajutorul social* is very small. This clearly signals the need to expand the communication about social assistance. One concrete way to further disseminate information on social assistance schemes is to provide local public offices, including schools, police stations, municipal halls (*primaria*), and labour exchange offices with pamphlets on social assistance programmes. Local social assistance offices should be encouraged to actively reach out within their communities to inform the population about different assistance options or to identify households that are potentially at-need. Other public servants such as teachers can also help in this process by communicating information on available assistance to the parents of their pupils. Non-governmental organisations that offer other forms of social support should also be given information on social assistance schemes to share with their clientele base. It is important for local public authorities to be engaged, as they can best identify valuable local allies in the dissemination process.

2. *Provide applicants with clear guidance on application requirements, steps, and timelines:* Applicants to different social assistance schemes need documentation they can refer to that explicitly outlines what steps they need to follow when submitting an application for assistance. Respondents in this research were often confused about application requirements, which could be addressed in part by providing applicants with a brochure or pamphlet that consolidates all the information someone would need to draft a complete application. Such a document should provide a brief description of the assistance programme, eligibility rules, a checklist of supporting documents required and where they can be obtained from, a description of the application review process and the timeline such a review should follow, and contact information for both local and national-level social assistance officers who can provide additional information on the application procedure. Once an application has been filed, applicants should also receive a copy of the full application and guidance on what actions will follow the submission.

3. *Individual applicants should be assisted in collecting required application documents:* Documentation required for social assistance applications can often be difficult to collect because of the number of documents needed from specific institutions or agencies, some of which are located far from an applicant's place of residence. The documentation burden could be eased by informing applicants about where they can collect documents, of encouraging issuing agencies to create telephone or internet-based documentation request services, and by allowing applicants to grant local social assistance offices the power to request documentation on behalf of an applicant.
4. *Improve recruitment and training of local social welfare officers:* Local social welfare officers are generally the first persons a potential applicant will have contact with when learning about and applying for social assistance; as such, it is imperative that social welfare officers are properly informed about different programmes, their eligibility criteria, and application procedures; conduct themselves professionally and impartially, and; have excellent communication skills. Local social welfare officers should be able to guide potential applicants into the correct social assistance scheme which requires them to be knowledgeable and able to obtain correct information from applicants. As such, social welfare officers should be recruited based on fulfilment of specific criteria or competency. Recruited social welfare officers should also undergo standardised training to ensure that, regardless of what district of employment, all social assistance have the same basic level of knowledge and competence regarding the social assistance system. Specific trainings should not only focus on programme knowledge but on soft skills, particularly professional and compassionate communication.
5. *Allow applicants and beneficiaries to request another social welfare officer:* In the event that an applicant or social assistance recipient does not feel that they have been helped in a professional way, individuals should be able to request the services of another social welfare officer, one of the problems that focus group respondents identified is that in small communities, applications were often not reviewed impartially because of the attitudes

or perceptions of social welfare officers. Applicants should have the right to impartial assistance, which should be provided when requested.

#### **5.4.2 RECOMMENDATIONS WITH POTENTIAL FISCAL &/OR LEGISLATIVE IMPACT**

1. *Formalise the process by which assistance applications are reviewed:* Standard assessment criteria need to be applied in the evaluation of all requests for social assistance, regardless of the specific fund from which assistance is delivered. Applicants with identical circumstances should receive identical decisions based on the impartial application of standardised evaluation methods. To achieve standardisation in application review, several steps will need to be taken:
  - a. in the case of the Republican Fund, the circumstances which constitute situations of "extreme poverty", a "difficult life situation", or an "exceptional situation" should be clearly defined in the Law on the Republican Fund and the Local fund for the Social Support of the population (nr. 827 from 18 February 2000);
  - b. specific eligibility criteria will need to be drawn up for different forms of social assistance, which will allow local social welfare officers to best direct potential applicants into the appropriate social assistance scheme and evaluate their eligibility accordingly;
  - c. evaluators of applications should have a checklist of requirements an applicant needs to meet, which would increase transparency in evaluation process and allow applicants to know exactly why their applicants were rejected.
  - d. mechanisms to monitor and evaluate the adherence of social welfare officers to the evaluation process should be created so that there is some control over the performance of individual assistants, regardless of the office from which they work. One method of building trust in the community would be to also allow community members to evaluate their experiences with local social welfare officers, which could be used to feed into the monitoring and evaluation system.

2. *Formalise communication about application decisions:* Following the evaluation of a social assistance application, the decision regarding the application should be communicated directly to the applicant in writing. A letter should be drafted that informs an applicant of the decision, who reviewed the application and at what administrative level, the benefit amount and dispersal scheme if the application is successful, the reason for refusal if the application is rejected, and any arbitration measures an applicant may follow related to a rejected application. Letters should be delivered directly to the applicant, not only to the local social assistance office which is responsible for administering the application.
3. *Revise benefit payment modalities so that beneficiaries of social assistance do not rely on third parties, including social welfare officers or local postal office staff, to receive their benefits:* Given the limited level of trust respondents indicated in local social assistance offices and public authorities, it is recommended that payment intermediaries are eliminated and benefits are paid directly into beneficiaries' bank accounts. While a significant amount of beneficiaries currently receive their benefits directly into bank accounts, other methods of facilitating value transfer could be considered, including mobile phone credit transfer and the use of pre-paid value cards.
4. *Consider major changes to the administration of the Republican Fund, which could include eliminating categorical benefits, consolidating it with other social assistance mechanisms or delegating its oversight and dispersal to a different administrative level:* In the way it is currently administered, the efficiency and effectiveness of emergency assistance is extremely low, and it is clear that the content and administration of the fund needs to be overhauled. The specific forms this overhaul takes will depend in part on the reforms desired in other social assistance mechanisms and the resources that will be dedicated to the republican fund. Three specific changes are suggested here, which could be adopted singularly or in combination:
  - a) eliminate categorical benefits, as they are not based on household need and are not progressive;
  - b) partially consolidate the republican fund with *ajutorul social*, which would nearly double the size of the *ajutorul social* budget and enable higher coverage of the population in a long-term poverty alleviation scheme while still allowing local administration to retain a much smaller fund for localised emergencies, and;
  - c) replace the existing republican fund with a national emergency fund, which could still be applied for via local social assistance offices but would be fully managed at a national level.
5. *Specify procedures for evaluating the economic impacts of an emergency and provide assistance that covers a greater share of the expenditures needed to recover from a shock:* The value of aid dispersed from the republican fund was generally reported by recipients to represent only a small share of the economic needs experienced, which could reflect the lack of proper evaluation of the "cost" of the situation for which emergency assistance is sought. In line with the recommendation to explicitly specify eligibility criteria for the application of emergency assistance, procedures should be specified for evaluating the economic magnitude of the situation for which assistance is sought. This economic need should then be met with assistance that covers a significant share of the cost of recovery; for instance, if half of a farmer's crops are destroyed by a flood, the approximate value of the lost produce should be calculated and compensated as much as is possible.. When such a sum cannot be covered by the republican fund, there should be a referral mechanism to receive assistance from a national relief fund.
6. *Update the ajutorul social proxy calculation to include not just the presence of assets but their value and utility:* As a means-tested benefit, the inclusiveness of *ajutorul social* depends on the accuracy of the proxy calculation, which can be improved by evaluating the utility of included assets rather than just their number. Assets of different ages and levels of functionality do not produce the same utility for the household; a 25-year-old car, for instance, is unlikely to be as reliable as a new vehicle and it is unlikely that it can be sold for the same sum. Its weight within the proxy calculation should be adjusted to account for the utility it produces for the household.



7. *Residency requirements for ajutorul social should be adjusted so that applicants living in tenuous living conditions can still access ajutorul social benefits:* Within *ajutorul social*, individuals who do not have official residence, including formal rental contracts or house ownership documents, are not eligible to apply for the benefit. This requirement excludes the most vulnerable from accessing benefits and needs to be adjusted to accommodate situations in which formal proof of residency cannot be established. This can occur in situations where an individual does not have the financial means to formally register changes in home ownership, cannot afford formally-contracted rent, or is unable to receive a formal rental contract because the owner of a property refuses to make a formal contract because of taxation concerns. Different ways of addressing housing registration can be considered: a) formal housing registration can be eliminated as an application requirement, or; b) applicants can be allowed to register their place of residence in a civil registration system. The specific scenario under which residency requirements are addressed will require additional research, but it is essential that the issue of formal residence *is* addressed, as currently the most vulnerable members of the population are likely to be excluded from *ajutorul social*.
8. *Simplify the requirements for ajutorul social applicants residing in multi-family, complex households:* Households rather than families or individuals are targeted by *ajutorul social*, which can challenge the accessibility of the benefit system for those individuals or families who live together in one house but do not share expenses. One solution that has been proposed for this is the families install separate electricity meters to monitor their energy consumption, but this can be a costly and ineffective method of identifying separate expenditures. In situations where different families live in the same home or share one household, *ajutorul social* can be granted to individual families rather than to the household as a whole. Other alternate means of dealing with complex coresidency situations should be researched and implemented.
9. *Ajutorul social benefit values should be indexed on a yearly basis and adjusted for*

*inflation with the eventual aim of calibrating benefit values to the real value of a standard basket of goods:* The current minimum monthly guaranteed income, which establishes whether a household qualifies for *ajutorul social* benefits, was arbitrarily established based on the funds that were available to cover social assistance programmes. This value may be insufficient to cover the cost of living. In the immediate future, the current benefit value should be reviewed and indexed annually (or once inflation has exceeded a particular value such as five percent in order to eliminate the administrative costs associated with benefit recalculation). In the longer-term future, the aim should be to raise benefit values to a sum that reflects the cost of a standard basket of goods.

10. *The value of the winter allowance/cold season aid should be handled as a lump-sum for recipients relying on commodities such as coal and wood, instead of monthly instalments, and disseminated to the target groups once a year before the cold season starts:* Rather than providing small monthly instalments, households that use wood or coal to heat their homes should receive a lump sum at the beginning of the cold season. This will enable households to purchase the materials they need before the cold season starts and the price of heating commodities increases to heat their household throughout the winter,

#### **5.4.3 RECOMMENDATIONS FOR IMPROVEMENTS BEYOND THE SCOPE OF THE SOCIAL ASSISTANCE SYSTEM**

1. *Improve health policies, particularly those related to health insurance and the provision of free or discounted goods and services to the vulnerable population:* Out-of-pocket (OOP) health expenditures have been consistently identified throughout this report as one of the major hindrances for households to develop long-term coping strategies that bolster resilience. Catastrophic health expenses undermine a household's ability to save money and adapt to shocks, particularly for individuals who face continual expenses associated with the treatment of long-term health conditions

such as congenital conditions or chronic illness like diabetes and hypertension (high blood pressure). The specific measures needed to reduce OOP health expenditures are beyond the scope of this report, but it is important for improvements to be made, as more efficient health protection mechanisms can reduce the burden on social assistance schemes such as *ajutorul social* or the republican fund. Discussions with a World Bank representative did yield some specific recommendations, but they would need to be further explored as these are simply preliminary ideas:

- a. Increase the percentage of goods and services covered by health insurance, particularly medicines;
- b. Use the proxy-means test to screen social assistance applications for eligibility for free or reduced-cost health insurance, for example by using a second (higher) threshold;
- c. Expand the number of specialised healthcare facilities (such as oncology clinics) to reduce OOP expenditures associated with travel and accommodation.

2. *Expand coverage of formal social insurance that protects workers against old age, unemployment, sickness, work-place injuries, and disability:* Broad coverage of the social insurance system can have significant consequences for the sustainability and functioning of social assistance schemes, particularly if individuals who experience shocks (such as workplace injuries) that could be covered by contributory insurance schemes must seek assistance from non-contributory social assistance programmes. Specific improvements to the social insurance system can best be suggested following specific analysis of the existing system.

3. *Improve the provision and availability of asset insurance, including for homes, crops, and livestock:* Many of the shocks experienced by households related to partial or complete damage to assets that could be privately insured. Increasing the availability of insurance through the support of micro-finance institutions or farmers' cooperatives or subsidising private insurances, for instance, could reduce the burden on emergency social assistance schemes, which are often called upon to help households overcome the economic consequences of asset loss.

4. *Improve assistance for job seekers, particularly in rural areas:* Unemployed and under-employment make people of working age particularly vulnerable to not being able to recover from a shock once it occurs. In line with a larger national strategy for employment creation, improvements in the assistance provided to job seekers could help reduce unemployment and consequently the reliance of people who are unemployed or under-employed on social assistance.

5. *Labour market reintegration should be supported through counselling services offered to ajutorul social applicants:* In able to support the aim of *ajutorul social* to help households mitigate the long-term risks of poverty, applicants should be supported to re-enter and remain within the labour market. One way of supporting labour market reintegration is to offer employment counselling to social assistance applicants something which could entail conducting an inventory of their skills, helping applicants receive certifications attesting to their skills, or connecting applicants to labour recruitment agencies. Other, more-administratively intensive options could be considered, such as creating a public service employment scheme in which unemployed benefit recipients could be prioritised for work on public-service projects. Additional research would be required on how *ajutorul social* could foster better labour market outcomes for applicants and recipients, but such a linkage would likely accelerate the effectiveness of this particular social assistance scheme.

#### 5.4.4 RECOMMENDED FURTHER EVALUATIONS OR ANALYSIS

1. *Complete both process and impact evaluations of the Republican Fund:* The performance of the Republican Fund is difficult to assess for both efficiency and effectiveness given the absence of detailed process and impact evaluations. Such evaluations should be undertaken before further specific action is taken about the structure and size of the Republican Fund, as more specific information on the challenges and successful aspects of the fund must be known before an appropriate course of action can be decided.

2. *Evaluate the success of communication strategies used in the past to raise awareness about ajutorul social:* The findings that respondents had limited knowledge of different social assistance programmes suggests that past strategies used to raise awareness of *ajutorul social* were not as effective as desired. In designing future dissemination and communication strategies, it is important to first understand how past communication was devised and implemented, as well as what the reach and impact such strategies had. It is therefore recommended that the past methods used to communicate information on social assistance schemes, namely *ajutorul social*, be evaluated to feed into the development of future dissemination plans.
3. *Use the Moldovan Social Assistance System (MSAS) to monitor the performance of both districts and specific social welfare officers and to better understand local deprivation:*

The MSAS database contains a wealth of information on *ajutorul social* applicants according to district, which can enable the monitoring of local social assistance offices. The MSAS data can be used to identify differences in application acceptance/rejection rates, reasons for application rejection, the number of applications processed by individual social welfare officers, and other standardised metrics across different districts or “raions” and social welfare officers. . Using the MSAS as a performance monitoring tool can enable identification of specific additional training needs for local offices and/or assistants and can enable performance benchmarking which will allow local social assistance offices to identify how far they are from a performance goal. The MSAS data can also be used to understand the deprivation profile of specific districts and can feed into the preparation of small area deprivation indices. Such indices can be used to identify the degree of deprivation within specific geographic areas, which can help authorities plan targeted social assistance or social service strategies.

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## ANNEX 1: TERMS OF REFERENCE

### 1. Background

The concept of social protection has expanded from a narrow focus on safety nets that involve mechanisms to combat long-term structural poverty, to interventions also aimed at reducing the impact of short-term shocks<sup>20</sup>

Resilience is the ability of children, households, communities, and systems to anticipate, manage, and overcome shocks and cumulative stresses in ways that advance the rights of every child, with special attention to the most vulnerable and disadvantaged.

Resilience is essential to equity. Shocks and stresses do not impact all children and families equally. Those likely to be hit the hardest and to suffer the most from repeated shocks are those who are already marginalized and disadvantaged.

Resilience is multi-dimensional. Children don't face one shock at a time, and the macro-level dangers they face – such as natural hazards or conflict – intertwine with the social and economic barriers they face every day.

Resilience must be supported at multiple levels. Children are at the core of the issue, but resilience extends beyond children to the concentric circles of support upon which they rely – their families and households, communities, and government systems.

Based on the needs of children and families, three basic strategies for building resilience were identified:

- Reducing the likelihood that children and their families face various shocks and stresses;
- Minimising the impact of shocks and stresses when they occur;
- Strengthening the absorptive, adaptive, and transformative capacities of children and their families.

Resilience-oriented programming has implications for both the substance and the process:

- Substance: investment in programming that shifts underlying vulnerabilities, minimises the impact of hazards, and builds capacities;
- Process: grounding work in risk-informed analyses, improving alignment between development and humanitarian work, building the partnerships necessary to achieve lasting and comprehensive results

#### *Resilience at the household level*

There are three levels of approaching resilience: the individual level, the household level and the community level. The concept of building resilience is mostly used to refer to two main groups of shocks: climate-related disasters and conflict-related emergencies. At the same time, the range of shocks and crises affecting households is wider, and a household's vulnerability depends, on the one hand, on the fragility of its context, and on the other, on internal decisions and particular situations. Shocks that occur at the household level are called idiosyncratic shocks and may have external as well as internal causes.

Two main coping strategies have been identified: ex-ante (households often attempt to diversify their sources of income, and ex-post (reaction to a negative event, often relying on various forms of insurance). Studies show that the household often adopts adverse coping strategies, such as: the decision to take the child out of school or cutting on health care expenditures. The same studies further demonstrate that these coping strategies, in the long run, have irreparable negative effects.

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<sup>20</sup> Barritonos et al. 2005

## **Resilience building and policy implication**

Understanding the dimensions of vulnerability and resilience at the micro and macro-levels leads to a number of policy implications. Households should be supported by communities, local and central authorities. The impact of shocks often overwhelms individual households, therefore continuous provision of basic goods and services including education, health services, public infrastructure and protection of property rights are essential in times of crises. An immediate injection of funds can make a huge difference in a household's development, avoiding long-term provision of social assistance.

Policies for provision of immediate support should be combined with long-term poverty reduction strategies and policies with strong resilience-building component. Figure 1 below shows a broader frame to be considered when drafting context-specific resilience related policies and strategies.

The nature of vulnerability varies significantly among individuals, households and countries. Local knowledge is therefore vital in addressing vulnerabilities. Evaluations of resilience-building projects argue that success depends on proper approach of the context. Dimensions such as gender, social networks and particularities of local labour markets also need to be considered.

The social safety nets, with a strong focus on insurance, play an important role in reducing vulnerability and improving resilience. Combined provision of insurance services, payments and social services contribute to sustainable reduction of vulnerability and inclusive growth.

One of the greatest challenges in addressing vulnerability and building resilience is lack of reliable data. Investing in sound, reliable, timely and regular data will improve resilience.

## **Current situation in Moldova**

The Moldovan economy is highly prone to external shocks due to its dependency on remittances (which constitute 24.5 per cent of the GDP<sup>2</sup>). It is a primarily agricultural country with 58.3 per cent of the population living in rural areas and working in the agricultural sector. Moldova also remains almost completely dependent on Russia for energy resources (especially natural gas for heating).

Moldovan households remain highly exposed to external shocks, being dependent on remittances and income generated from agriculture. Risks remain for both sources of income - the former due to changing migration policies and the latter due to unpredictable weather conditions.

Apart from general shocks, households are exposed to specific shocks too, due to poor internal decisions, and negative events and crises. A generally accepted coping strategy in such cases is taking out insurance against the risks. While the Moldovan market offers a large range of such services, Moldovan households are still reluctant to make use of them. Experts argue that this is due mainly to distrust of such mechanisms. Even if the perception changes over time, poor households have no means to pay for the insurance premiums, thus remaining very vulnerable to shocks.

Two main pillars of social protection scheme in Moldova are social insurance and social assistance. Social insurance manages the mandatory contributions and covers the risks linked with incapacity to work (old age, disability, unemployment and maternity). Payments and services are offered through the social assistance scheme. Cash provision is based on two main approaches: the categorical approach and means tested approach.

## **General shocks:**

Migration is the most important poverty coping strategy for Moldovan households. In 2014, some 700,000 Moldovans are working abroad. Remittances account for 1.6 billion USD, which constitutes about one quarter of the Moldovan GDP. The majority of Moldovan migrants, about 65 percent, work in Russia.<sup>3</sup> Considering regional economic and political instability, Moldovan households and



the Moldovan economy are extremely vulnerable. Currently, Moldova faces a mass return of labour migrants from Russia as about 21,500 Moldovans are banned from re-entering the Russian Federation annually as they have previously overstayed in the country. Experts say that there are a total of 288,000 Moldovans in the “risk group.” These factors may have a negative impact on the Moldovan economy and may significantly affect the income level of migrant households. In a simulation of a pessimistic scenario, a drop of 35 per cent in remittances is estimated. Table 1 shows the expected impact of restricted migration on main indicators:

**TABLE 1: Cumulative impact of emigrational shock**

	Consumption	Budgetary expenditures	Import	Investment	GDP	Budgetary revenues
<b>Modification, %</b>	- 9.4	- 10.5	- 6.4	- 4	- 4.3	- 8.3

Source: Expert Grup, 2014

The Household Budget Survey<sup>4</sup> estimates that the average share of remittances in the income composition of a Moldovan household is 15.7 per cent. A significant drop in remittances would affect households’ income levels.. Since some households rely entirely on remittances, the likelihood of them falling under the poverty line is very high.

In the last couple of years, recurring droughts, floods and other adverse weather conditions have negatively affected agricultural production and exposed more Moldovan households to vulnerabilities. Currently, the Moldovan Ministry of Labour, Social Protection and Family with support of the World Bank is integrating climate related shocks and disasters into the means-tested cash benefit scheme.

Moldova is fully dependent on imported energy resources, remaining extremely vulnerable to changes in prices imposed by suppliers. Meeting the costs for heating in the winter months remains a challenge for large number of households in Moldova. In 2010-2011, UNICEF successfully advocated for introducing a specific mechanism into the means tested benefit scheme<sup>5</sup> as to address shocks from harsh winters (temporary increase of the cash transfers to mitigate vulnerability due to additional costs for heating). In 2012, about 120,000 households received the benefit.

### Specific shocks

There is no available specific information that would give a clear picture of specific shock that would significantly affect the situation of a household. In 2000, an Emergency Fund was created to address such situations though the provision of monetary support (a one-off payment).

Legislation stipulates that support should be provided in cases of: extreme poverty, difficult life situations, exceptional situations etc. At the same time, the benefits remain very subjective due to the fact that there is a lack of a clear mechanism for identifying the poor and there is no definition of “difficult/exceptional situations” which is not clearly defined eligibility criteria. The decision to provide support and extent of support is made based on an individual basis. This is a one-off payment which can only be paid once a year. The total budget of the fund is 106 million MDL (approximately 8 million USD).

Currently, authorities are considering the possibility of restructuring the Fund, so as to avoid duplication with the means-tested cash benefit scheme. At the same time, anecdotal evidence shows that there is a need for an “emergency fund”. There is no data collected at a central level to determine exactly what an “emergency” is. Discussions with social assistance departments at the local level proved that people request “emergency” support for cases where there is the loss of a breadwinner, cases of fire, repatriation of the body of deceased labour migrants or costly medical treatment. Additional analysis

should be done to find out what the “emergency” needs are, their occurrence, how much is requested, their impact, etc.

## 2. Purpose of the institutional consultancy

UNICEF Moldova seeks a specialized company to perform a complex assessment of the capacity of the social assistance sector in Moldova to respond timely and flexibly to particular needs of households facing idiosyncratic shocks.

The assessment should be performed in two steps:

1. Ex-post needs assessment of the households facing idiosyncratic shocks.
2. In-depth analysis of the capacity of the Moldovan social assistance sector to respond to particular needs of the households. Policy recommendations include improving the capacity of the sector to timely and flexibly respond to particular needs of the households.

The consultancy is expected to be carried out between September 2014 and May 2015.

## 3. Objectives of the consultancy

The objectives of this consultancy are:

To support UNICEF and the Government to better understand of the limitations of the social protection with regard to strengthening the resilience of the most vulnerable children and families to shocks, crises and disasters with the ultimate aim to adapt the current scheme to be more flexible in responding in a timely and effective way to unforeseen and short-term vulnerability.

More specifically, the requested consultancy services will consist in the following:

- Identify the idiosyncratic shocks at the household level and their occurrence;
- Perform an post needs assessment of vulnerable (poor) households facing shocks/disasters, with particular focus on households with children;
- Identify the household’s coping strategies and how the social protection system responds to the identified needs;
- Provide an analysis of the limitations of the current scheme in relation to resilience, focusing on the outreach of the current scheme in terms of temporary shocks;
- Provide clear evidence and recommendations to strengthen the resilience of all vulnerable children and families through an improved, more flexible and inclusive social protection system;
- Formulate policy recommendations (for authorities at the central and local levels) to improve current social assistance scheme in responding in a timely and effective way to unforeseen and short-term vulnerability;
- Discuss the findings with main stakeholders, such as the MLSPF, local public authorities, UNICEF and other partners involved in reforming the social assistance sector in Moldova.

To perform the tasks successfully, the contractor should consider ongoing reforms in the social protection sector and the decentralization reform. Recommendations should be formulated considering increased fiscal and budgetary constraints and the growing demand for social protection. Recommendations should also focus on developing preventive measures at the community and household levels.

## 4. Details of how the work should be delivered

To achieve the above-mentioned objectives, the contractor, in close consultation with UNICEF and the Ministry of Labour, Social Protection and Family, will conduct an in-depth review of the laws, policies and procedures of social assistance delivery in Moldova.

The legal review will be complemented by an ex-post needs assessment of vulnerable (poor) households facing shocks/disasters, with particular focus on households with children.

For the needs assessment, the contractor will conduct:

- In-depth interviews with relevant professionals at the central level, including but not limited to the Social Assistance Department of the Ministry of Labour, Social Protection and Family;
- Focus group discussions with local public authorities (professionals in the social assistance departments at the district level, social welfare officers in villages, other relevant stakeholders at the district and community levels);
- Focus group discussions with vulnerable households in need of assistance (two groups: rural and urban);
- In-depth interviews with representatives of the civil society organisations working in the field of social protection;
- In-depth interviews with other relevant actors as agreed with UNICEF.

The selection of districts for the needs assessment will be based on a set of clear agreed criteria, such as deprivation index by region, migration profile by region, Emergency Fund budget envelope by district, other relevant indicators.

The international contractor may subcontract a local company to conduct the research.

The research team will take into account the gender-sensitive, human rights and equity based approach and will clearly base its analysis and recommendations on international good practices.

The report will present concrete recommendations to improve the current social assistance scheme to respond in a timely and flexible manner to unforeseen and short-term vulnerability.

## **ANNEX 2: SAMPLING METHODOLOGY FOR HOUSEHOLD SCREENING QUESTIONNAIRE & FOCUS GROUPS**

Within the project “Assessment and Recommendations to Improve the Resilience of the Social Protection System for a Timely and Flexible Response to the Needs of All Vulnerable Children and Families Facing Shocks, Disasters, and Crises in Moldova,” primary quantitative and qualitative information was collected on the shock experiences and coping methods of households in Moldova. This primary data was collected through a household screening questionnaire shared among 393 households in 23 localities of Moldova and eight focus groups implemented in seven district centres.

The household screening questionnaire was designed to determine the eligibility of respondents for inclusion in the focus groups. Eligibility was based on whether an individual or a member of his/her household had experienced one or more shocks that had negative economic consequences for the household in the five years prior to the research. Households were therefore “screened” for their shock experiences, which created the opportunity to collect more information on how their households coped with shocks. The screening questionnaire contained questions on the types of shocks experienced, the economic impact of each shock, the type and approximate value of social assistance received in the past, reasons for why social assistance had not been received, the household’s economic situation, sources and values of household incomes, household composition, and demographic characteristics of the household head. The household screening questionnaire can be found in Annex 3.1.

The information provided by respondents in the household screening questionnaire was then used to determine whether an individual should be invited to participate in subsequent focus group discussions. In each district from which households were sampled, 12 individuals were recruited to participate in a focus group to ensure that a final sample of eight to ten people actually participated in each focus group. Focus group discussions were held in the centres of each district sampled; participants were compensated for their travel and provided with a small cash incentive for their time. In each focus group discussion, a moderator following an approved guide to lead participants into discussion, which can be seen in Annex 1. Every discussion was both video-taped and sound recorded, and the discussion was subsequently transcribed verbatim into Romanian/Russian and then translated into English.

Households were selected for inclusion in the research based on a semi-random, stratified purposive sampling technique. First, within each region of Moldova (North, Centre, South, and Chişinău), two sampling districts were selected based on the average income level of households registered in the district or “raion,” the frequency of shocks (e.g., floods, drought, hail) experienced in the past year, and the average demographic dependency ratio. Within each “raion,” three localities where households would be approached were selected, with both rural and urban settlements chosen. Within each locality, implementers were provided with two random starting addresses from which they would begin approaching households. A random walk method was then used to identify individual households. This sampling strategy resulted in the following sampling distribution:

**TABLE A.1: Selected Sampling Units for Household Screening Questionnaire**

Region	Raion	District	Settlement Type	No. Surveyed Households	No. Focus Group Participants
North	Rîșcani	Balanul Nou	Rural	16	4
		Pascăuți	Rural	16	3
		Râșcani	Urban	16	3
	Soroca	Alexandru cel Bun	Rural	16	4
		Bulboci Noi	Rural	16	4
		Soroca	Urban	16	3
<i>Region Total</i>				96	21
Centre	Șoldănești	Râspopeni	Rural	16	4
		Rogojeni	Rural	16	4
		Șoldănești	Urban	16	4
	Hîncești	Drăgușeni	Rural	16	4
		Hîncești	Urban	16	4
		Logănești	Rural	16	4
<i>Region Total</i>				96	24
South	Autonomous Territorial Unit of Gagauzia <sup>3</sup>	Beșalma	Rural	16	4
		Comrat	Urban	16	4
		Congaz	Rural	16	4
	Căușeni	Căușeni	Urban	16	4
		Hagimus	Rural	16	4
		Tanatari	Rural	16	4
<i>Region Total</i>				96	24
Chișinău	Chișinău	Bubuieci	Rural	17	2
		Ciorescu	Rural	15	2
		Cruzești	Rural	17	3
		Chișinău	Urban	41	7
		Tohatin	Rural	15	2
<i>Region Total</i>				105	16
<b>Total Sample</b>				<b>393</b>	<b>85</b>

Attempts were made to ensure an equal representation of men and women in the focus groups, and groups were also structured to include respondents of varying ages and household compositions. Of the 85 focus group participants, over 65 percent (55 people) were female, and 35 percent (30 people) were male. The average age of participants was 47.5 years old, with the youngest participant 19 and the oldest 84. Most respondents came from rural areas (56) than urban areas (29). As the focus groups took place during the day, the generally included individuals who were unemployed or who were in part-time employment, which explains the heavier representation of women than men.

<sup>22</sup> Note that this is shorthanded as either Gagauzia or by the Romanian acronym UTAG.

## ANNEX 3: DATA COLLECTION TOOLS

### 3.1 Household Screening Questionnaire

Hello, my name is ..... and I am representing "CIVIS" Centre a sociological research institute. In collaboration with the Maastricht School of Governance and UNICEF Moldova we are carrying out a study on the Moldovan social assistance system. We would be very grateful if you could spare us 3-4 minutes and respond to a couple of questions.

#### Q1. Did your household experience any troubles in the past five years that affected your standard of living or quality of life?

1. Yes
2. No и

Nr.	Troubles:	Q2		Q3		
		No	Yes	Situation significantly worsened	Situation somewhat worsened	Situation has not worsened
1.	Onset of serious illness of family member leading to permanent disability (e.g., diabetes, Alzheimer's disease, arthritis, high blood pressure)	0	1 →	1	2	3
2.	Sudden, catastrophic health expenditure (e.g., surgery, hospitalisation) of any family member	0	1 →	1	2	3
3.	Loss of house	0	1 →	1	2	3
4.	Drought	0	1 →	1	2	3
5.	Flood	0	1 →	1	2	3
6.	Lost harvest	0	1 →	1	2	3
7.	Loss of job by household member(s)	0	1 →	1	2	3
8.	Death of household member	0	1 →	1	2	3
9.	Fire	0	1 →	1	2	3
10.	Major theft or burglary	0	1 →	1	2	3
11.	Loss of livestock	0	1 →	1	2	3
12.	Divorce or marital dissolution	0	1 →	1	2	3
13.	Household member working abroad stopped sending remittances	0	1 →	1	2	3
14.	Other shock (specify):	0	1 →	1	2	3

**Q4. In the past 12 months, has your household received social assistance through the ajutorul social programme? Ajutorul social only includes cash payments and aid for the winter season.**

1. Yes 2. No → go to Q5.2

**Q5.1. What kind of social assistance through ajutorul social did you receive?**

1. cash transfer                      2. Aid for cold season                      3. both

**Q5.2. Aside from ajutorul social, did your household receive any other kind of assistance in the past 12 months?**

0. NO → go to Q6
1. Aid for the cold season (heating)
  2. Free lunches in soup kitchens
  3. Provision of food packages
  4. Provision of hygiene goods and medicines
  5. Stipend for application for identity documents
  6. Provision of humanitarian aid in the form of second hand clothing and shoes
  7. Provision of material aid through business entities
  8. Other, please specify \_\_\_\_\_

**Q6. Generally, has your household ever received assistance—such as money or goods—from the local public authorities (primaria response to an emergency (e.g., a fire, death of an income-earner, crop failure)?)**

1. Yes 2. No → go to Q.10

Q7. In what year did you receive assistance?		
Q8. From which municipality (primaria) did you receive this assistance?		
Q9. What kind of assistance did you receive (e.g., cash, fuel, food, medical treatment)? (Please write in all received and indicate the approximate value in MDL, if known.)	<b>Assistance</b>	<b>Value</b>

**Q10. Do any of your household members need social or material help from the state, but have not yet received it?**

0. No → go to Q.11  
 1. Yes → specify reasons:

**Q10.1. Why have you not received that help?**

1. Unclear application procedure
2. Could not collect necessary documents
3. Social assistance centre too far away

4. Application is still being processed
5. Application was rejected
6. Other (explain) \_\_\_\_\_

**Q11. Which of the following statements best describes financial condition of your household? (Only one answer)**

1.	We don't have enough money to cover basic expenses
2.	We have money just to cover basic needs
3.	We have enough money for a decent living, but we can not afford buying expensive goods
4.	We manage to buy some expensive goods, but with restrictions in other areas
5.	We can afford everything we need without limiting ourselves

**Q12. Which are the sources of income of your family? (Multiple answers)**

Sources of income	Main source of income <i>One answer</i>	Other sources of income <i>More answers</i>
Salary from public sector	1	1
Salary from private sector	2	2
Pension	3	3
Unemployment indemnity	4	4
Disability pension	5	5
Own agricultural production, livestock	6	6
Remittances from family members working abroad	7	7
Other sources(specify) _____	8	8

**Q13. What is your family's monthly income, taking into account all salaries, pensions, child allowances and any other income you have?**

\_\_\_\_\_ lei

**Q13.1. If you needed to raise 3,500 lei in the case of an emergency, would you be able to do it?**

1. Yes                                      2. No

**Q14. Can you please tell us a little about the composition of your household? How many individuals of each age group reside here?**

Number of household members	Children aged 0-17	Adults aged 18-59	Elderly persons aged 60+
Total: _____			



**INTERVIEWER, check if household fit to selection requirements:**

- 1. at questions Q3 there is answer „1” or „2”
- 2. at questions Q4 there is answer „1”
- 3. at questions Q5.2 there is answer „1-8”
- 4. at questions Q6 there is answer „1”
- 5. at questions Q10 there is answer „1”

**If AT LEAST ONE OF THE ABOVE CASES, CONTINUE, OTHERWISE STOP INTERVIEW**

We would like to invite the head of household or acting head of household to participate in a focus group discussion about how well the Moldovan social assistance system helps individuals and families in different situation recover from economic shocks. The discussion will last about 1 ½ to 2 hours and it will be held in the local centre. You will receive a cash incentive for participating and transportation costs will also be covered.

**Q15. Do you agree to participate?**

- 1. Yes → Participant
- 2. No → Non-participant STOP INTERVIEW

**DEMOGRAPHIC DATA OF PARTICIPANT**

**Q16. Gender of respondent:**

- 1. Woman
  - 2. Man
- CHECK MIX OF GENDER PER GROUP**

**Q17. Tell me please, how old are you? \_\_\_\_\_ years**

- 18 - 34 1
- 35 - 55 2
- 56 + 3

**Q18. What is your level of education?**

- Higher ..... 1
- Incomplete higher ..... 2
- Specialized secondary (including technical) ..... 3
- Secondary ..... 4
- Primary classes..... 5
- No education..... 6

**Q19. What is your current occupation?**

- Owner, manager, director, entrepreneur.... 1
- Specialist, higher education framework ..... 2
- Skilled worker (including nurses) ..... 3
- Unskilled worker ..... 4
- Farmer ..... 5
- Pensioner/Permanently disabled ..... 6
- Student ..... 7
- Housewife not otherwise employed ..... 8
- Temporarily not working, unemployed..... 9

NAME/INITIAL/TITLE: _____	<b>Name of recruiter:</b>  _____  Data and DFG time: _____
Personal telephone number: _____	
Neighbours telephone number: _____	

**Thank you for your time!**

**If you are interested, someone will phone in the next week or two to confirm the exact time and place of the focus group discussion.**

### 3.2 Focus Group Discussion Guide

**Moderator Introduction:** Good [morning/afternoon], and welcome. Thank you all for taking the time to come here and join us. My name is [Name] and I am assisted today by [Name]. We are both staff of [Consulting company], and we are conducting discussions like this with groups all over the country as part of a project with Maastricht University in the Netherlands in conjunction with UNICEF Moldova. In this project, we're trying to understand what kinds of economic/life shocks or events people like you experience—sudden events like the death of a breadwinner, crop failure, or a flood that have economic consequences for the living standards or financial security of you and your family, how you cope with these events, and how the Moldovan government can both help you avoid these events and recover from them.

You were invited to take part in this discussion to share your opinions and experiences. We want you to feel comfortable and free to share your ideas, even if they are different from those of others. You absolutely don't have to agree with each other, but please listen respectfully to what others have to say.

You've probably noticed the recording equipment in the centre of the table. We are recording the conversation to make sure that we don't miss anybody's comments. Hopefully the conversation goes so well that we don't have time to write everything down! Because one of our staff will listen to the recordings later and will write out the conversation, it would be really helpful if you could please talk one person at a time so it's easier to identify individual speakers.

In this discussion, we will be on a first-name basis, but your names will never be used in any of the results for this project. When we write out the conversation, you will just become "Participant 1", "Participant 5", etc. Please be assured that your identity will be kept completely confidential. The discussions we have will be used by staff at Maastricht University and UNICEF to propose how the social protection system in Moldova can better accommodate the types of economic/life situations people like you face.

My role as moderator will be to guide the discussion, but please treat me like any other member of the group and make sure to talk to each other, not just me. Now, unless there are any questions, let's start.

**1. Moderator:** To begin with, let's go around the table and introduce ourselves. Please share with us your name and what village you come to us from.

[Participant introductions]

**2. Moderator:** Now, let's talk a bit about different kinds of sudden, unexpected events you may have experienced that affected your own or your household's economic situation. This could be something like a fire in your home, a sudden illness, or the death of a breadwinner. I would like you to think back in over the last five years to any events like this you or someone you know well may have experienced that had a clear affect on your/their financial situation. Would anyone like to briefly describe one of these events to us?

**Moderator probe:** What kind of shock it was, when did it occur, and why and how did it affect your living standards?

[Discussion]

**3. Moderator:** Based on the discussion so far, it seems like there are different kinds of events that you have experienced. Not all events have the same financial consequences or require as much to overcome them. If you had to arrange different kinds of events on a scale of 0 to 10, with 0 being the easiest to deal with and 10 being the hardest to deal with, where would you arrange the different events we've talked about? [Here, moderator can use a flip chart to draw a spectrum from 0 to 10 and can assign different events to different numbers.]

**4. Moderator:** Why would you assign these numbers? What makes an event easier to cope with than others?

**Moderator probe:** In your opinion, what makes it difficult for a person or family to recover from a bad event?

**Moderator probe:** Are events that everyone in the community might face—like damage to their houses because of a flood, or a drought that damages crops—easier or harder to adjust to than events like a sudden illness that are experienced by single families or individuals? Why?

[Discussion]

**5. Moderator:** In the past when you've faced a shock, how have you dealt with it? Can you also give examples of different events you've experienced and the concrete steps you used to deal with them?

**Moderator provide example if no response from participants:** For instance, in the past I had an unexpected health problem, and the bills were not something I could afford immediately. I could try different things to adapt to the expense—like spending less money on food, or asking for help from my family or friends, or taking on a second job.

**Moderator probe:** If you faced an emergency like a health accident or damage to your home and had to raise 5,000 lei (€240) to deal with it, how would you raise this money? What about if you had to raise a larger amount—say 10,000 (€480) or 15,000 lei (€725)?

**6. Moderator:** How did this method work? Did it help a lot, somewhat, or a little? What about the method made it effective or ineffective?

**Moderator probe:** Would you choose the same tactic in the future, if you experienced the same kind of shock again?

[Discussion]

**7. Moderator:** One of the ways people can deal with sudden expenses is to receive help from the state in the form of social assistance. In Moldova, there are two kinds of assistance we're focusing on in this study: ajutorul social and the republican fund for material aid.

Do you know that there are these two parallel schemes to help you deal with the shocks in your lives?

Has anyone here received benefits from either one of these schemes, or do you know someone who has?

What do you think about them?

**Moderator probe:** Where do you receive/have you received information about these schemes?

**Moderator probe:** How well do you think these schemes address emergency needs?

[Discussion]

**8. Moderator:** I'd like for you to think critically about these social assistance programmes. What do you think are the strengths of these programmes? What are their weaknesses?

**Moderator probe:** How easy was it for you to receive benefits from this programme? What did you have to do for it?

**Moderator probe:** Were the funds enough to deal with the shock? What do you think about the value and timing of the funds?

**Moderator probe:** Do you think these schemes are fair? Do you think the "right" people benefit from them?

[Discussion]

**9. Moderator:** After an event has happened that negatively impacts someone's living standards, government benefits or assistance can be a vital lifeline for many people to avoid falling into debt, but sometimes social assistance is not as helpful as it could be. Let's think together about an ideal kind of social assistance that would help someone cope with a major shock like the death of breadwinner, damage to a home, or a major illness. What would that programme be like? I will make a list as we talk. [Moderator should make list on flip-chart.]

**Moderator probe:** Who should be eligible for a programme? What kind of requirements would someone have to meet before they would be eligible for the benefit?

**Moderator probe:** Would you prefer to receive benefits in cash or in kind?

**Moderator probe:** How long should assistance last, and what is the value someone should receive? How would that value be determined?

**Moderator probe:** How much money do you need in a month to ensure a decent life for you and your family? How should social assistance relate to that value?

[Discussion]

**10. Moderator:** As I mentioned at the beginning of this discussion, the point of this exercise is to help us better understand that nature of personal shocks, how you can deal with them, and what role social benefits play in accommodating these shocks. When you consider everything we've discussed today, is there something important you think we've missed?

**Moderator:** Thank you very much for speaking with us today. I really appreciate your time and opinions. If you have any further questions or comments about this study, please feel free to contact the study team at Maastricht University. Their contact details can be found on these handouts. [Moderator should have page describing study, its purpose, and contact information for us].

### 3.3 In-Depth Interview List

Respondent(s)	Institute	Key Topics Discussed
Djulieta Popescu (Chief) Oleg Barcari (Deputy Chief)	Ministry of Labour, Social Protection, and Family	<ul style="list-style-type: none"> <li>● Scope of the exercise</li> <li>● Prior assessments of the social assistance system</li> <li>● Details of how social assistance mechanisms function</li> <li>● Sources of administrative data on programmes</li> </ul>
Iulia Diacov (Chief of Social Payment Division)	National Social Insurance House	<ul style="list-style-type: none"> <li>● Role of NSIH in social assistance</li> <li>● Reform of <i>ajutorul social</i> and its implications for NSIH</li> <li>● Potential improvements to social assistance system</li> </ul>
Angela Chirilov (Chief of PIU)	World Bank Primary Implementation Unit on Efficacy of the Social Safety Net	<ul style="list-style-type: none"> <li>● Scope of the exercise</li> <li>● Prior assessments of the social assistance system</li> <li>● Details of how social assistance mechanisms function</li> <li>● Sources of administrative data on programmes</li> <li>● Desired reforms/improvements in social assistance system</li> </ul>
Raisa Dogaru (Deputy Director)	National Employment Agency	<ul style="list-style-type: none"> <li>● Description of role of NEA in social assistance</li> <li>● Current limitations of existing social assistance mechanisms</li> <li>● Discussion of desired improvements in social assistance</li> </ul>
Nadejda Boboc (Deputy Director)	Republican Fund for Material Aid	<ul style="list-style-type: none"> <li>● Details of how emergency assistance system works</li> <li>● How emergency assistance system fits into larger social assistance system</li> <li>● Possibilities for reform of emergency assistance</li> </ul>
Deputy Directors of Social Assistance	Departments for Social Assistance in Leova and Cimişlia districts or “raions”	<ul style="list-style-type: none"> <li>● Profiles of households experiencing different kinds of shocks and risks</li> <li>● Administrative aspects of how social assistance is delivered on a district level</li> <li>● Suggestions for improvements of social assistance</li> </ul>
Rodica Nicoara (Deputy Chief of DAMEP)	Ministry of Economy, Division of Policy Analysis, Monitoring, and Evaluation	<ul style="list-style-type: none"> <li>● Profiles of households experiencing different kinds of shocks and risks</li> <li>● Poverty assessment and profiles in Moldova</li> <li>● Shortfalls of existing social assistance schemes</li> <li>● Potential improvements to social assistance</li> </ul>
Irina Guban (policy officer)	World Bank, Division of Health and Social Policy	<ul style="list-style-type: none"> <li>● Role of WB Division of Health and Social Policy</li> <li>● Prior assessments of social assistance system</li> </ul>
Ala Negruta (Head of Social Services and Living Conditions Statistics Division)	National Bureau of Statistics	<ul style="list-style-type: none"> <li>● Information on <i>ajutorul social</i> collected in HBS</li> <li>● Access to previous rounds of HBS data</li> <li>● Possibilities to include module on household shocks and coping strategies in upcoming round of HBS</li> </ul>

(Footnotes)

- 1 No division of urban and rural regions was possible for 2014. The number indicated includes all applications filed in Moldova in 2014.
- 2 This column includes approved applications that received a benefit of 25 lei or less and applications that were rejected for incompleteness.
- 3 Note that this is shorthand as either *Gagauzia* or by the Romanian acronym *UTAG*.

(Endnotes)

- 1 Definition, key concepts and basic strategies provided in the presentation on Social Protection and Resilience webinar, Emily Louise Garin, UNICEF, 2014
- 2 National Bank of Moldova, 2012
- 3 Expert Group estimation, *Aspectul migrațional în securitatea economică a Republicii Moldova: Analiză Instituțională*, February 2014.
- 4 HBS 2012, NBS
- 5 In 2009 Moldova introduced a means-tested benefit scheme based on self-reporting and compensating income gaps of poor households. Means tested benefit delivery is aimed at poverty reduction; about 78 thousand households received the benefit in 2011. Analysis shows that the impact of the benefit on poverty reduction is significant. Nonetheless, data also shows that a significant number of poor, including children, are left outside the scheme (Roma population, people who do not have/refuse identity documents, stigmatised persons).

