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## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA**

Report registered by the Secretariat

on 08 January 2024

**CYCLE 2024**

**Ad-hoc report on the cost-of-living crisis  
Republic of Moldova**

**1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.**

The monthly minimum wage and hourly minimum wage, which are determined in accordance with Law no. 1432/2000 concerning the establishment and reassessment of the minimum wage, are established by Government Decision, subsequent to consultation with the National Confederation of Trade Unions of Moldova and the National Confederation of Employers of the Republic of Moldova. The minimum wages are assessed at least once a year. The minimum wage is established in accordance with economic circumstances, the national average wage level, and the projected rate of inflation.

In 2021, the minimum wage constituted 2950 MDL. It was raised to 3500 MDL in 2022 and to 4000 MDL in 2023. In consultation with social partners, a new minimum wage of 5000 MDL has been approved starting January 1, 2023, representing a 70% increase compared to the 2021, when this Government took office.

The establishment for 2023 of a minimum wage of 5000 MDL, which corresponds to 44% of the projected average wage, provides employees a consistent yearly increase, preserves their purchasing power, and ensures equitable competition regarding labour force on regional and international scales.

The revision of the minimum wage will result in salary increases, including in the real sector of the national economy. In particular, for economic activities where, according to NBS data, there is a concentration of low-wage employees:

- real estate transactions, where approximately every fourth employee (25.8%) has a salary of up to 4000 MDL, and 18.0% have salaries between 4000 and 5000 MDL;
- accommodation and food service activities, where 17.1% of employees have salaries of up to 4000 MDL, and 23.7% have salaries between 4000 and 5000 MDL;
- administrative services and support activities, where 18.2% of employees have salaries of up to 4000 MDL, and 22.5% have salaries between 4000 and 5000 MDL;
- arts, entertainment, and recreation activities, where 19.9% of employees have salaries of up to 4000 MDL, and 16.0% have salaries between 4000 and 5000 MDL;
- agriculture, forestry, and fishing, where 18.9% of employees have salaries of up to 4000 MDL, and 16.1% have salaries between 4000 and 5000 MDL.

**2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.**

In June 2022, the minimum wage was unified into a single figure for the public and private sector, with application from 2023. Previously, there was no minimum wage in the public sector.

*\* MDL - Moldovan leu is the currency of Moldova.*

**1 EURO – 19.32 MDL (29.12.2023)**

In order to establish a clear policy in the process of calculating the minimum wage, a road map was developed on the adequacy of establishing the minimum wage. This roadmap is aimed at providing a guaranteed fair remuneration to ensure a decent living for employees. Three scenarios were proposed for the application of indicative reference values for the estimation of criteria serving as the basis for determining the level of the minimum wage and to guide the assessment of the degree of adequacy of the legal minimum wages:

1) 60% of the gross median wage; 2) 50% of the forecasted average monthly salary for the economy; 3) 50% of the nominal gross average monthly salary. This roadmap is to be submitted for consultations with the social partners within the National Commission for Consultations and Collective Bargaining.

As per the National Action Plan for the Republic of Moldova's Accession to the European Union 2024-2027, the transposition of the EU Directive 2022/2041 on Adequate Minimum Wages in the EU of the European Parliament and Council of 19 October 2022, is scheduled for September 2025. A road map has been formulated to assess the sufficiency of minimum wage provisions, outlining potential outcomes that ensure employees are entitled to equitable compensation and maintain a satisfactory standard of living.

**3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.**

Does not apply, as the Republic of Moldova has a statutory minimum wage, established annually by the Government and represents the minimum pay, in MDL, for basic, unskilled work. The employer is prohibited to pay a lower rate than the minimum wage.

Republic of Moldova has a statutory minimum wage aimed at ensuring a continuous increase of the minimum guarantees in employment in order to maintain the purchasing power of employees and ensure a fair and competitive environment at the regional and international level.

**4) Please provide information as to whether the cost-of-living crisis has led to the extension of in-work benefits.**

A series of legislative changes were enacted aimed at facilitating women's access to labour market during the reproductive period and ensuring the equitable involvement of both parents in raising and caring for children. Therefore, the paternity leave can be granted in full or divided into up to 3 periods, within the first 12 months after the birth of the child. The minimum period of parental leave is 5 days.

Starting with September 1, 2022, a new option came into force for granting the right to the monthly allowance for raising the child - payment of 90% of the income for a period of 12 months. Also, other options remain in force for paying the child-raising allowance, namely:

- 60% of the income for the first 12 months from the date of the child care leave and 30% of the income for the following 12 months;

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- 30% of the income from the date of granting leave for the care of the child and until the child turns 3 years old.

Starting with March 1, 2023, pregnant women can exercise their right to work during maternity leave with the possibility of receiving both maternity allowance and salary.

In 2021, the Government of the Republic of Moldova approved the Government Decision no. 316/2021 on the approval of measures to support employers and employees during the COVID-19 pandemic, which involves supporting employers and employees during the establishment of technical unemployment.

Thus, the amount of the allowance for technical unemployment is 250 MDL per day, therefore, for this measure from the state budget in 2022, 2,164.6 thousand MDL were used for 1,357 beneficiaries, and respectively, in 2023, about 1,750.0 thousand MDL for 350 beneficiaries.

Another mechanism was established in 2021 aimed at subsidizing employers which were impacted by a reduced activity regime due to economic reasons or as a result of the establishment of the state of emergency. As a result, in 2022, 465 employees benefited from aid for the reduced activity regime.

In 2022 another measure aimed at supporting vulnerable people was approved, which involves subsidizing travel expenses for work commute for people with disabilities that previously registered as unemployed with the National Employment Agency. During 2023, 10 people with disabilities benefited from such a subsidy, costing the state budget about 15,895 MDL.

Additionally, according to article 36 of Law no. 105/2018, the National Employment Agency continues to provide subsidies to employers who hire unemployed people that require additional support on the labour market (people with disabilities, unemployed people for more than one year, victims of human trafficking, victims of domestic violence, etc). Thus, during 2021-2023, 1,200 unemployed persons benefited from subsidies, costing the state budget 22,193.4 million MDL.

**5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.**

The state social security system is an integral part of the social protection system, and its primary aim is to provide cash benefits to individuals who are insured but unable to earn a wage due to specific risk factors (such as temporary or permanent unemployment, maternity leave, old age, etc.).

It is noted that throughout the year 2021, a number of actions were carried out:

**Adjustment to the method of indexation.**

On 1 April and 1 October, pensions were indexed. The indexation coefficient was equivalent to the mean yearly growth of consumer price indices for the previous three years on April 1st. As of October 1st, it was correlated with the inflation rate documented for the initial half of the current year.

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- 4) as of 1 April 2021, pensions and other state social benefits were subject to an indexing coefficient of 3.89%.
- 5) conversely, as of 1 October 2021, mentioned benefits were subject to an indexing coefficient of 3.86%.

***Granting the sole financial support to beneficiaries of state pensions and social benefits.***

Beneficiaries of all types of state pensions and social allowances were granted a one-time financial support of 1000 MDL on 1 April 2021, except for the care allowance, which was also established on the same date and had a maximum monthly amount of 4000 MDL. This measure was implemented with the intention of enhancing the welfare of the elderly and individuals with disabilities.

***Increase of the minimum old age pension up to 2000 MDL.***

In order to enhance social protection and ensure a reasonable standard of living for the elderly, the minimal old-age pension was increased to 2000 MDL on October 1, 2021.

Therefore, a minimum monthly pension of 2000 MDL was provided to 182,000 full-time contributory pensioners who received an old-age pension of less than 2000 MDL, and an increase in the minimum old-age pension for 121,000 pensioners with an incomplete contribution period was equivalent to the contribution period completed at the time the pension was established.

The increase of pensions constituted and continues to be the core objective of the Government. Significant advancements were achieved in this area throughout 2022, including the following: The average monthly salary per country at the time of pension calculation, ***as of January 1, 2022***, shall be utilised in calculating the average monthly income insured since January 1, 1999. This income shall be utilised during the non-contributory period of care for a child under the age of 18 with severe disability, or for an individual with severe disability under the guardianship or custodial status, until employment in the position of personal assistant.

***Granting early pension entitlement for lengthy career***

Starting with January 1, 2022, an insured individual may request the early determination of their pension if they have accumulated a contribution period exceeding the legal minimum of five years for men and three years for women (excluding non-contributory periods).

From 01.01.2022 to 01.12.2022, a total of 4,832 long-career anticipated pensions were established, with an average value of 5,839.94 MDL.

***Introduction of the mechanism to review disability pensions for individuals who are currently employed or have been employed subsequent to the entitlement of the pension.***

As a result, there is now a legal entitlement to review disability pensions that were established prior to January 1, 2022. This review pertains to the period of contributions that have been accrued subsequent to the entitlement to a disability pension.

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Beneficiaries of disability pensions who had contributed for a minimum of two years subsequent to the establishment of their pension entitlement prior to January 1, 1999, were subject to a reassessment of their eligibility as of January 1, 2022.

The number of beneficiaries of disability pensions who were re-examined in relation to the cumulative contribution period after the pension entitlement was applied on 16 December 2022, constituted 501 beneficiaries, with an average increase in the amount of 1 356,36 MDL.

### ***Review of old-age pensions***

Beneficiaries whose old-age pension entitlement was established after January 1, 1999, and who completed a contribution period ranging from five to seven years subsequent to the realisation of their pension entitlement, have also had their old-age pensions reviewed as of 1 January, 2022.

Regarding the cumulative contribution period subsequent to the realisation of pension entitlements on 16 December 2022, a total of 29,125 beneficiaries of old-age pensions underwent a re-examination. This examination revealed an average increase of 1,789.05 MDL among the beneficiaries.

***The adjustment to the pension indexation mechanism*** resulted in the indexation coefficient representing the inflation rate at the end of the previous year, expressed by the increase in consumer prices in December of the current year compared to the same month of the previous year.

As a result, all pensions were indexed by 13.94% on April 1, 2022.

The indexation coefficient was exclusively applied to the portion of the pension that did not surpass the average monthly salary projection for 2022, which was 9900 MDL, in the April 2022 indexation.

Following the indexation, on 1 April 2022, the minimum old-age pension amounted to 2278,80 MDL.

The minimum disability pension amounted to:

- 1) in case of severe disability – 1709,10 MDL.
- 2) in case of increased disability – 1595,16 MDL.
- 3) in the case of an average disability – 1139,40 MDL.

It should be noted that as a result of indexation (April 2021 - April 2022), the minimum old-age pension increased from 1188,05 MDL to 2278,80 MDL, showing an increase of 91.81% compared to the previous year.

On April 1, 2022, the average old-age pension rose from 2255.54 MDL to 3146.74 MDL, reflecting a 39.23% increase when compared to 2021, due to the actions implemented by the Government.

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A new mechanism has been implemented to augment pensions, stipulating a fixed increase in the quantity of pensions beginning on April 1. The fixed sum shall be calculated by indexing the average pension increase by 50% of the real gross domestic product growth from the prior year.

As a result, the pension amount was increased by 171,71 MDL on April 1, 2022. The total number of beneficiaries receiving the mentioned pensions' increase is 647,561.

***Granting of single financial support to beneficiaries of state pensions and social allowances.***

As of 1 October 2022, beneficiaries of state pensions and social allowances with a monthly income of less than 5000 MDL, benefited from single financial support amounting to 1500 MDL. Thus, over 581,000 pension beneficiaries and 73,000 beneficiaries of state social allowances benefited from this support.

During 2023 the following actions were undertaken:

***Review of old age/disability pensions***

Persons who retired prior to January 1, 2019, and have accumulated contributions for a minimum of two years since the pension was granted without being subject to pension reviews in prior phases shall have their old-age pensions reviewed beginning with January 1, 2023.

At the same time, from 01.01.2023 a new formula for reviewing the old-age pension is applied for the contribution period completed after the pension has been granted. The new formula is based on the sum of the pension calculated with the amount of the pension for the contribution period completed after the determination of the old-age pension, which ensures the guaranteed increase in the amount of the pension after the review.

Disability pensions established from 1 January 1999 until 1 January 2022 shall also be reviewed for persons who have a contribution period of at least 7 years after entitlement.

**Modification of the pension indexation mechanism 2023.**

The indexation coefficient for pensions in April 2023 was specifically applied to that portion of the pension that did not surpass the average monthly salary forecast for 2023 and did not surpass the percentage increase in the state social insurance budget's own income for 2022 compared to 2021.

Thus, on 1 April 2023, pensions and some social benefits were indexed to the indexation coefficient of 15%. The indexation was carried out for the part of the pension not exceeding 11700 MDL.

The amount of the minimum old-age pension is 2620.62 MDL, and the amount of the minimum disability pension is:

- 1) in case of severe disability – 1965.47 MDL.
- 2) in case of increased disability – 1834.43 MDL.
- 3) in the case of an average disability – 1310.31 MDL.

As of 1 March 2023, the maternity allowance is calculated from the insured income of one of the spouses, which will result in a higher amount of maternity allowance.

Also from 1 March 2023, the maternity allowance shall be paid, for the period of maternity leave which overlaps with the period during which the woman has earned an insured income. As of 18 December 2023, the number of beneficiaries of maternity allowance who earned insured income during maternity leave is 1711 persons.

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### **Indexation of the minimum monthly income**

The guaranteed minimum monthly income is indexed every year, on April 1. The indexation coefficient is calculated based on the inflation rate at the end of the previous year, expressed by the increase in consumer prices in December of the respective year compared to the same month of the previous year.

Considering the inflation rate at the end of the previous year, expressed as an increase in consumer prices in December of the same year compared to the same month of the previous year, amounting to 13.94%, on April 1, 2022, the level of monthly income the guaranteed minimum was indexed with the indexation coefficient of 1.1394 and after indexation it amounted to 1,363 MDL.

As of April 1, 2023, the level of the guaranteed minimum monthly income is indexed with the indexation coefficient of 1.15 and it is:

a) for an adult – 1568 MDL.

b) for a child - 1631 MDL.

### **6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.**

In order to update the amounts of social benefits, the legislation of the Republic of Moldova provides for their annual indexation.

Thus, in the Law no. 156/1998 on the public pension system, the norm of indexing pensions is provided and subsequently, depending on the amount of the minimum pension, the state social allowances are recalculated.

The annual indexation method and the indexation percentage is established by Government Decision.

The indexation coefficient applied on April 1, 2021, by Law no. 127/2021 constituted 3.89%.

Thus, from April 1, 2021:

a) the amount of the minimum old-age pension was 1188.05 MDL\*.

b) the amount of the minimum disability pension constituted:

– in case of a severe disability – 891.04 MDL.

– in case of an increased disability – 831.64 MDL.

– in the case of an average disability – 594.03 MDL.

In accordance with the provisions of Law no. 499/1999 regarding state social allowances for some categories of citizens, on April 1, 2021, state social and care allowances, as well as the accompaniment and supervision allowances were recalculated, based on the amount of the minimum old-age pension, the minimum severe disability pension, increased and average pension, established by the Law no. 127/2021.

On April 1, 2021, according to Government Decision no. 921/2021 regarding the granting of unique financial support to beneficiaries of state pensions and social allowances, beneficiaries of all types of pensions established until April 1, 2021, whose monthly income does not exceed 4000 MDL, domiciled in the Republic of Moldova and beneficiaries of all the types of state social allowances, with the exception of the allowance for care, accompaniment and supervision,

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established until April 1, 2021 according to the Law no. 499/1999 regarding state social allowances for some categories of citizens, were granted an one-time financial support amounting to 1000 MDL.

From 01.10.2021, according to Government Decision no. 162/2021 regarding the indexation of social insurance benefits and some social benefits, the indexation coefficient was 3,86%.

Thus, from October 1, 2021, the amount of the minimum old-age pension was 2000 MDL.

The amount of the minimum disability pension was:

- 1) in case of a severe disability – 1500 MDL.
- 2) in case of an increased disability – 1400 MDL.
- 3) in the case of an average disability – 1000 MDL.

Similarly, from 01.10.2021, the number of social allowances for people with severe, increased and average disabilities, including for people with disabilities since childhood, as well as for children with severe, increased and average disabilities, as well as the allowance for care, accompaniment and supervision were recalculated based on the amount of the minimum pension established for each category.

From 01.04.2022 according to Government Decision no. 197/2022 regarding the indexation and increase of social benefits, pensions and some social benefits were indexed by 13.94%.

Similarly, on 1 April 2022 the number of pensions calculated in accordance with the provisions of Law no. 156/1998 on the public pension system were increased in a fixed amount of 171.71 MDL.

At the same time, in the case of the indexation from April 1, 2022, the indexation coefficient was applied only to that part of the pension that does not exceed the average monthly salary for the economy forecasted for 2022, which constituted 9900 MDL.

On 01.04.2022, the number of social allowances for people with severe, increased and average disabilities, including for persons with childhood disabilities, as well as for children with severe, increased and average disabilities, as well as the allowance for care, accompaniment and supervision were recalculated based on the amount of the minimum pension provided for the respective category.

In May 2022, the beneficiaries of monthly state allowances, established according to Law no. 121/2001 regarding the additional social protection of certain categories of the population, including disabled persons from the military, intelligence and security officers, persons from the command and from the troops of the internal affairs bodies and the penitentiary administration system, whose disability was caused by injury, contusion or maiming during combat actions for the defence of the territorial integrity and independence of the Republic of Moldova, were granted a one-time financial support of 2500 MDL.

On October 1, 2022 according to Government Decision no. 654/2022 regarding the granting of unique financial support to beneficiaries of state pensions and social allowances, beneficiaries of all types of pensions established until October 1, 2022, whose monthly income did not exceed 4000 MDL, domiciled in the Republic of Moldova and beneficiaries of all the types of state social allowances, with the exception of the allowance for care, accompaniment and supervision, established until October 1, 2022 according to Law no. 499/1999 regarding state social allowances for some categories of citizens, were granted a one-time financial support of 1500 MDL.

In accordance with the Government Decision no. 148/2023 regarding the indexation of social benefits, considering the percentage increase in the revenues of the state social insurance budget

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in 2022 compared to 2021, pensions and some social benefits were indexed by 15% from April 1, 2023.

From April 1, 2023, the minimum old-age pension is 2620.62 MDL.

From April 1, 2023, the minimum disability pension is:

- 1) in case of a severe disability - 1965.47 MDL.
- 2) in the case of an increased disability - 1834.43 MDL.
- 3) in the case of an average disability – 1310.31 MDL.

The indexation coefficient from 1 April 2023 was applied only to that part of the pension that does not exceed the average monthly salary for the economy forecasted for the year 2023, which according to Government Decision no. 936/2022, is 11700 MDL.

According to the provisions of Law no. 499/1999 on state social allowances for some categories of citizens, the number of social allowances constitutes a certain percentage of the amount of the minimum pension for that category established annually by the Government.

In accordance with the Government Decision no. 148/2023 of the minimum amount of the old-age pension and disability pensions, all social allowances were recalculated on 01.04.2023 based on the new amount of the minimum pension.

**7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.**

In 2021, the Government implemented a subsidy system following a flat rate approach – no differentiation was made as to the amount of the subsidy based on the need of the household. In this sense, it approved Law no. 192/2021 in order to support domestic consumers during the cold period of the year (November 1, 2021, to March 31, 2022) by compensating for the price difference following the increase in regulated prices for the supply of natural gas in the context of the public service obligation and/or regulated tariffs for thermal energy. The compensation was established as following for domestic consumers:

- natural gas: for the first 50 m<sup>3</sup> consumed: 67% of the difference between the price in the billing month and the price in October 2021; for the next 100 m<sup>3</sup> consumed: 50% of the difference between the billing month's price and the price in October 2021 (approximately 537 MDL for a volume of 150 m<sup>3</sup> of natural gas consumed per month);
- thermal energy: 67% of the difference between the billing month's price and the price in October 2021 for the first Gigacalorie (GCal) consumed per domestic consumer (approximately 435 MDL for a volume of 1 GCal of thermal energy consumed per month).

For the period from January 1, 2022, to March 31, 2022, according to the amendments made by Law No. 5/2022 amending certain normative acts (Art. II), the value of compensation for the price difference following the increase in tariffs for the consumption of thermal energy by domestic consumers for the cold season of the year (January 2022 – March 2022) was increased from 67% to 80% of the difference between the tariff in the billing month and the tariff in October 2021 for 1.5 GCal consumed per domestic consumer (approximately 1,256 MDL for a volume of 1.5 GCal of thermal energy consumed per month). The volume of thermal energy for which the compensation for the price difference was carried out was increased from 1 GCal to 1.5 GCal.

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**1 EURO – 19.32 MDL (29.12.2023)**

In 2022, the Government of the Republic of Moldova has introduced a targeted energy poverty reduction mechanism (Law no. 241/2022 on the Energy Vulnerability Reduction Fund (FRVE), entered into force in September 2022). The Law provided a mechanism to compensate households for energy costs (natural gas, thermal energy and electricity) based on a targeted, needs-based approach. Each household was placed in one of 5 categories of energy vulnerability according to individual income, the ratio between income and expenditure on energy, the type of heating system, family composition, and other criteria. The 5 energy vulnerability categories in 2022/23 cold season were: very high, high, medium, low and without energy vulnerability.

Over 895,000 households benefitted from subsidies for energy in the 2022/23 cold season, based on their specific needs. Due to unfavourable conditions in the energy market, most registered households (around 80%) have been placed in the very high vulnerability rating. These households had up to 60% of their bills compensated.

In the 2023/24 cold season, the system underwent several important changes:

- It was expanded to include monetary payments for wood and other types of solid fuel, therefore integrating APRA (Ajutorul pentru perioada rece a anului) into the single compensation system; the monetary payment (former APRA) was also raised from 700 to 800 MDL in November 2023.
- It expanded the number of energy vulnerability categories from 5 to 7, adding the extreme and primary energy vulnerability categories.

Over 777,000 households have registered to receive energy compensation during the current cold season, of which almost 260,000 benefitted from the monetary payment – 30,000 more than during the previous cold season.

**8) Please provide up-to-date information on at-risk-of-poverty rates for the population, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.**

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*1 EURO – 19.32 MDL (29.12.2023)*

**Absolute poverty rate by basic characteristics, %**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total	23,0	25,2	26,8	24,5	31,1
<b>Area of residence</b>					
Urban	10,6	11,2	14,0	11,9	17,1
Rural	31,6	34,5	35,3	32,8	40,3
<b>Age group of persons</b>					
Up to 18 years	24,4	24,0	26,0	24,4	28,4
18-29 years	21,5	21,6	21,6	18,1	23,6
30-39 years	20,3	19,2	21,2	19,6	23,1
40-49 years	23,1	23,8	23,1	21,3	29,3
50-59 years	21,1	20,7	24,8	19,3	28,5
60 years and over	25,4	36,8	37,2	35,9	43,9
<b>Household composition</b>					
With children	23,7	23,3	25,3	23,7	28,1
of which with:					
1 child	18,0	18,4	20,9	18,5	22,9
2 children	22,3	20,9	21,4	22,4	27,2
3 children and more	42,0	38,1	42,1	36,9	39,9
Without children	22,1	27,2	28,4	25,3	33,9
<b>Disability status</b>					
Persons with disabilities	25,8	33,9	35,4	33,5	41,2
Persons without disabilities	22,2	24,2	25,7	23,7	30,1

In this context, through Ministerial Order No. 108/2022 on implementing the project "Providing emergency financial assistance to the population affected by the crisis and integrating shock response into the national social protection system in the Republic of Moldova" (amended by Orders No. 113 of December 20, 2022, and No. 25 of February 21, 2023), the right to emergency financial aid was granted to families benefiting from social aid and/or aid for the cold period of the year according to Law No. 133/2008 on social aid for November 2022, domiciled on the territory of the Republic of Moldova, belonging to the following categories:

- a) Families with persons with disabilities.
- b) Families with an adult with child/children aged 0-17, inclusive.
- c) Families with three or more children aged 0-17, inclusive.
- d) Families with children aged 0-2 (priority for pregnant or breastfeeding women).

The right to the mentioned aid was determined by a local commission created alongside the first-level local public administration authority, which identified potential beneficiaries and decided on the right to establish and grant financial assistance. Social workers in communities collected and recorded applications for aid, verified supporting documents, and entered the data into the "Crisis Support" information system.

Thus, approximately 55,873 families benefited from the mentioned aid, with a budget of 273,777,700 MDL.

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**1 EURO – 19.32 MDL (29.12.2023)**

In 2022, the Republic of Moldova, compared to 2021, registered a slight increase in the poverty rate, according to the table below.

<b>Indicators of poverty</b>	<b>2021</b>	<b>2022</b>
Absolute poverty rate,%	24,5	31,1
The depth of absolute poverty,%	3,5	4,7
The severity of absolute poverty,%	1,0	1,3
Extreme poverty rate,%	9,5	13,5
The depth of extreme poverty,%	1,1	1,6
The severity of extreme poverty,%	0,3	0,4

Every third citizen of the Republic of Moldova (31.1%) was in absolute poverty, and every seventh citizen (13.5%) was in extreme poverty. In addition to the incidence of absolute and extreme poverty rates, the indicators of the depth and severity of poverty during 2022 showed similar trends. At the same time, in 2022, the indicators of the absolute and extreme poverty thresholds were calculated at an average of 2,942.0 MDL per month per person and respectively, 2,372.7 MDL per month per person, and the Gini coefficient measured by disposable income was estimated at 0.3208.

In 2022, the risk of poverty of the rural population was approximately two times higher than in the big cities. The increase in the poverty rate was largely caused by the increase of the energy prices and, respectively, of products and services, especially utilities.

Thus, average consumer prices in December 2022, increased by 30.2% compared to December 2021 (in the last 12 months), including food products by 31.8%, non-food goods by 19.9% and services provided to the population with 44.0%.

**9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.**

#### **Social Aid (Ajutor Social)**

The Republic of Moldova has a national program of social monetary assistance called "Social Aid", aimed at assisting disadvantaged families (regulated by Law no. 133/2008).

The purpose of this program is to ensure a guaranteed minimum monthly income to disadvantaged families by granting social aid, established in accordance with the assessment of the overall average monthly income of the family and the need for social assistance.

The selection of beneficiaries is based on the socio-economic situation of the family using welfare criteria and eligibility conditions for persons able to work.

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**1 EURO – 19.32 MDL (29.12.2023)**

The monthly amount of the social aid is established as the difference between the guaranteed minimum monthly income of the family and its global income.

The level of the minimum guaranteed monthly income used to calculate the right to social assistance is indexed annually and, after the indexation from October 1, 2021, it was 1,196 MDL. Following the indexation from April 1, 2022, the minimum guaranteed monthly income was 1,363 MDL for an adult and 1,418 MDL for a child and starting with April 1, 2023 it is 1568 MDL for an adult and 1631 MDL for a child.

Another component of the social aid program that run until September 2023 was Aid for the cold period of the year (APRA), which was granted under the conditions of social aid using a guaranteed minimum monthly income increased by 2.2 (for the period 01.11.2021-31.03.2022 this multiplier was 2.6). For the period 01.11.2021-31.03.2022, the APRA amount was 700 MDL/per month.

Several adjustments were made during the period:

- Increasing the guaranteed minimum monthly income multiplier used for APRA from 2.2 to 2.6 (the equivalent being from 2631.2 MDL to 3109.6 MDL from 01.11.2021).
- Increasing the amount of APRA from 500 MDL to 700 MDL for the period November 2021 - March 2022,
- increasing from January 1, 2022, of the eligibility threshold when calculating the score of the welfare indicators (proxy) from 91.28 points to 94.10 points;
- changes regarding the APRA grant conditions for January – March 2022:
- in the period 01.01.2022-31.03.2022 when granting the APRA, the proxy indicators were not taken into account.
- extension of the APRA grant period without the need to submit a new application (between 12.2021 and 02.2022).

In 2022, the law was reformed by:

- stimulating the employment of able working people from families receiving social assistance, by gradually reducing the amount of social assistance and limiting the duration of their stay in the program.
- - increasing the number of families with children included in the program, by increasing the guaranteed minimum monthly income for each child and the income eligibility for employees with children.
- - including day labourers in the program and encouraging them to work legally, by offering the right to benefit from social aid to agricultural workers and disregarding their income when establishing the right to social aid.
- - differentiating the size of the guaranteed minimum monthly income in the case of disabled persons depending on the established degree of disability, both in the case of adults and in the case of children.
- - additional support for disadvantaged families with salaried family members, with increased emphasis on disadvantaged families with salaried members who also have children.
- - establishing the amount of the guaranteed minimum monthly income separately for an adult and separately for a child.

Statistics on the structure of families receiving social assistance:

\* *MDL - Moldovan leu is the currency of Moldova.*

**1 EURO – 19.32 MDL (29.12.2023)**

	<b>2021 – 10.2023</b>
<b>BENEFICIARY HHS, TOTAL</b>	%
RURAL	76
URBAN	24
FEMALE	56
MALE	44
FAMILIES WITH CHILDREN	40
FAMILY WITH PENSIONERS (62+ YEARS)	38
FAMILY WITH MEMBERS WITH DISABILITIES	48

According to official data, in 2022, 558.3 million MDL were paid for social aid and 770.8 million MDL as aid for the cold period of the year.

In 2023, 775.0 million MDL were paid for social aid and 636.5 million MDL as aid for the cold period of the year.

### **Social Canteens**

The Republic of Moldova has legislation that allows for the functioning of the social canteens. These are established by local public administration and social service providers as free services for socially vulnerable people. Beneficiaries are elderly or disabled people, homeless people, and children up to 18 years old (from large or vulnerable families). On 01.2023, about 50 canteens were active (17 urban, 33 rural) with about 18,074 beneficiaries.

### **10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing measures in response to the crisis.**

The Government of the Republic of Moldova through the Ministry of Labour and Social Protection has developed together with development partners the Information System "Crisis Support". This system provides for monetary assistance programme for the vulnerable population of the Republic of Moldova.

In 2022 the project *"Granting emergency financial assistance to the population affected by the crisis and integrating the response to shocks into the national social protection system of the Republic of Moldova"* was implemented, by which emergency financial assistance in form of a one-off payment amounting 4900 MDL was granted to about 56 000 families for a period of 7 months (November 2022 – May 2023).

The Government of the Republic of Moldova through the Ministry of Labour and Social Protection along with the development partners (UNWFP/PAM, UNFPA, UNHCR/ICNUR, UNICEF, and

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*1 EURO – 19.32 MDL (29.12.2023)*

IOM) has launched in 2023 a new package of additional support measures for vulnerable people. The financial support of 3000 MDL and 5000 MDL is directed towards 68,000 people in need.

The Republic of Moldova runs a social support service for families with children that is aimed to prevent and/or overcome risk situations in families with children with a focus on ensuring the child's upbringing and raising in a family environment. The aim of the social support service for families with children is to support the strengthening of the family's capacity to bring up and raise the child by fortifying the protective factors inside the family and by connecting it to relevant resources in the community. This service takes two forms: primary family support and secondary family support. Under the secondary family support service, families with children can receive financial support. It is important to highlight that this service directly involves the active participation of the family itself. Also, secondary family support is provided based on the agreement signed by the case manager with the parent/person in whose care the child is. The community social worker draws up the individualized assistance plan with the participation of the child, the parents /person in whose care the child is or other relevant persons, with the involvement, of other specialists in the field of health protection, education, public order, the local guardianship authority.

The above-mentioned financial aid is offered in situations where secondary family support does not ensure the reduction of the problem. In the process of establishing the financial aid are taken into consideration the family's needs, the number of children in the family, living conditions, seasonal factors, the severity of the problem, etc., as well as the family's income obtained from wages, social payments and other sources of income, declared under the family's responsibility, are taken into account. The size, destination and period of granting the financial aid are established in accordance with the needs identified in the assessment and with the individualized assistance plan presented by the case manager.

On August 5, 2022, a Memorandum of Understanding was signed between the Ministry of Labor and Social Protection and the United Nations Children's Fund regarding the provision of technical assistance to strengthen the child protection system, including social services. According to the signed MoU, the Ministry of Labor and Social Protection and UNICEF cooperate in order to apply the National Program for Child Protection for the years 2022-2026 and the Action Plan for its implementation. Thus, a bilateral Action Plan was drafted for the period September 2022-2023, with an allocated budget of over 226,200,000 MDL for:

1. granting of financial aid from the social service Support for families with children;
2. employment of personal assistants for children with disabilities;
3. granting additional financial support / financial supplement for professional parental assistants, parent-educators and children placed in professional parental assistance services and family-type children's homes;
4. hiring consultants in the field of child protection;
5. granting of increments for the personnel in the field of social assistance;

Thus, more than 173,859 children from 95,236 families received financial aid during the reference period, including 24,874 refugee children due to the war in Ukraine.

In addition, the national program of cash transfers called "Social Aid" is implemented to support disadvantaged families. The purpose of this program is to ensure a guaranteed minimum monthly  
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**1 EURO – 19.32 MDL (29.12.2023)**



income for disadvantaged families by providing social aid, determined in accordance with the family's average monthly total income assessment and the need for social assistance. The aid recipient is the applicant, and the beneficiary is the family.

The selection of beneficiaries is based on the socio-economic situation of the family, using welfare criteria and eligibility conditions for working-age individuals. The monthly amount of social aid is determined as the difference between the guaranteed minimum monthly family income and its total income.

The level of the guaranteed minimum monthly income used in calculating the right to social aid is annually indexed. Following the indexation from October 1, 2021, it amounted to 1196 MDL. Following the indexation from April 1, 2022, it reached 1363 MDL for an adult and 1418 MDL for a child. Starting with April 1, 2023, it is 1568 MDL for an adult and 1631 MDL for a child.

For the right to aid during the cold period of the year, the calculation of the guaranteed minimum monthly family income was derived from the increased guaranteed minimum monthly income multiplied by 2.2 (for the period from November 1, 2021, to March 31, 2022, this multiplier was 2.6). For the period from November 1, 2021, to March 31, 2022, the amount of aid for the cold period of the year (hereinafter referred to as APRA) was 700 MDL per month.

According to Article 9 of Law No. 133/2008 on social aid, the aid recipient uses social aid primarily for the benefit of the family, addressing needs such as food, clothing, housing, hygiene, medical care, education, and mandatory schooling for children. The social aid beneficiary signs a cooperation agreement with the territorial social assistance structure, taking responsibility for the use of social aid according to its intended purpose and specified needs.

Social aid beneficiaries independently determine spending priorities according to the needs specified in Article 9(6) of the Law on Social Aid (mentioned above).

The social aid program (both components: social aid and aid for the cold period of the year - APRA) is periodically adjusted to meet challenges. Among the changes made to this program, we mention the following:

- The multiplier for the guaranteed minimum monthly income used to determine the right to aid for the cold period of the year was increased from 2.2 to 2.6, with the income threshold increasing from 2,631.2 MDL to 3,109.6 MDL (effective from November 1, 2021).
- The amount of APRA was increased from 500 MDL to 700 MDL for the period from November 2021 to March 2022. Additionally, the eligibility threshold for calculating the score of welfare indicators (proxy) was approved to increase from 91.28 points to 94.10 points starting from January 1, 2022.
- Changes were made concerning the conditions for granting aid for the cold period for January – March 2022:

During the period from January 1, 2022, to March 31, 2022, the ownership/use of mobile and immovable property by the family was not taken into account when granting the right to aid for the cold period of the year (proxy test does not apply).

The period for granting the right to aid for the cold period was extended (January 1, 2022, to March 31, 2022) in cases where it expired between December 1, 2021, and February 28, 2022, without the need for submitting a new application.

Decisions of non-approval of the right to aid for the cold period of the year were automatically revised through the Automated Information System "Social Assistance" based on the exceedance

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**1 EURO – 19.32 MDL (29.12.2023)**

of the score set for welfare indicators for applications submitted after November 1, 2021, and before the entry into force of Law No. 5/2022 amending certain normative acts.

Additionally, for the reform of the Social Aid Program, Parliament adopted Law No. 108/2022 amending Law No. 133/2008 on social aid, which includes:

- Encouraging the employment of able individuals within beneficiary families by gradually reducing the amount of social aid and limiting their duration in the program.
- Increasing the number of families with children included in the program by raising the guaranteed minimum monthly income for each child and the income eligibility threshold for employees with children.
- Including day labourers in the program and encouraging them to work legally by granting the right to social aid to agricultural workers and disregarding their earnings when determining the right to social aid.
- Differentiating the size of the guaranteed minimum monthly income for individuals with disabilities depending on the established degree of disability, both for adults and children.
- Providing additional support to disadvantaged families with employed family members, with a focus on disadvantaged families with employed members who also have children.
- Establishing a separate amount of the guaranteed minimum monthly income for an adult and a separate amount for a child.

The Government Decision No. 655/2022 amended the Regulation on the manner of establishing and paying social aid, approved by Government Decision No. 1167/2008. The main provisions included:

- A 20% increase in the number of families with employed members benefiting from social aid to stimulate the employment of able individuals within beneficiary families, through: gradual reduction of the amount of social aid and limitation of the duration in the program for disadvantaged families with unemployed or day labourer members. In case of employment of an unemployed or day labourer, their salary income will not be considered in assessing the right to social aid and/or aid for the cold period of the year for three consecutive months from the month of employment.
  - Increasing the monthly disregarded salary income for each employed family member from 200 MDL to 500 MDL when calculating the family's total income.
  - Including day labourers in the program and encouraging them to work legally by granting the right to social aid to agricultural workers and disregarding their earnings when determining the right to social aid.
  - Automatically re-examining the right to social aid for families with individuals with a medium degree of disability, for which the holding of another occupational status is proposed to apply to the Social Aid Program (except for those with a medium disability since childhood).
  - A 20% increase in the number of families with children included in the program by: increasing the guaranteed minimum monthly income (VLMG) for each child by 396 MDL (from 1022.25 MDL to 1418 MDL); an additional increase of 169 MDL in VLMG for a child with a severe or profound degree of disability; a 300 MDL increase in the disregard from monthly allowances for child care (from 200 MDL to 500 MDL per month) when calculating the family's total income; differentiating the size of VLMG for individuals with disabilities depending on the established degree of disability, both for adults and children; an additional increase of approximately 273 MDL in VLMG for an adult with a severe degree of disability; maintaining the
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**1 EURO – 19.32 MDL (29.12.2023)**

amount of aid for the cold period of the year at 700 MDL; revision of welfare indicators and their scores.

The table below presents statistical information based on the structure of families benefiting from social aid:

	<b>2021 – 10.2023</b>
<b>BENEFICIARY HHS, TOTAL</b>	%
RURAL	76
URBAN	24
FEMALE	56
MALE	44
FAMILIES WITH CHILDREN	40
FAMILY WITH PENSIONERS (62+ YEARS)	38
FAMILY WITH MEMBERS WITH DISABILITIES	48

According to the information provided by the National Social Insurance House for the year 2022, 558.3 million MDL were paid for social aid and 770.8 million MDL (executed) for aid for the cold period of the year.

According to the data presented by the National Social Insurance House for the year 2023, 775.0 million MDL (specified, as of October 1, 2023) were paid for social aid and 636.5 million MDL (executed, as of May 1, 2023) for the payment of aid for the cold period of the year.

Starting with 15 September 2023, the aid for the cold period of the year was integrated into the "Energy Vulnerability" Information System through the changes made in Law No. 241/2022 and Government Decision No. 704/2022.

Based on the Memorandum of Understanding signed on November 25, 2022, between the Ministry of Labor and Social Protection and UNWFP/PAM, UNFPA, UNHCR/ICNUR, UNICEF, and IOM, emergency financial aid was paid from external sources for the population affected by the crisis, integrating shock response into the national social protection system.

The emergency financial aid in the form of a one-time payment of 4900 MDL was granted to disadvantaged families/individuals from November 2022 to May 2023.

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*1 EURO – 19.32 MDL (29.12.2023)*