

*(Draft)*

# **NATIONAL DEVELOPMENT STRATEGY MOLDOVA 2030**

This document has been translated from Romanian language. In case of discrepancies, the Romanian version prevails.

The document reflects the draft of the NDS Moldova 2030 as of 5 of June 2018. For the purpose of comments and suggestions, please bear in mind that the NDS Moldova 2030 is a work in progress.

*25 June 2018*



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## Introduction

The Republic Moldova faces a number of long-term challenges and trends at national, regional and global level, which will have significant consequences in the following decades. The uncertainty and unpredictability are on the rise, hence, new development paradigms that take into account internal capacities and limited resources of the environment should be applied. Meanwhile, the speed of technological progress shifts social relations by creating new development opportunities, and at the same time, the information technologies develop more quicker than the capacity of the society to adapt, generating a number of long-term challenges. Although the development produces numerous challenges, it also gives opportunities that have to be explored. Hence, future solutions to education, jobs, social order, relations between citizens and the State, demographic and climate changes, equality and social justice should be formulated. In order to become a society adapted to changes, uncertainties, and challenges, the Republic of Moldova should adopt a framework from systemic approach to long-term sustainable development.

The National Development Strategy ‘Moldova 2030’ is a strategic vision document that describes the development direction of the country and the society in the following decade. This document will guide the Republic of Moldova towards sustainable development without leaving anyone behind.

Building on European integration expressed directly in the Republic of Moldova and European Union Association Agreement, the National Development Strategy ‘Moldova 2030’ adopts the concept applied in European Union states, using 10 dimensions to measure the quality of life of its citizens. The strategic goal of the document is to increase the quality of life. At the same time, Moldova’s National Development Strategy is the contribution to the implementation of the 2030 Agenda for Sustainable Development adopted by the UN Member States in September 2015. The ‘Moldova 2030’ translates the targets and indicators of the 2030 Agenda, especially those considered development accelerators, into the national context of the Republic of Moldova.

‘Moldova 2030’ is a strategic benchmark document for all national, regional and local policy papers. It does not replace sector strategies but indicates the priority areas and directions of intervention that are important for long-term sustainable development in the Republic of Moldova. The central public authorities will undertake all necessary measures to transpose the priority directions of the Strategy into sector strategies, which will contain detailed policy options for short and medium term development. It is advisable for the goals set in SND ‘Moldova 2030’ to be reflected also in regional and local policies. Everyone - companies, social partners, non-governmental organisations - are encouraged to follow the SND approach in implementing its goals.

The first Chapter of the Strategy describes major trends in the long-term development of the Republic of Moldova. These are focused, first of all, on family and children, migration, depopulation and ageing, health, education, economy, technologies, climate change and governance. These trends cannot be influenced by isolated and short-term interventions but are effects of systemic approach. Hence, these should be considered priority trends in setting the national policy framework.

The second Chapter describes the long-term vision of the Republic of Moldova. First of all, it includes the lessons learnt from the implementation of previous national development strategies, then it explains the approach used in developing and implementing the National Development Strategy ‘Moldova 2030’. The approach focuses on people and increase of quality of life. The NDS

presents long-term development scenarios for the Republic of Moldova, formulated in a foresight exercise.

The third Chapter introduces ten strategic goals for sustainable development of Moldova, specifying initially how lifecycle, quality of life and human rights are at its basis. Each strategic goal outlines the current situation, which gives a brief description of key developments that reflect the quality of life compared to other states in the region, but without an exhaustive and detailed analysis of sectors and sector policies. Such analyses are the objectives of sector strategies that have to be further developed. Based on the approach ‘leave no one behind’, this Chapter describes the most vulnerable groups and causes for such vulnerabilities. The sector strategies and policies developed based on the SND should include adequate policy options for each vulnerable group. At the same time, each strategic goal describes key causal factors that determine the changes necessary to improve the quality of life of all citizens.

After introducing key elements that influence the quality of life of all citizens, each strategic goal provides a vision for respective dimension that shows the horizon that has to be reached by 2030. The key elements of this section are the Sustainable Development Goals considered after the nationalization exercise of the 2030 Agenda conducted in 2016 – accelerators of sustainable development. The vision is followed by specific goals and priority actions that indicate the strategic actions. These have to be considered priorities in planning documents and developing sector policies by 2030. At the level of each strategic goal, the expected impact shows anticipated effects of planned interventions into the quality of life of citizens, followed by monitoring and evaluation indicators which measure the implementation progress of the National Development Strategy ‘Moldova 2030’. The monitoring and evaluation indicators are formulated based on relevant indicators of the Sustainable Development Goals adapted to the context of the Republic of Moldova, indicators used by the European Union to measure the quality of life and indicators that reflect the position of the Republic of Moldova at regional or international level.

The fourth Chapter illustrates the implementation principles of the Strategy and sector policy documents for its implementation respectively, the mechanism and institutional and normative framework necessary to implement the Strategy, as well as the monitoring and evaluation framework.

To achieve effectively the goals outlined in the Strategy, it is imperative to see it as a benchmark document at national level in planning and developing policies, continuous monitoring of its implementation progress and measures taken to adjust the interventions suggested in the Strategy to the eventual new challenges of the Republic of Moldova. Also, it is necessary to enhance the interconnection and coordination between sector policies and actors responsible at different levels, to promote the inclusion dialogue, to set close links between measures and to create an enabling environment for effective implementation of the Strategy.

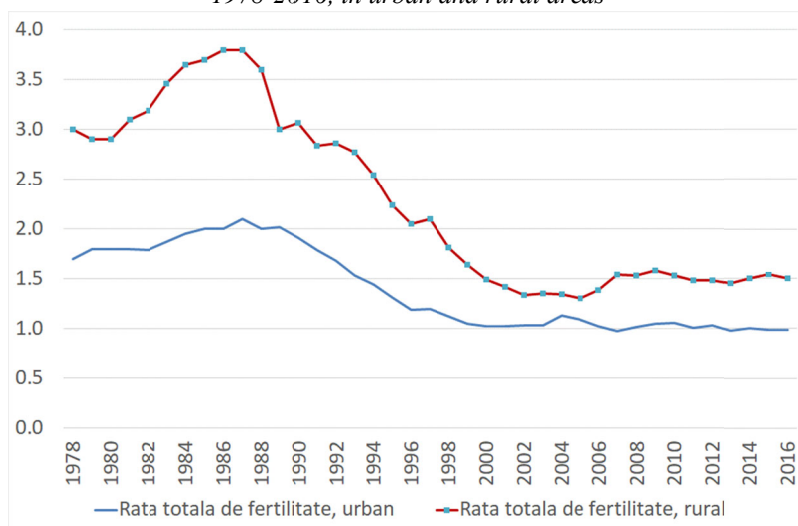
# 1. Major Development Trends in the Republic of Moldova

After the declared independence, the human development in the Republic of Moldova has been determined by a number of demographic, social, economic, climate and governance factors. Objective assessment of these trends is important in underlining the key factors and influences that describes long-term development of the Republic of Moldova.

## Family and Children

The Republic of Moldova undergoes a demographic transition characterized by major changes in the family and fertility model. The young adults form a family later in life, and the divorce rate has increased essentially. If in 1996-98 the average age of men marrying for the first time was 28 years, and of women – 22 years, than in 2016 the average age of men was 28 years and of women - 26 years. The rate of children born out of wedlock increased from 15% to 22%, in the same period. The secular trend of decreased female fertility has continued: total fertility rate has decreased from 1.6 to 1.3. The rural reproductive model characterized previously by a higher number of born children, compared to urban area, has conversed very much to the urban level (Figure 1). Families are more compact both in villages and cities.

Figure 1. Total fertility rate dynamics in the Republic of Moldova in 1978-2016, in urban and rural areas



Source: National Bureau of Statistics

The demographic decline will continue at a rapid pace in the following decades. According to population projection (2015-2035), the annual decrease of population will account for 1.1-2.0%. The number of births will be very small and will not be able to cover the population decline; this phenomenon is determined by low fertility rate and decrease of female population of fertile age (15-49 years). By 2035 the country's population might shrink up to 2085.8 thousand (by 28.4%)<sup>1</sup>. At the same time, it should be anticipated that the number of children in a single parent family will increase essentially, mainly due to emigration and cultural changes vis-a-vis the traditional family model.

<sup>1</sup> [http://moldova.unfpa.org/sites/default/files/pub-pdf/PSA\\_RO.pdf](http://moldova.unfpa.org/sites/default/files/pub-pdf/PSA_RO.pdf)

## Population Migration

In the last 20 years, the local and external migration has become very specific for the Republic of Moldova, bringing multiple demographic, social, cultural and economic consequences. The local migration is difficult to monitor, because there is no need for residence permit anymore, however, certain trends can be glimpsed from the 2014 General Population and Housing Census. According to the Census, about 56 thousand people changed their residence during the two years before the census – moving mainly to Chişinău, Bălţi municipalities and Anenii Noi, Cahul, Căuşeni, Ialoveni, Soroca and Taraclia. The communities that are already facing severe economic and social issues are affected most of all by the negative internal migration - Cantemir, Cimişlia, Făleşti, Glodeni, Nisporeni, Şoldăneşti and Teleneşti districts.

Significant progress has been registered in the field of external migration; complex data describing the respective phenomenon, as well as the impact on different fields of the society, is available<sup>2</sup>. In 2014, the ‘authorized’ emigration accounted for 104 thousand persons<sup>3</sup>, in the last 20 years, which according to our estimations, has reached 109 thousands by the end of 2016. The immigration process has started to shape in the last ten years, and in 2013, for the first time, the number of authorized immigrants exceeded the number of authorized emigrants. The authorized emigration is just a small drop. The major challenge faced by the Republic of Moldova is the external migration for work purposes. According to official NBS data, about 320 thousand people aged 15+ years are working or looking for work abroad, mostly for short-term period (circular migration). But even these estimations are quite conservative. According to national censuses organized in key destination countries chosen by Moldovan emigrants in 2011, about 584 thousand people from the Republic of Moldova were residing permanently abroad compared to 357 thousands in 2001<sup>4</sup>. The emigration accompanied by the mutations in fertility and family model has decreased the average size of the households – from 3.0 members in 1996 to 2.3 members in 2016 – and has proliferated households with no representatives of middle-aged generation.

The migration from rural to urban area will continue in the next decade. Small and medium villages will remain the main source of young population, which will reside especially in Chişinău and Bălţi cities. At least 100-150 thousand people, especially young people, will change their residence from villages to towns in the next ten years. The evolution of emigration is very difficult to anticipate, but there is a risk that the cohort of short-term emigrants becomes the cohort of permanent emigrants. One of the key uncertainties refers to the immigration policy of the Russian Federation – main destination of Moldovan workers involved in circular migration. If the Russian immigration policy will change towards the long-term immigration model, it is very likely that by 2030, the Republic of Moldova may lose another 250-300 thousand citizens, at least due to emigration. At the same time, the immigration process, most probably, will reach about 4-5 thousand people annually by 2030. Hence, the foreigners will have a much more visible social, cultural and economic presence than at present.

## Depopulation and Ageing

If the birth rate of the Republic of Moldova fits the pattern that prevails in the Eastern Europe, then the mortality rate is unusually high, especially among men due to cardio-vascular diseases. Consequently, the natural population growth rate in the Republic of Moldova was very negative in

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<sup>2</sup> Government Decision No.634 of 24.08.2012 ‘On Approving the List of Indicators and the Extended Migration Profile Sample of the Republic of Moldova’

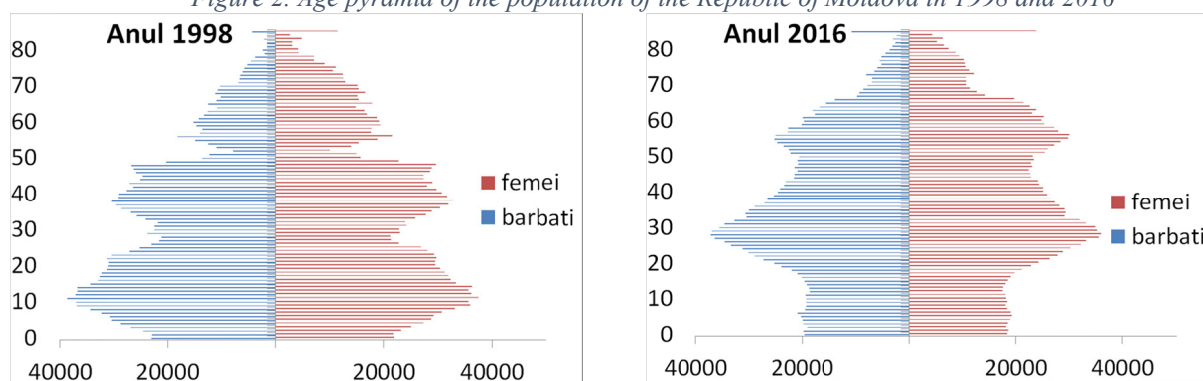
<sup>3</sup> Ministry of Internal Affairs of the Republic of Moldova, International Organization for Migration, ‘Extended Migration Profile of the Republic of Moldova 2009-2014’.

<sup>4</sup> Gagauz, Stratan, Buciuceanu-Vrabie and others, ‘Population analysis in the Republic of Moldova’, INCE, UNFPA, Chişinău, 2016.

the last 20 year, especially in rural area. Combined with emigration, it has led to a rapid decrease of population. If the 1989 Population Census recorded 3,658 million people residing in the country, excluding of Eastern districts and Bender municipality, than the 2004 Population Census recorded 3,383 million residents, while the 2014 Census – 2,998 million.

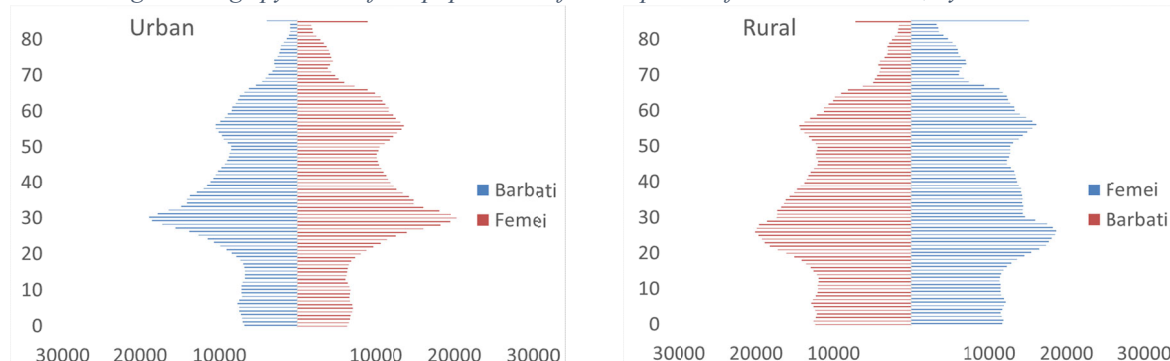
The population decreases in all regions, districts and localities. The Capital City Chişinău and its bordering towns and villages have been affected less. A strong population decrease of about 20% can be noticed in Basarabeasca, Cimişlia, Donduşeni, Soroca and Nisporeni districts in the last decade, as well as in Bălţi municipality. Currently, about 5% of the country’s population resides in very small and relatively remote and isolated rural communes (less than 1000 people), where many households are abandoned due to external and local migration. According to 2014 Population Census, about 18% of houses and apartments in the country are vacant.

Figure 2. Age pyramid of the population of the Republic of Moldova in 1998 and 2016



Source: National Bureau of Statistics

Figure 3. Age pyramid of the population of the Republic of Moldova in 2016, by urban and rural area



Source: National Bureau of Statistics.

The combination of decreasing fertility, continuous emigration and growing life expectancy of the population has led to dramatic population ageing. Compared to 1996 when the average age was 32.6 years, at the beginning of 2017 it was 38 years. The age pyramid has narrowed significantly (Figure 2), announcing a growing rate of demographic dependency of the elderly from 13% in 2015 to about 25% by 2030. In the urban area, according to (Figure 3) the perspective of population ageing is more pronounced. Recent estimations suggest that the Republic of Moldova failed to capitalize on the first dividend produced by the demographic transition, and the policies should target the capitalization of the second demographic dividend<sup>5</sup>.

<sup>5</sup> Expert-Grup and the UNFPA, UN Population Fund, ‘Demography matters: How population dynamics impacts the economy of the Republic of Moldova?’, Chişinău, 2017.

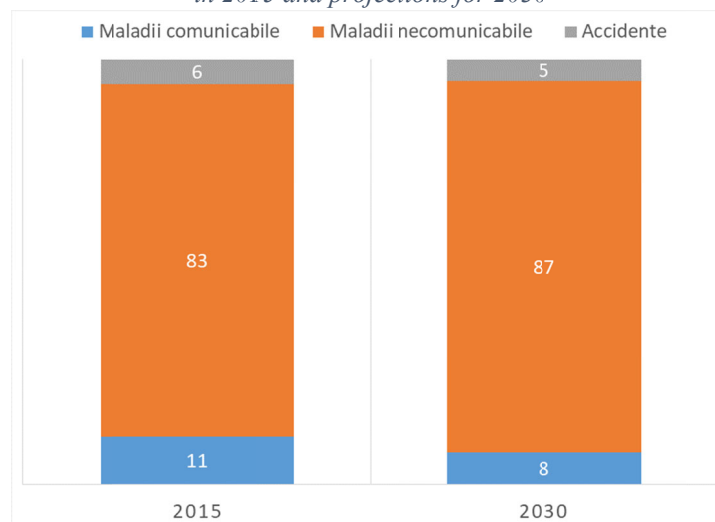


## Health

The health status of the population has registered certain improvements in the last two decades. The life expectancy grew from 63 / 70 years for men/women in 1996 to just over 68/ 76 years in 2016, and the infant mortality rate decreased from 21 cases/1000 alive new-borns to 9.3 cases/1000. Both indicators are very good for the group of countries with revenues comparable to those of the Republic of Moldova, but place the Republic of Moldova under regional standards, especially because of infant mortality rate and life expectancy of men.

Although HIV/AIDS and Tuberculosis have high incidence and are in the spotlight of the mass media and donors, the morbidity profile and general mortality of the population is dominated by the non-communicable diseases (especially cardiovascular, oncologic and digestive system diseases). In 2015 the communicable diseases accounted for 83% of the total number of disability adjusted life years, while the communicable diseases – 11%, and the incapacity caused by accidents – only 6% (Figure 4). Smoking and excessive consumption of alcohol – two essential factors associated to non-communicable diseases – have very high incidence in the Republic of Moldova. Approximately 45% of men smoke, compared to 35% of global average, 44% in Bulgaria, 39% in Romania and 34% in Hungary. According to recent estimations of the World Health Organization, in 2014 the Republic of Moldova consumed a volume of alcohol equal to 10 l of pure alcohol per capita, slightly above the historical average of 9.5 l in 2000-2013. This consumption level is way above the global average of 6.3 l/capita, but reflects a culture of alcohol abuse characteristic to the region – Bulgaria consumes about 12 l/capita, Romania – 9.6 l/capita, and Hungary – 10.9 l/capita.

Figure 4. Structure of total disability adjusted life years in the Republic of Moldova, by causes, % of total in 2015 and projections for 2030



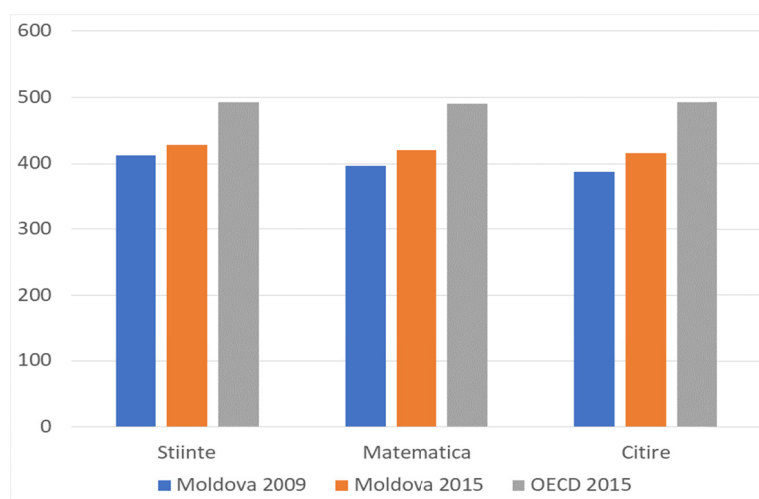
Sources: MAPS Mission/UNDP

Non-communicable diseases are mostly determined by the lifestyle and diet, general stress level, smoking and drinking and demographic profile. Thus, if we take into account the striking trend of population ageing and prevalence of smoking and drinking, it can be anticipated that these would be more dominant by 2030 than at present, and the incapacity caused by the non-communicable diseases would account for 87% of total. From the perspective of policy options, this trend imposes rather horizontal answers, capable to provide general services, then vertical solutions for the treatment of one or another specific disease.

## Education

Generally, the education is an inert system because it requires long periods for the improvements to reflect at the literacy, academic performance, labour skills and economic competitiveness levels. The Republic of Moldova has registered certain progress in the field of education in the last twenty years. In the mid 1990's the average schooling of the population 15+ years accounted for 8.4 years, which reached 10.1 years (below the region's average of 11.2 years) by 2015. The Republic of Moldova registered certain progress in educational performance. According to the Programme for International Student Assessment (PISA) studies, the Republic of Moldova registered better results in 2015, compared to its own 2009 performance, but is still far from OECD countries standards.

Figure 5. Results of Moldovan students' assessment and OECD average according to PISA, in 2009 and 2015



Sources: OECD Education GPS.

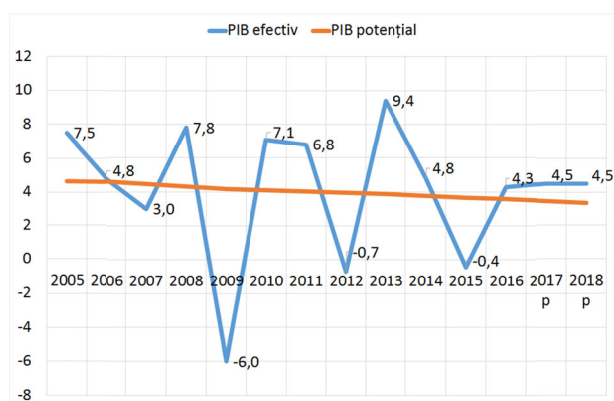
In the last twenty years, the preschool and primary school enrolment rate has increased both in urban and rural areas. As for the data on further education tiers, the quality of statistics suffers due to uncertainty related to the real number of population of corresponding age: the enrolment indicators for secondary and higher tiers of education heavily underestimate the real enrolment rate, because the indicator denominator uses the official number of the population – a figure, according to the 2014 Census – that overestimates the effective school age population. Although an increase of schooling years up to 10.8 years is expected by 2030, the high dropout rate in the higher education tiers compromises quick advancement of educational performances of people and convergence to regional standards.

## Economy

The key indicator that certifies the economic development is the Gross Domestic Product (GDP). The evolution of this indicator was extremely tortuous in the last two decades. Since 1994 until now, the annual average growth rate of the GDP was about 2.7%, hence, in 2017 the GDP would be only 87% higher than in 1994. Expressed in USD at the purchasing power parity, the GDP/capita

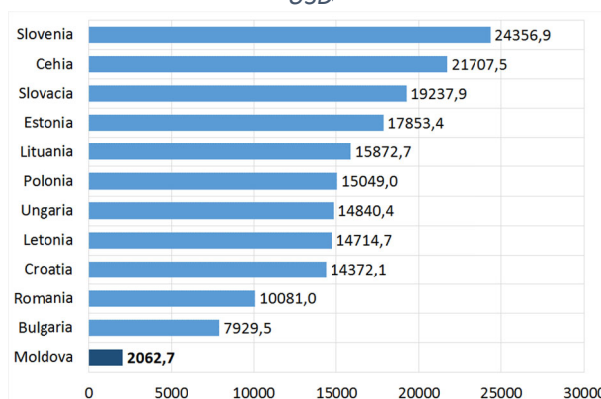
increased from USD 2500 in 1995 to about USD 5100, a 2017 estimation<sup>6</sup>. The Republic of Moldova advanced from the group of countries with low income to the group of countries with lower middle income. But in the last few years, the GDP growth took place on the background of economic potential erosion<sup>7</sup>. It has been determined by the influence of different negative shocks, especially the 2007, 2009, 2012 and 2015 draughts, global financial crisis in 2009 and local bank crisis in 2015. In 2010-2016, the GDP grew on average by 4.5% annually, reaching the 2009 pre-crisis level, but the GDP per capita is at the lowest level compared to other CEE countries (Figure 7).

Figure 6. Effective and potential GDP, %



Source: Authors' computations based on NBS data

Figure 7. GDP per capita in 2016, the prices of 2010, USD



Source: Authors' computations based on World Bank data

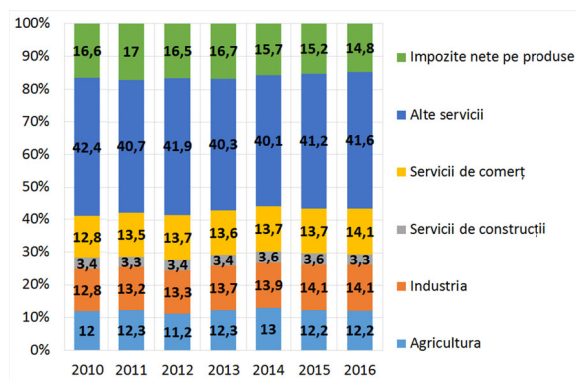
GDP structure analysis by resources shows that 'other services' category is the biggest, which jointly with trade and constructions services, accounted for 59% of GDP in 2016 (Figure 8), followed by net taxes on products and services, which share gradually decreased from 16.6% to 14.8% of GDP in 2010-2016. It reflects certain policy amendments (for instance, gradual cancelation of customs duties on imports from the EU), but could suggest a possible growth of informal economy and respectively, tax revenue collection related difficulties. Another vulnerability of the economic growth model refers to the low share of industry (14.1% in 2016). Although, the industry has registered a slight growth lately, low share of the sector shows limited capacity of the economy to produce goods that could be traded. The agriculture that employs about one third of the labour force has a disproportionately low share in GDP (12.2% in 2016), a fact that denotes productivity and respectively, extremely low competitiveness in this sector.

Figure 8. GDP structure by resources in 2010-2016, % of total

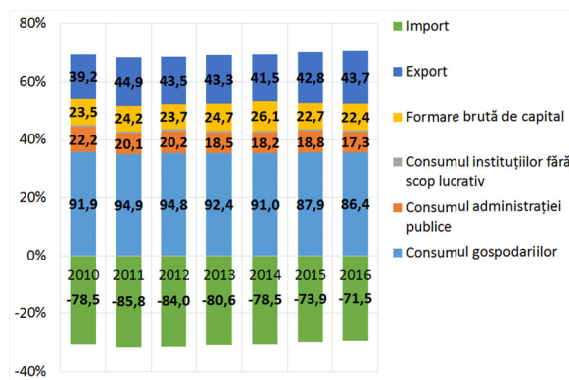
Figure 9. GDP structure by usage in 2010-2016, % of total

<sup>6</sup> FMI, World Economic Outlook Database, October 2017.

<sup>7</sup> Potential GDP is calculated based on full employment and full use of capital.



Source: NBS



Source: Authors' computations based on NBS data

Although a slight decrease of the household consumption share in GDP (from 91.9% to 86.4%) in parallel with a slight increase of exports (from 39.2% to 43.7%) was registered in 2010-2016, the economic growth paradigm of the Republic of Moldova has not changed in essence. Hence, the internal growth is mostly covered by imports (Figure 9). Although the import share has decreased from 78.5% to 71.5% in 2010-2016, it continues to be significant and systematic, well above the export level, causing a trade deficit and a persistent account deficit. At the same time, the role of investments continues to be minor, with a share of only 22.4% in 2016 and with no essential changes in the last years. This emphasizes the shortcomings in the country's business environment, which in parallel with the reduced share of exports and trade deficit, reveals low competitiveness – a systemic vulnerability of the country's economy.

In the base case scenario, the economy will continue to grow at a rather modest pace of about 3.5% annually by 2030. The role of industry will grow, but possibly more due to new branches in the machine-building sector, while the food and beverage industry would stay closely connected through inter-branches with the agricultural sector, the rural area would advance slowly, while the agriculture will suffer from chronic lack of investments and human capital as well as climate changes. The persistence of this growth model will stimulate the rural-urban migration and external emigration and will put pressure on urban infrastructure, peri-urban environment and public budget.

## Technologies

General penetration level of communication and information technologies in the Republic of Moldova has increased rapidly in the last decade. At present, the use of mobile telephones reached 109%, and the mobile Internet – 77%, one of the highest levels in the Eastern Europe. The level of broadband Internet penetration is about 17%. But there are indicators that suggest a high inequality in technology accessibility and usage. According to a recent public opinion poll available, 38% of people never used Internet. However, the situation is better than in 2009, when 59% of people gave this answer<sup>8</sup>. The ICT used for economic purposes is quite limited: about 51 thousand functional companies have only about 2000 webpages. An important progress has been recorded with a rather wide application of technologies in public administration, especially modernization of services<sup>9</sup>, but there is still room to improve the quality and accessibility and reduce administrative costs in public services.

<sup>8</sup> Centre for Insights in Survey Research, „Public Opinion Survey: Residents of Moldova. September-October 2017”, A Project of the International Republican Institute.

<sup>9</sup> <http://egov.md/ro/resources/infographics/asimilarea-produselor-lansate-cadrul-agendei-de-ettransformare-situatia-la-1>

In the base case scenario, the penetration rate of mobile telephony will reach 146% by 2030 and technology development will reach the same level of mobile internet coverage. But the last 8 year trend suggests that an important segment of the population – about 15-20% - do not have access to mobile telephony and internet service. At the same time, the ever-faster technological sophistication of young people, commercial opening of the EU and need to diversify the markets will force the companies to ensure a higher online presence, and the government – to become more receptive from the point of view of technological innovations.

## Climate Change

Despite high dependence of the economy and rural communities on agricultural sector, the Moldovan society is extremely vulnerable to climate change. The draught is an extreme climate phenomenon, which leaves the deepest economic and social impact. In the last two decades, the incidence and impact of draughts has increased significantly, within regional and global trends. Of 38 officially recognized draught episodes since 1945, 13 episodes have been registered after 2000, and 9 covered so much territory that were tagged as catastrophes<sup>10</sup>. Average frequency of draughts is 1-2 episodes in one decade in the Northern region, 2-3 episodes in Central region and 5-6 episodes in Southern region.

The most direct consequence of the arid climate which is foreseen in the next decades will be decreased agricultural crop production – including wheat, corn, grapes, vegetables, fodder and industrial crops with a strong north-south gradient in the impact magnitude. Even the irrigation would not compensate for productivity losses requiring additional measures to ensure efficient water use in every agricultural entity, transition to plants more resistant to draught and training provided to farmers.

Table 1. Estimated impact of climate changes on agricultural crop production in the Republic of Moldova for 2040-2050, % compared to the current productivity level, by adaptation scenarios, agricultural crops and agro-ecologic areas

Water supply scenario	Agricultural crop	Agro-ecologic area		
		North	Centre	South
Irrigation	Corn	-8	-6	-9
	Wheat	-14	-30	-34
	Lucerne	-7	-13	-18
	Grapes	-4	-3	-5
	Apples	0	0	-3
	Vegetables	-5	-9	-13
Rainwater	Corn	-9	-3	-10
	Wheat	-36	-38	-45
	Lucerne	-13	-18	-12
	Grapes	-4	-3	-2
	Apples	-2	-4	3
	Vegetables	-9	-13	-9

Source: MAPS Mission/UNDP

Decreased precipitation and increased water demand for irrigation purposes could increase the competition for water resources, both in the country and in relation with neighbouring countries. Modelling in water sector for each agricultural area and river basin carried out by the World Bank

<sup>10</sup> Svitlana Starchenko, Agrometeorological Monitoring Centre of the State Hydro-meteorological Service of the Republic of Moldova, 'Agrometeorological Service of Moldova. Assessment of Droughts', presentation delivered on 24-28 of April 2017, Budapest, [http://www.met.hu/doc/rendezvenyek/WMO\\_EUMETSAT\\_2017/moldova.pdf](http://www.met.hu/doc/rendezvenyek/WMO_EUMETSAT_2017/moldova.pdf).

suggest that even in the absence of climate change, the increased demand for irrigation water would anyhow cause a water deficit in the following decades.

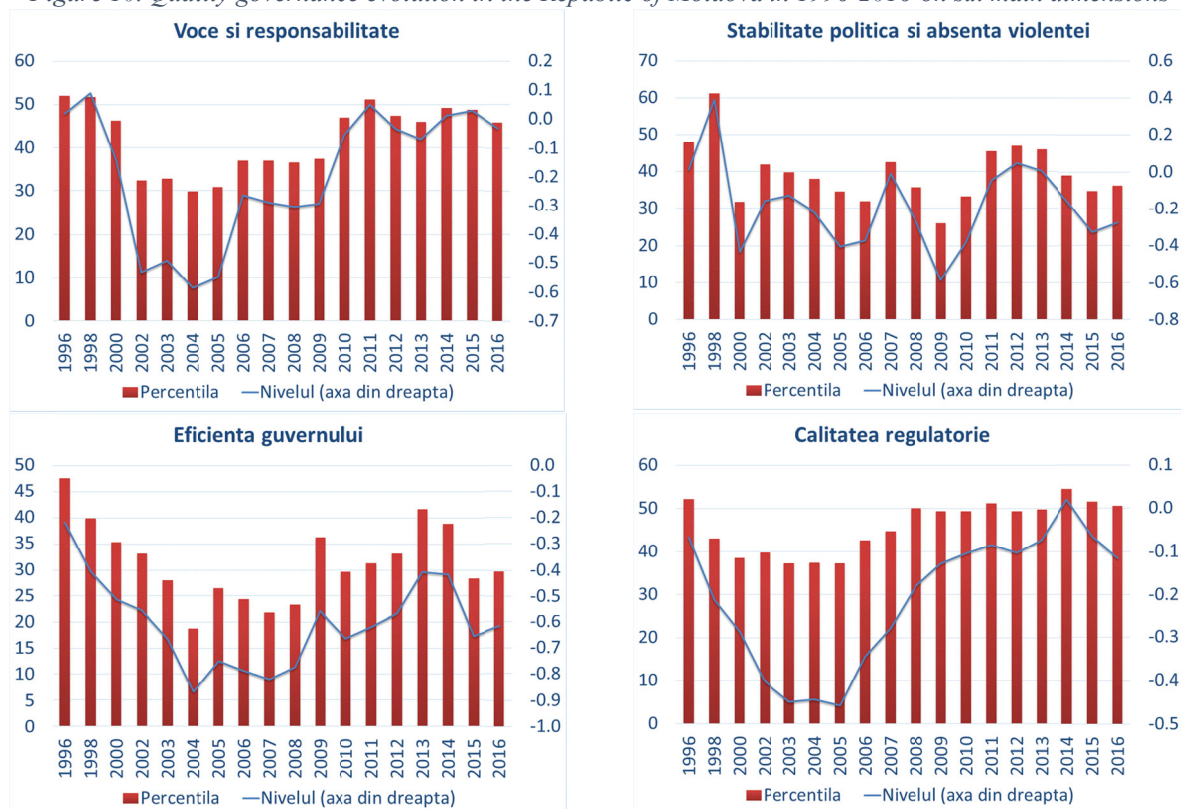
## Governance

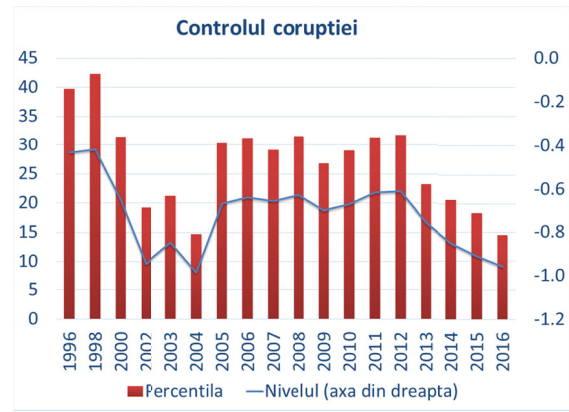
Governance quality – i.e. the capacity of the Government to provide quality and relevant public services to the society – plays a central role in the country’s development trajectory.

The concept of governance quality is complex and its measuring is difficult. The best reflection of the country’s progress is provided by the Worldwide Governance Indicators (WGIs) of the World Bank based on the aggregate of sources and possible indicators in the last twenty years. The WGIs use most robustly the aggregate of sources to estimate the quality of governance for six relevant dimensions: 1) voice and accountability; 2) political stability and absence of violence / terrorism; 3) government effectiveness; 4) regulatory quality; 5) rule of law; and 6) control of corruption.

Each of the six dimensions of governance shows the level of the Republic of Moldova and the country’s rank in the global classification (expressed in centile/percentile) (Figure 10). It sends three essential messages: 1) at present, the Republic of Moldova is ranked lower than in the first years of measurements for each six dimensions of governance; 2) in one dimension – regulatory quality – the Republic of Moldova is quite hesitant in the first half of global ranking; 3) government effectiveness, rule of law and control of corruption are dimensions where the Republic of Moldova seems to face systemic and long-lasting issues.

Figure 10. Quality governance evolution in the Republic of Moldova in 1996-2016 on six main dimensions





Sources: [www.govindicators.org](http://www.govindicators.org)

Bearing in mind these evolutions, we should not expect that the Republic of Moldova would improve essentially by 2030 the quality of governance according to the basic scenario. The projections suggest that in principle all indicators could reach the positive area of the evaluation scale, but the country's position in the global ranking will not improve significantly. Obviously, these projections are slightly hazarded by the fact that unlike the demographic, economic or climate dynamics, the evolution trajectory of quality governance may change cardinally, depending on the presence or absence of political will to implement changes.

## 2. Long-term Development Vision of the Republic of Moldova

### Strategic planning: Lessons of the Past

In the period following the independence, the Republic of Moldova faced multiple development challenges. The country faced some major risks, used successfully many opportunities, and at the same time, missed the chance to capitalize on other. The country accumulated huge experience and learnt lessons that could guide it properly in its on-going development efforts.

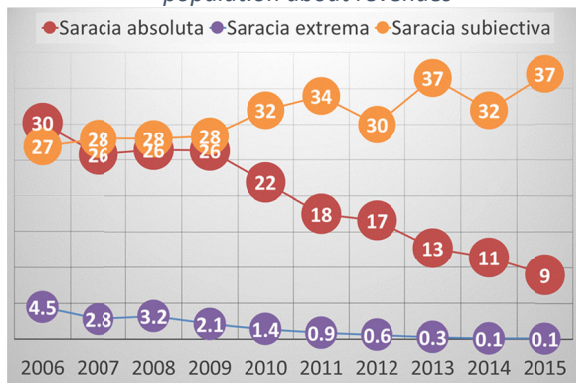
Under the aspect of development policy planning, the experience of the Republic of Moldova is ambivalent. On one hand, a vast practice has been gained through the development of many national strategic planning documents. On the other hand, as the Evaluation Report on National Development Strategy 'Moldova 2020' shows, a rigorous evaluation of these documents could lead to the most rewarding conclusions.

No strategy with a key goal to contribute to national development – Preliminary Poverty Reduction Strategy for 2000, Economic Growth and Poverty Reduction Strategy (2004-2006), National Development Strategy for 2008-2011, National Development Strategy 'Moldova 2020' – has had the expected impact – to improve people's life. In a quite moderate way, these failures could be assigned to the quality of so-called planning documents. Three defining weaknesses have been outlined in the strategic planning documents developed in the last 25 years:

- *Excessive focus on economic growth phenomenon.* This approach resulted in the substitution of the national development with the economic growth process, assuming that the effects of economic growth have to be felt by the entire society. In this context, the individual was perceived as a resource to accelerate the economic growth instead of the main beneficiary of economic growth which could be sustainable under natural resource consumption, inclusive under social and geographic aspects and equitable as an impact on future generations. Even in the strategies where the economic growth goals were complemented with poverty reduction ones, the poverty reduction phenomenon was treated in a more utilitarian way, in a strictly monetary definition, and the reduction was influenced significantly by remittances of working migrants. There is no surprise that the improvement of objectively measured poverty (poverty threshold) is in high dissonance with the population's perceptions of welfare (Figure 11), and the GDP grows on the background of more pessimistic social gap of current situation and the economic perspectives of the country. Furthermore, since no policies to translate the economic growth into formal labour force were identified, assuming that the latter would have automatically an economic growth, the labour market contribution to prosperity has decreased considerably.

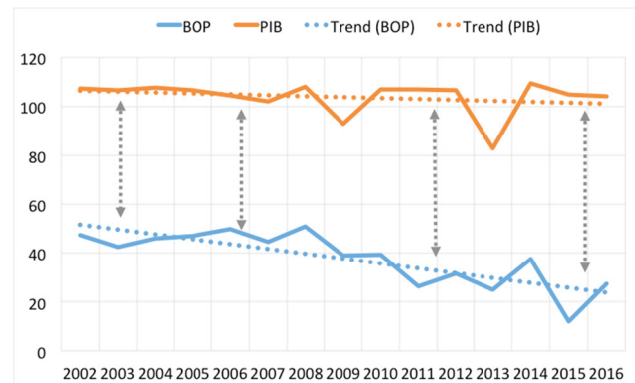


Figure 11. Correlation between poverty incidence at national threshold and subjective perceptions of the population about revenues



Sources: NBS, Barometers of Public Opinion, different editions

Figure 12. GDP evolution and balance of social perceptions regarding the economic situation



Sources: NBS, Exper-Grup estimations and Barometers of Public Opinion, different editions

- *Arbitrary setting of development priorities.* In many cases, the development priorities incorporated in the development documents were rather a reflection of formal and informal power balance, institutional influence or the need to align national policies with some financial opportunities of the moment than a result of concluding analyses and understanding of the theory of change. As a result, the priorities were formulated in a ‘dehumanized’ manner (such as, business environment development), with a strong emphasis on technical infrastructure and system development (road infrastructure and energy development) and without showing how the most disadvantaged people in the society would benefit from these developments. Without challenging the relevance in principle of these priorities, their central place is rather in the sector strategies, and not in a national strategy that describes the vision of country development.
- *Low quality of data and indicators.* Data used in development planning could not always ensure sufficient details of the analysed phenomena, including due to limited disaggregation by sex, age, region, ethnic group, etc. This cannot allow the identification of gaps and how vulnerable groups benefit from development outcomes, as well as what the policy measures to improve the situation of the poor are. Monitoring indicators do not always have a direct link to the approached issue and/or did not have a constant presence in public statistics and sociological measurements. The targets are most of the time arbitrary, without clear correlation with the planned intervention and available resources.

To a greater extent, the impact of strategic planning papers was constrained by the general quality of policy framework, institutional environment, administrative processes and bureaucratic routines of integrating strategic planning papers. In particular:

- *Development strategies did not succeed to integrate into administrative processes.* Having most of the times a limited ownership over strategic planning documents, the national authorities responsible for policy planning and monitoring perceived these documents as a condition of development partners, and hence, the reporting and monitoring of these documents as for foreign elements, which would drain their resources and time.
- *Uncertain role assigned to national development strategies in the general policy framework.* The hierarchy of national strategic planning papers was not clearly defined and maintained in accordance with sector strategies for public service, development region or district/ locality.

Most important, the connection between national and regional and local policies was very weak.

- *The generalized deficit of financial resources.* It was not always possible to secure adequate financial resources to finance development priorities, and the connection between strategic planning documents and components of national public budget were very weak. The transition to programme-based budgeting is far from being complete. The issue of weak connections between declared policies and budget was amplified by the difficulties in transparent allocation of resources for competing priorities.
- *The generalized deficit of human resources in public administration.* Connected to a certain extent to the deficit of financial resources and the absence of some incentives to promote and advance in career, the deficit of human resources has weakened the institutional memory regarding strategic planning documents, and the on-going turnover of employees caused the loss of connection between institutions and planning documents.
- *General weakness of the monitoring and evaluation framework.* Few strategic planning documents benefited from constant monitoring and effective intermediate and final evaluations. At the same time, the monitoring and evaluation framework described in policy documents is precarious and contains irrelevant indicators for strategic priorities and objectives that rather trace the performance of institutions than the changes of pursued phenomena. One of the weak links was the Parliament, which practically did not apply any oversight and supervision over the Executive, which reflected on passivity and reduced responsibility of public authorities in monitoring the policy documents.
- *Depreciation of strategic planning relevance.* Planning documents that target long-term horizons and cover few electoral cycles, lose inevitably some of their relevance once certain development realities are materialized and the governments are changed. Their revival involves updated provisions/priorities and adjustment to new risks and opportunities. Weak monitoring and evaluation framework made it impossible for the Republic of Moldova.

## **Looking Ahead: National Development Strategy Approach**

Bearing in mind the lessons learnt from the country's development trajectory in the last two decades, previous processes and national strategic planning documents and the need to ensure an objective evaluation of policy impact, for the new National Development Strategy 'Moldova 2030' a vision strongly focused on humans and their fundamental rights is suggested.

The vision of NDS is that by 2030 the Republic of Moldova should become a country where people would like to live and follow their dreams and aspirations, a country seen by parents as a good place for their children to grow.

To materialize this vision, it is necessary to achieve a tangible progress in enhancing the life quality of people, a progress verifiable both by objective statistics and subjective perceptions and exigencies of people. The fact that the Republic of Moldova should ensure an accelerated economic and technological convergence with the countries from the region is beyond dispute, and in this regard, it would inevitable compete with these in attracting investments, making use of export opportunities, attracting talented people, economic growth, etc. Also, it is clear that country's modernization – in all fields – is possible only through continuous and deepened European integration process of the country. But the strategic imperative of the country is to regain the confidence of its own people.

Hence, the key goal of the NDS ‘Moldova 2030’ is to visibly enhance the life quality of the people of the Republic of Moldova. At first sight, such visionary exposure might not sound that ambitious but actually, it is integrally aligned to the realities and challenges faced by the country. Emigration is the strongest sign that people are not content with their lives and the perspectives they have in the Republic of Moldova. This purpose should be achieved by considering the person, who is the most important treasure of the country, and this will also decrease the external migration, keeping and capitalizing the human potential in the country. In this regard, policy priorities have to create all necessary conditions to make use of the potential of every person, irrespective of the residence, gender, ethnic origin, religion or other differences. Thus, the NDS ‘Moldova 2030’ has to change the optics of public policies in the Republic of Moldova, by focusing these on people’s issues, interests and aspirations.

This homocentric vision – i.e. focused on the person and his/her needs – results from country’s alignment to the 2030 Global Development Agenda (2030 Agenda) and the EU-RM Association Agreement.

2030 Agenda aims at transforming the world, something to which the Republic of Moldova could contribute by engaging in its own internal transformation process and sustainable development, a process where no one is left behind. The entire set of objectives and sustainable development targets as well as indicators suggested for progress measurement is nothing but a comprehensive development story expressed in most human terms. The new National Development Strategy ‘Moldova 2030’ is a real instrument through which the Republic of Moldova commits to implement the Sustainable Development Goals, which obviously should be aligned to own priorities and resources. The Strategy has the overall objective to implement fundamental social and economic human rights and to ensure that all people have equal opportunities irrespective of different criteria that make people different, at the same time, taking into account the sustainable development feature reflected by the environment where the individual lives.

The European Union - Republic of Moldova Association Agreement is a comprehensive international agreement, a document with clear legal effects that outlines the relations between parties and includes a long-term roadmap with reforms that need to be implemented by the Republic of Moldova. The Agreement has the objective to create the Deep and Comprehensive Free Trade Area (DCFTA), which is actually, one of the most important parts of the Agreement. Besides the free trade, the Agreement aims at the modernization of the Republic of Moldova by aligning to the EU norms and standards in all fields, and these norms and standards, are generally in line with best international practices. Being part of this Agreement, the Republic of Moldova does not have to reinvent the wheel in complex technical fields, but can enjoy the support offered by the EU and learn from the wide experience of European countries. It is obvious that the Association Agreement does not offer miraculous solutions for quick recovery of Moldovan political and economic system. But its provisions are aligned with the policy and economic reform agenda implemented in the Republic of Moldova. This normative harmonization is more than a technical matter because it has an urgent task to institute a serious, effective and integral governance. Hence, the Association Agreement provides the Republic of Moldova with multiple benefits for human development. From the perspective of the European integration process, the NDS ‘Moldova 2030’ will ensure that the benefits of the European integration process would be used by all people, that this process would be translated into enhanced life standards including for vulnerable groups of the population and that nobody is left behind.

An important distinction of this development philosophy is focus on the person and not individual. This approach takes into account the fact that being a social being, the person has to live in

harmony with other people and that the individual rights cannot be enjoyed by violating the rights of other people. This approach implies, as well, poverty elimination in all fields relevant to this phenomenon, not just under strictly monetary aspect, because the people are not interested in money only, but also in real access to qualitative public and private services and goods. This also implies assuming an enhanced responsibility to stop and reverse the degradation of environment and consumption of natural resources bearing in mind the needs of future generations, according to 2030 Agenda. This also envisages the construction of a peaceful, solidary and high cohesion society composed of people with critical thinking and obscurantism leaders, a society where conflicts of any type and magnitude are settled through dialogue, arguments, and strict observance of the rights. For the Government as State's exponent and one of the main agents of change, this philosophy requires a mentality change, so its policies are developed in an open, transparent framework, based on partnerships, harmonious alignment of all interests in the society and not solutions imposed as a claim of undeniable truth.

### **Development: Complex and Uncertain Process**

The development of a country is based on the interaction between many factors. The Republic of Moldova is a small country under all relevant aspects – economic, demographic, geopolitical influence, which despite some commercial, financial and free trade policies, is strongly connected to external world and is highly dependent on climate, technology, etc. factors. Hence, country's development trajectory was influenced both by domestic policies and factors beyond the direct control of the Government. These factors have to be taken into account when setting the priorities and planning specific policy interventions.

For instance, the Republic of Moldova is undergoing a long-lasting demographic transition, which would mark the economic and social evolution in many decades to follow. A demographic crisis is constantly being discussed but it is clear that this crisis cannot be settled directly or quickly because it is the result of more profound negative social and economic trends, such as external migration of population, and some individual decisions related to the right time and number of children born by a woman. Moreover, it should be acknowledged that some policy interventions targeting child care system and labour force market would be inevitable. For example, with women's empowerment, the economic potential and social and political climate will improve, but the fertility rate could continue to drop in the absence of conditions that stimulate childbirth and care. Hence, the 1980's baby-boom effect would dissipate further, and thus the demographic crisis will continue.

Labour force emigration amplifies the demographic and labour pressures but exercises positive influences too. Seen in a negative context, the emigration leads to waste of human capital, weakens social capital, and increases the number of abandoned children and old people. On the other hand, seen from another angle, the emigration may be seen as welcome human mobility phenomenon followed by extreme poverty reduction in many families, formation of important personal savings, knowledge and skills that would not be possible to gain otherwise in the Republic of Moldova, a potential that should result into country development. If international emigration opportunity did not exist, most probable a strong local emigration would have taken place from overpopulated rural to urban area, where there are better living conditions and economic opportunities.

Global climate change defines new challenges, which will become even more evident in the near future. Many impacts exercised by global climate change and associated costs are not fully acknowledged. On the other hand, it is clear that the construction and maintenance costs of public and residential infrastructure would increase. The production costs in agriculture will grow as a result of the need to adapt the plants and animal species to new climate realities, increasing losses

caused by extreme weather conditions and growing financial insurance costs against these phenomena. On the other hand, the extended of the warm period of the year could provide new opportunities for extended period of vegetation of agricultural crops, to allow for the growth of new crops and to reduce the energy consumption in the cold period of the year. Even if the risk and opportunity balance caused by global climates changes is rather negative, their social incidence and geographic localization is uncertain.

A holistic and systemic approach is necessary to better understand the manner in which different factors interfere and influence the overall development. Such exercise was performed in August-September 2017 with the UN Moldova to support the strategic vision development for the NDS Moldova 2030. Starting from the development analysis through the nationalized set of Sustainable Development Goals (SDGs), this exercise produced a very detailed roadmap of causal links that are manifested between different sustainable development goals and targets (Figure 13).

The analysis that is based both on quantitative data as well as on the use of collective intelligence by consulting and involving directly more actors, emphasized the crucial role of good governance, social cohesion, quality education, access to decent jobs and water and soil resources protection to ensure an inclusive development. This exercise confirmed once again the need to define a development vision that is focused on active enforcement of social and economic rights and enhancement of individual skills and capacities of every person in part.

Building the adaptation capacity is even more relevant in the context in which, according to an analytical exercise carried out in 2017 - the foresight of the development process - the future is mostly uncertain. The Republic of Moldova is exposed to a huge number of exogenous forces and trends with opposite effects – migration, climate, technology, energy – which results are far from being clear, while the domestic resources necessary to manage these provisions are and will remain limited in the predictable future.

Both linear evolution scenarios and scenarios of disruptive adaptation to new changes, or the collapse of certain systems and new beginnings are possible. For instance, on one hand, the growth of global population will be accompanied by the growing demand for energy, water and food and inevitably, will push up the prices for these resources on domestic market. On the other hand, a number of technological developments would secure a corresponding offer of resources. For instance, nuclear fusion reactors are still under testing, but could become an endless source of cheap and clean energy by 2030. The raw material science promises better solutions for water filtering and recycling in several years. The progress related to agricultural technologies and genetics could also reduce the pressures on agro-food markets.

The ‘Theory of Change’ that can be built on these analyses is based on strengthening positive inter-connections and continuous tearing apart of negative connections. Fourteen loops have been identified at the first hierarchic level of nationalized SDGs, through which the SDGs are mutually catalyzed (Figure 14). Since the future is definitely uncertain, the theory that should lay the development foundation of the Republic of Moldova is simple in essence: strengthening the capacities of every person, of the community and society in general to adapt to disruptive changes and to make use of the opportunities offered by the future to reach a higher standard of living. Under this theory, a country that has limited resources can achieve a higher development level only by ensuring equal chances for all, including equal opportunities to use resources and services of the society and to empower positively the people from the most disadvantaged social groups.

Figure 13. Detailed map of Sustainable Development Goals in the Republic of Moldova

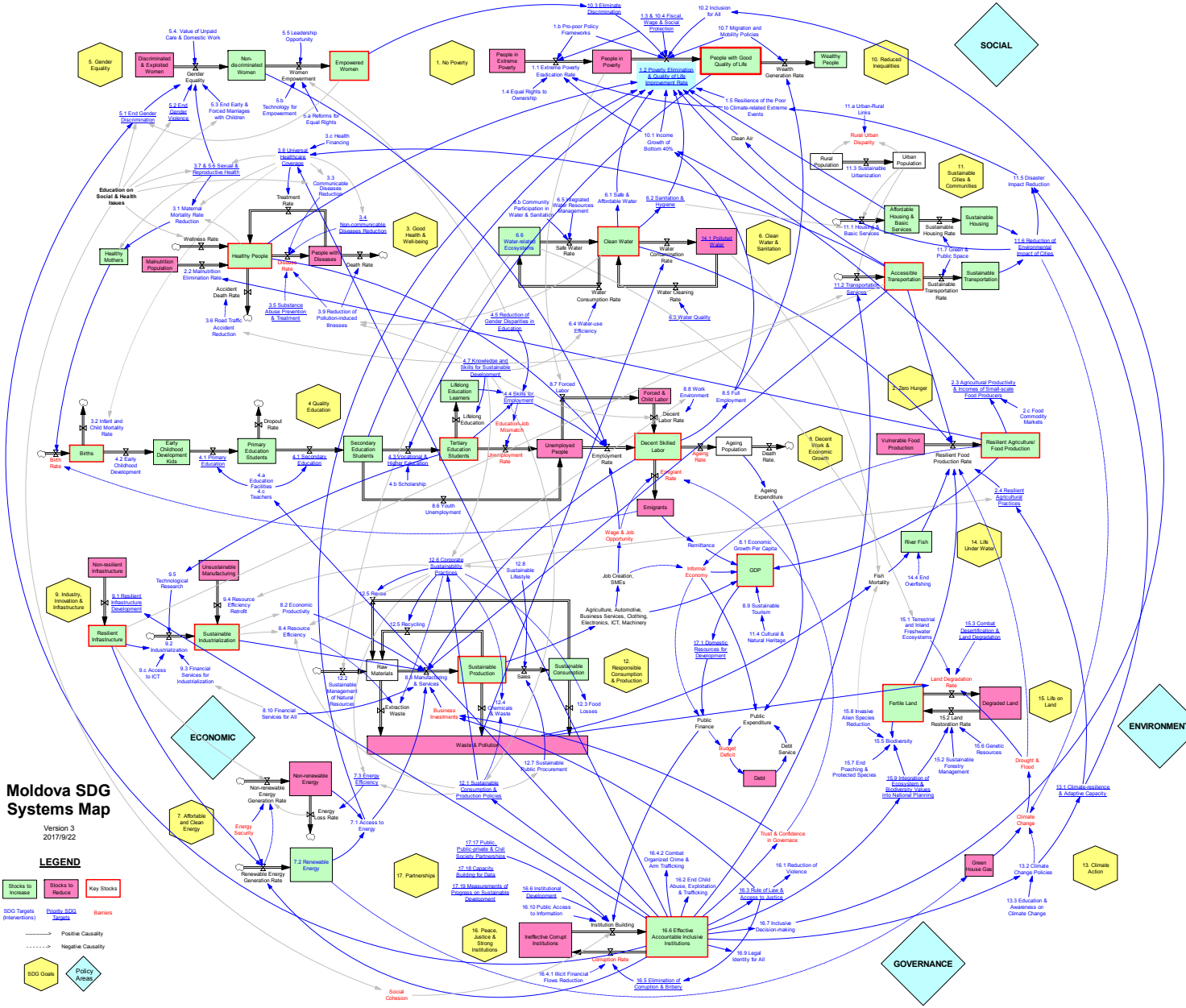
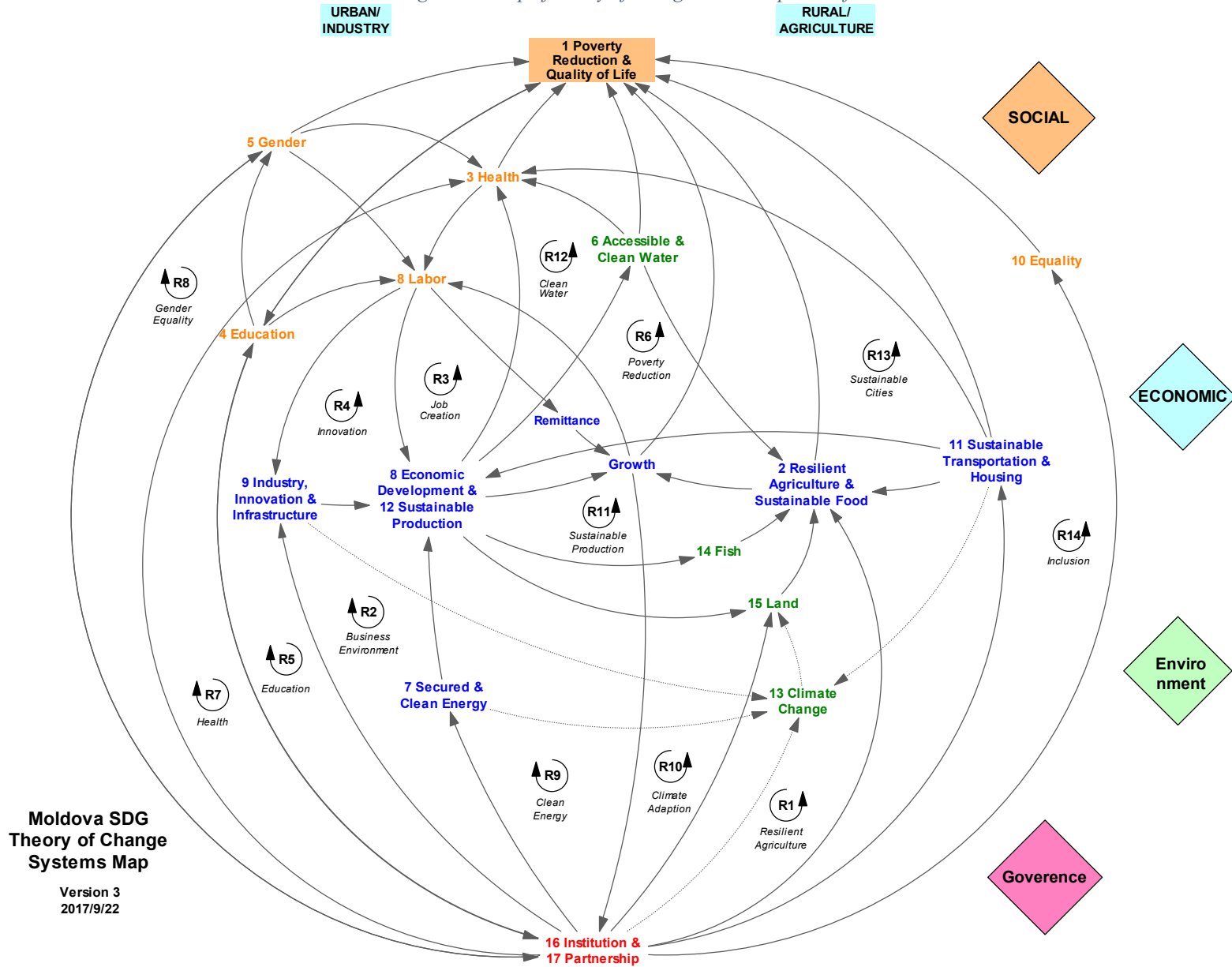


Figure 14. Map of theory of changes in the Republic of Moldova



## **Towards Sustainable Development Goals: Possible Policy Scenarios**

One basic and 3 alternative scenarios were drafted based on International Futures platform to explore their implications and to evaluate country's capacities to reach different SDG targets by 2030. The scenarios were created and tested by specialists from Frederick S. Pardee Centre for Alternative Futures under Josef Korbel School of International Studies of Denver University, in consultation with UNDP and World Bank<sup>11</sup>. The three alternative scenarios are: i) Resilience, ii) Good Governance and iii) Integrated Scenario. Each scenario assumes that interventions persist throughout 2017-2030.

### **Scenario 0: Base case scenario**

This scenario assumes the evolution of all components of the development model in accordance with the trends established in time. It does not assume structural, institutional policy interventions or public investments that would divert substantially from the typical volume of investments observed in the last two decades in the Republic of Moldova.

### **Scenario 1: Resilience**

This scenario simulates a number of improvements in human potential and individual capacity of people to cope with the shocks. In particular, it simulates the extended access to infrastructure, with a focus on water and sanitation and information and communication technologies. The focus on water and sanitation and ICT was made because both areas were identified as priority and requiring continuous consolidation in the context of the Republic of Moldova. Under this scenario, the access to water will reach 100% and access to sanitation – 90% by 2030. Let's note that in the base case scenario over 90% of people will have access to water and over 80% - to improved sanitation. The share of population with access to broadband Internet will grow from 15% in 2015 to 44% in 2030 (compared to 35% under the base case scenario).

The scenario shapes the decrease of non-communicable diseases prevalence by mitigating some determining factors (prevalence of smoking) and by improving key results (such as Body Mass Index). In specific terms, the scenario simulates the decrease of mortality rate caused by cardiovascular diseases by 13% compared to the base case scenario. The smoking prevalence in men in 2030 is 21%, compared to 25% under the base case scenario. The average body mass index in 2030 is 25.9% compared to 26.4% under the base case scenario.

Finally, the scenario simulates major improvements in education by essentially increasing the enrolment rate in education. The enrolment rate in primary and secondary education is 100%, enrolment rate in high school is 95%, and high school graduation rate – 90%.

### **Scenario 2: Good governance**

The good governance scenario simulates the impact of policies that enhance the transparency and government effectiveness, reduce corruption, promote economic freedom and strengthens social inclusion with an emphasis on women's empowerment. The scenario does not recommend best policies but explores the long-term impact of improved governance quality on human development.

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<sup>11</sup> Scott, Andrew C., David K. Bohl, Steve Hedden, Jonathan D. Moyer, Barry B. Hughes. 2017. 'Sustainable Development Goals Report: Moldova 2030.' Invited Research Paper for UNDP. The Frederick S. Pardee Centre for International Futures, University of Denver, Denver, CO.



This scenario suggests a substantial improvement of governance effectiveness, comparable with improvements achieved by Georgia at the beginning of the 2000s until the beginning of 2010, which exceeded the current efficiency level of Estonia. Furthermore, the scenario suggests improvement of transparency, which means that Moldova will reach the current level of Poland or Czech Republic by 2030. Gender empowerment (shaped based on the UNDP Gender Empowerment Index) in Moldova will increase from 0.56 today to 0.70 in 2030, catching up with Estonia, a country that of all post-soviet states has the highest gender equality level. Finally, the scenario suggests that the economic freedom of Moldova would increase from 6.6 to 8.2, exceeding Georgia at present, a country that achieved the highest economic freedom among post-soviet group. The projections of economic freedom are based on the index calculated by Fraser Institute and include such dimensions as size of government, efficiency of laws, ownership rights, access to credit, free trade, as well as loan-, labour-, and business-related regulations.

*Table 2 Impact of policy scenario on some SDGs targets and additional indicators for 2030*

Description	Recent observation	Base case scenario	Resistance	Good governance	Integrated scenario
<b>SDG 1. End poverty in all its forms everywhere</b>					
Share of population living with less than 3.10 USD (2011 PPP) / day	1.14	0.36	0.31	0.27	0.23
Share of population living with less than 4.13 USD (2011 PPP) / day	4.60	1.72	1.54	1.34	1.18
Share of population living with less than 5.73 USD (2011 PPP) / day	15.60	7.25	6.69	5.90	5.37
<b>SDG 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b>					
Per cent of population suffering from hunger	1.50	1.35	1.33	1.31	1.29
Per cent of children under 5 years who suffer from malnutrition (weight / height <-2 average squared deviations)	2.20	2.23	1.81	2.21	1.79
Per cent of children under 5 years who suffer from severe malnutrition (weight / height <-3 average squared deviations)	0.50	0.54	0.53	0.37	0.36
<b>SDG 3. Ensure healthy lives and promote well-being for all at all ages</b>					
Infant mortality rate, cases /1000 alive new-borns	13.5	10.80	10.46	10.51	10.16
Mortality rate caused by cardiovascular diseases, ‰	6.7	8.2	7.1	8.2	7.1
Prevalence of smoking, ‰	24.3	24.9	20.7	25.0	20.8
<b>SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>					
Net enrolment rate in primary education	91.0	99.9	100.0	100.0	100.0
Gross enrolment rate in primary education	92.4	100.6	100.6	100.6	100.6
Gross graduation rate of primary education	99.8	105.9	106.0	106.0	106.1
Gross enrolment rate in gymnasium education	86.8	96.9	98.5	97.4	98.9
Gross graduation rate of gymnasium education	86.6	94.1	96.0	95.2	97.1
Gross enrolment rate in secondary education	84.6	84.7	95.0	85.5	95.5
Gross graduation rate of secondary education	41.4	56.0	90.0	57.4	91.9
Share of students in vocational secondary education in total secondary education	43.5	43.7	58.7	43.7	58.7
<b>SDG 6. Ensure availability and sustainable management of water and sanitation for all</b>					
Per cent of people with access to water from safe sources	88.4	91.8	99.0	91.8	99.0
Per cent of people with access to improved sanitation services	76.4	81.4	89.0	81.6	89.1
<b>SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>					
Annual GDP growth rate	0.1	3.6	4.0	5.0	5.5
<b>SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b>					
People with access to broad band internet, ‰	15.2	34.8	44.0	35.0	44.2
Additional indicators					

Household consumption, USD billion	7.2	9.6	9.9	10.4	10.7
Adult education, years	10.1	10.3	10.7	10.4	10.8
Total GDP, USD billion	8.0	12.9	13.3	14.1	14.5
GDP per capita (for PPP), USD thousand	4.7	7.0	7.1	7.4	7.5
Revenues of national public budget, USD billion	3.1	6.0	6.1	6.4	6.7
Human Development Index	0.7	0.7	0.8	0.7	0.8
Life expectancy at birth, years	71.5	73.3	74.4	73.4	74.5
Population 65+, % of total population	9.9	17.8	18.2	17.8	18.2

Sources: MAPS Mission

### Scenario 3: Integrated scenario

The integrated scenario explores the combined effects of first two scenarios and seeks to identify whether their combination causes synergy effect or not.

### Summary and Discussion of 2030 Policy Scenario Results

Table 2 shows the progress of the Republic of Moldova in achieving certain SDG targets by 2030, in accordance with the base case scenario and three alternative scenarios (limited models and data did not allow us to shape the progress for all SDG targets).

All policy decisions assume compromises in allocation of resources and capacities. In a world of limited resources, the investments in infrastructure, for instance, imply the refusal to invest in health and education sectors. The International Futures platform permits the exploration and comparison of these policy compromises.

If we analyse the projected indicators, we can establish that the integrated scenario generates the strongest impact, suggesting that an integrated set of policies has stronger effects than the sum of sector interventions. It leads to the biggest reduction of poverty; its incidence measured at the threshold of USD 5.73 /day would decrease from 15.6% in 2015 to 5.4% in 2030. The highest increase of the GDP per capita is associated with this scenario. By 2030, the GDP is 12.4% higher under the integrated scenario than under the base case scenario and 3.4% higher than in the good governance scenario.

The resilience scenario produces the best improvements in health and education. By 2030, the infant mortality rate would drop to 10.5 promilles compared to 10.8 promilles under the base case scenario. As a result of targeted interventions on key factors and non-communicable diseases, the mortality rate associated to cardiovascular diseases will decrease from 8.2 promilles under the base case scenario in 2030 to 7.1 promilles, resulting in saving 28 thousand lives between 2015 and 2030. Under the same scenario, the prevalence of smoking decreases from 25% to 21% under the base case scenario in 2030.

The benefits of this scenario have implications on demographic structure in 2030. Due to reduced mortality, the life expectancy grows from 73.3 years in 2030 under the base case scenario to 74.4 under the resilience scenario. It leads to an increase of the group of elderly population (680 thousand) compared to base case scenario (660 thousand) by 2030, which translates into increased public resources that have to be provided to ensure decent pensions. From another perspective, decreased mortality is a result of improved health, hence, a healthier population will be more economically active.

Good governance scenario, compared to the resilience scenario, provides more substantial revenues, economically. The reason is that corruption and governance matters strangle the economy and impede the consolidation of a sustainable and inclusive economic

system. Secondly, the improvement of governance quality has much more immediate effects on revenues. If investments in infrastructure, health and education need time to prove impact, than the decrease of corruption, enhanced transparency of the decision-making process and improvements in the rule of law have immediate results.

These summary but robust scenarios have the purpose to show that the government needs to make compromises among competing objectives when deciding on the development strategy of the country. Obviously, the scenarios have own imposed limits in shaping and available data. Because of these, for instance, no scenario on emigration and remittances was developed. However, there are efficient policies that may channel the remittances towards productive application, but these will not be able to compensate for natural decrease of emigration and related remittances. Also, it is important to show that the decrease of fertility rates and emigration will result in an accelerated ageing of population. Current demographic dividend (if present at all) will disappear along with the shrinking labour force by about 170 thousand people in 2015-2030. The Republic of Moldova already shows employment rates closer to minimal global rates. Hence, the incentive policies for productive employment will have a special importance for economic growth and revenues.

### 3. Sustainable Development Goals of the Republic of Moldova

#### Quality of Life and Human Rights: Implementation of Development Philosophy

The quality of life is a multi-dimensional concept. The vision and key strategic goal of the NDS ‘Moldova 2030’ is focused on quality of life, and hence, gives a clear definition of its dimensions, identifies key determining factors and agents of change, and assigns a set of statistical indicators to measure recent trends, current situation, development perspectives and pertinent targets for strategic interventions.

Since this is a long-term vision document, which shows the anticipated impact of policy interventions on people, the SND ‘Moldova 2030’ uses the standard concept applied by the EU member states to measure the quality of people’s life<sup>12</sup>. According to it, a higher quality of life can be achieved through sustainable and wide social progresses in ten dimensions:

1. Revenues;
2. Living conditions;
3. Labour conditions;
4. Level of Education;
5. Health;
6. Social environment;
7. Time management;
8. Public safety and security;
9. Governance quality;
10. Environment quality

These dimensions ‘cover’ satisfactorily the fundamental aspects of human life. These are relevant for women and men, rural and urban areas, capital city and outskirts, different ethnic groups, even when the results are clearly unequal. At the same time, age is the key criterion that may impose most significant variations in the importance attributed by people when assessing the quality of life. In the case of children, the education and reasonable balance of time spent playing and studying are dimensions with higher shares in the quality of life than for the rest of the population. People of working age pay greater importance to income, living conditions and governance quality. The older people pay more attention to health and social environment. Public safety and quality of the environment are equally important to everyone.

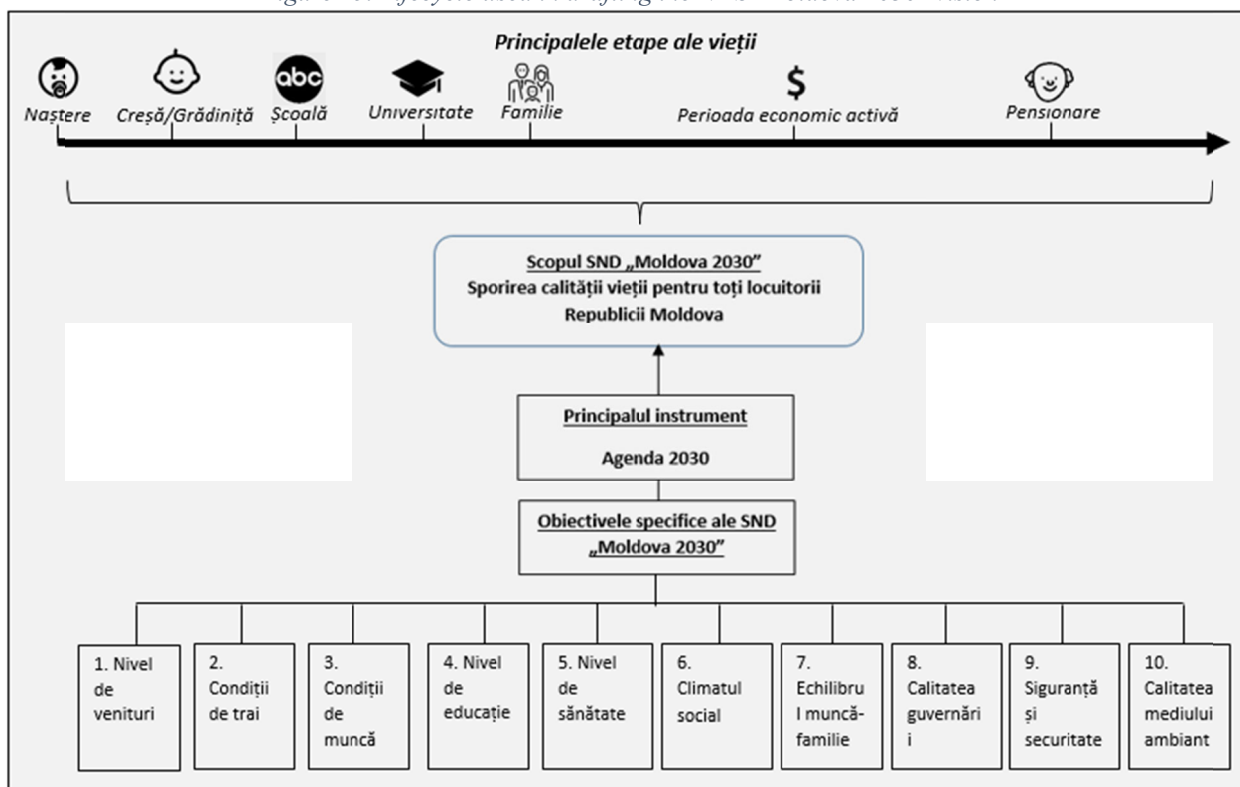
Based on these, the principle of human lifecycle is adopted as fundamental analytical framework to identify policy priorities for the NDS ‘Moldova 2030’ (Figure 15). It envisages the identification and beneficial influence of essential factors that define the quality of life at all phases, from birth to death, good understanding of inter-generation relationships, socio-economic needs specific to every age group and their implications for long-term development.

It should be mentioned that focus on people and quality of their life does not neglect the business environment that ensures economic growth, as it seems, but rather directs the long-term interventions taking into account the existing human capital and its needs and opportunities for development. The enhanced quality of people’s life should be the desired effect when developing reforms and policies in any social or economic sector.

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<sup>12</sup> <http://ec.europa.eu/eurostat/documents/3217494/6856423/KS-05-14-073-EN-N/742aee45-4085-4dac-9e2e-9ed7e9501f23>

Figure 15. Lifecycle used in drafting the NDS 'Moldova 2030' vision



## 1. Increase revenues from sustainable sources and reduce economic inequalities

### Current situation

Despite decreased poverty rate in the past years, the income in the Republic of Moldova is still the lowest compared to Central and Eastern Europe states. The 2010-2016 average of adjusted net national income per capita<sup>13</sup> accounted for USD 2,050, which is only 75% of the level recorded in Ukraine and only 29% of the level recorded in Romania. Hence, the salary accounted for only one fifth of the average salary in the CEE countries in 2016, as well as labour productivity<sup>14</sup>. As a result, the Republic of Moldova accumulates a deficit of the lifecycle – most of their life, people consume more than earn<sup>15</sup>. As a result, tens of billions of MDL are accumulated annually as generation deficits<sup>16</sup>. These put pressure on public finance system, because a good part of deficit is covered by public payments. Finally, the life cycle deficit puts a higher pressure on the economic system because the gross added value generators in economy are less compared to their consumers.

Besides low revenues, their sustainability is another issue. The rate of social contributions in total available revenues<sup>17</sup> (from 18% in 2011 to 23% in 2017) and of remittances (from 15% in 2011 to 17% in 2017) has increased lately, which cannot serve as sustainable sources of income by definition: the remittances tend to shrink in time due to family integration of migrants in the countries of destination, while the economic deficiencies in the Russian Federation that is the main source of remittances increase, and social contributions have the objective to decrease the poverty risk and not to increase the revenues; in the context of budgetary restraints and demographic ageing, these will rather serve as a source of risks and social vulnerabilities. At the same time, the income from individual economic agricultural and non-agricultural activities is lower compared to other countries. Its share decreased from 17% in 2011 to 13% in 2017.

### Vulnerable groups

- *Children, elderly and adults with disabilities.* In 2015, the poverty rate for children was 11.5%, while that for general population – 9.6%. Including, 0.2% of children are exposed to extreme poverty. The poverty rate for children in rural areas is 9 times higher than the poverty rate for children in urban areas<sup>18</sup>. The adults have a 10.1% poverty rate compared to general population (9.6%). The households with one adult with disabilities have a more pronounced poverty rate. About 51% of Roma households are under national absolute poverty line. Non-Roma households living in the neighbourhood have a share of 24% for the same indicator<sup>19</sup>.
- *Population with low income.* In particular, the most vulnerable category of population falls in the first 2 quintiles by revenues, which monthly average available income is lower than the minimum subsistence level: 63% of average minimum subsistence for first quintile and

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<sup>13</sup> Adjusted net national income is calculated by the World Bank and equals gross national income minus consumption of fixed capital and natural resources depletion.

<sup>14</sup> It is important to note that these estimations include the informal income because is based on the interviews of persons by the NBS within the Household Budget Survey.

<sup>15</sup> Demography matters: How population dynamics impacts the economy of the Republic of Moldova? UNFPA and Expert-Grup, 2017.

<sup>16</sup> MDL 36.4 billion according to most recent figures for 2014.

<sup>17</sup> According to selective study of Household Budget Survey of the NBS.

<sup>18</sup> National Bureau of Statistics. Children of Moldova, NBS, UNICEF, 2017.

<sup>19</sup> According to data provided by the Office of the United Nations High Commissioner for Human Rights in Moldova

86% - for the second quintile. About 40% of the population lives under the average minimum subsistence level<sup>20</sup>.

- *People from rural areas.* 14.5% of rural population lives under the poverty line, compared to 3.1% in urban areas, according to 2015 data. At the same time, in 2016 the average monthly available income per person in rural area is only 73% of urban area income. The risks are fuelled by the exposure of rural population to agriculture (58% of employed population in 2016), where monthly gross salary is the lowest per economy (66% of average gross salary in 2016)<sup>21</sup>.
- *Families with children.* The families with children, single parents with children and other households with children register, on average, lower revenues. In 2016, the monthly average available income for these 3 categories of population was only 101%, 92% and 93%, respectively, of the national average minimum subsistence<sup>22</sup>. The situation is more dramatic for the same category of population in rural areas. It is necessary to mention the fact that higher exposure of families with children to poverty risks undermines the allocation of resources for food, education and health for future generations, a fact that could result in a greater erosion of human capital, country's competitiveness and quality of life.
- *Women who earn less than men.* The monthly average salary of women accounted for 86% of men's salaries in 2016. The highest difference is observed in 'finance and insurance' (59%) and 'informatics and communications' (67%), especially under 'editing' (52%), information technology services (53%) and film, video and TV production; audio and music editing (55%).
- Even if country analyses on poverty and social exclusion do not include data on certain vulnerable groups, a number of other studies show the increased risk to fall in poverty, especially for Roma population, victims of human trafficking, returned migrants, groups of immigrants and persons with HIV/AIDS and TB<sup>23</sup>.

### Causal factors

Low level of revenues and high risk of poverty are caused by limited economic opportunities that impede the people, especially those from vulnerable groups, to achieve their professional growth, both as employees and employers. Hence, on one hand, the Republic of Moldova has the lowest employment rate in the Central and Eastern Europe (41% in 2016), and on the other hand, the arrears in the business environment undermine the investment activity: the capital formed from non-budgetary sources reduced by 6.6% in 2010-2016; access to finance is one of the main constraints for businessmen (according to Global Competitiveness Report 2017-2018), and the average net inflows of foreign direct investment reported to the number of population are lower compared to CEE states (only USD 74). A weak economy limits the economic opportunities of people, which results in higher pressure on social insurance system and determines the external migration of population.

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<sup>20</sup> According to selective study of Household Budget Survey of the NBS.

<sup>21</sup> According NBS data.

<sup>22</sup> According to selective study of Household Budget Survey of the NBS.

<sup>23</sup> UN Moldova (2016). Republic of Moldova Common Country Assessment

### Strategic vision

The strategic priority of the country is to increase the revenues and reduce the poverty and its risks. Also, it is important to ensure economic inclusion through equal distribution of income and decrease of economic inequalities for a harmonious development of the entire society. The main mechanism is to increase local and external competitiveness of the country. In this regard, the following strategic targets have to be achieved by 2030:

- Reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions (SDG 1.2).
- Taking into account the dependency of population by agricultural sector, as well as huge unexploited potential of this sector, double the agricultural productivity and incomes of small-scale food producers through secure and equal access to production factors, knowledge, financial services and markets (SDG 2.3).
- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services (SDG 8.3).
- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation (SDG 8.2).

### Specific goals

The population would increase its revenues by streamlining savings from sustainable sources: salary and economic activity to reduce as much as possible the pressure on social insurance system. In this regard, public policies will encourage people, especially vulnerable groups, to achieve their career aspirations both as employees and employers, which will result in a strong, inclusive and prosperous economy.

### Priority actions

In order to achieve their aspirations as employees, the following priority actions are envisaged:

- Ensure career orientation of students at the secondary level to allow them to make informed decisions on further education and carrier, and the employment meets career aspirations and qualifications. The focus should be made on population in rural areas, Roma young people and persons with disabilities, who are most vulnerable groups of population from the perspective of achieving career aspirations.
- Develop anchor educational offer mechanism for the needs of private sector, including through sector committees, dual education mechanism and partnerships between companies and educational institutions.
- Provide parents with opportunities to return quickly to the labour market after giving birth to a new child by developing pre-school child care systems and reforming child care leave.
- Support young people in their professional affirmation by promoting employment, professional counselling, and encourage career advancement.



- Eradicate informal employment by increasing the level of information, penalties and institutional capacities to identify, penalize and fight respective practices (according to Overall Goal 3).
- Ensure efficient social protection of migrants including by transferring benefits and recognise the knowledge and skills acquired through informal education, by promoting circular migration and exploiting its outcomes in sustainable development of the country.
- Efficient reintegration of returned migrants and exploiting the Diaspora potential in terms of skills and qualifications.

In order to achieve their aspirations as employers, the following priority actions are envisaged:

- Eradicate systemic corruption, which is currently the main obstacle in entrepreneurship development. On one hand, it is necessary to strengthen the fight against corruption by ensuring the independence of relevant law-enforcement institutions and strengthening the institutional framework in this regard, and on the other hand, to prevent corruption cases by increasing the transparency level of public institutions, implement information technologies at large scale to improve the processes and reduce the discretion of public servants regarding the representatives of private environment.
- Ensure an environment where the entrepreneurial and social initiative are encouraged by the state, especially the initiatives of most vulnerable groups, who have little access to economic opportunities: young people, rural population, and persons with disabilities, women and families with migrants. It implies reduced number and simplified procedure of permissive documents, simplified tax and customs management, optimized state inspections and increased efficiency through a better focusing on risk factors, as well as other measures directed to business start-up and development.
- Enhance and streamline legal protection of private investments.
- Empower young businessmen through technical counselling programmes and financial support, including by creating a mechanism that provides access to public procurement market to young innovating companies.
- Stimulate entrepreneurial activity in accordance with sustainable development goals, especially those related to environment, so the economic activity evolves in harmony with the environment, produces green economic growth and stops the depletion of natural resources.
- Streamline the access to finance, especially of small and medium-sized enterprises, including of social enterprises by consolidating the capacities of businessmen to develop reliable business plans, ensure integrity and resilience of financial system, develop capital market and variety, accessibility and quality of financial instruments.
- Develop policies, innovative programmes and services that facilitate remittances channelling in investment by developing financial instruments for savings and programmes that encourage the investment of remittances in productive sectors of economy.
- Enhance the efficiency of economic processes by strengthening the capacities of companies to innovate and implement innovations including through the formation of clusters, hubs,

and industrial parks and stimulate private investments in research and development sector, as well as partnerships between companies and educational institutions in this field.

- Exploit the potential of investments and innovations (qualifications, skills, networking, know-how) of immigrants by simplifying the immigration procedure and investment in national economy.
- Promote loyal competition by eliminating discriminating and anti-competition practices.

### Expected impact

Economic ability of people as employers and employees is the main condition in developing a strong, inclusive and prosperous economy. Hence, necessary conditions provided in this regard will develop private sector, generate decent jobs, increase productivity and salaries, enhance know-how transfers and innovations and will allow the economy to be flexible – crucial elements in the conditions of a dynamic and uncertain economic environment. These processes will increase the revenues of the population from sustainable sources: salaries and entrepreneurial activity.

Overall, the level of income is one of the fundamental elements that defines the quality of life. A higher level of income will allow people to consume more goods and services and will generate more taxes, which in turn will be used to finance public services and investments. At the same time, higher income will increase individual savings, which will reduce negative shocks, will contribute to funding investments and maintain consumption after the termination of economic active.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- increase income and reduce poverty and associated risks;						
- ensure economic inclusion through equal distribution of revenues and decrease economic inequalities for a harmonious development of the entire society;						
- increase internal and external competitiveness of the country.						
1	Annual average growth rate of GDP (comparable prices), %	NBS	4,5 (2017)	5,0	6,5	7,0
2	GINI Index, %	World Bank	26,3 (2016)	25,0	23,0	21,0
3	Balance of payments, share of GDP, %	IMF	-4,0 (2017)	-3,5	-3,0	-2,0
4	Annual growth rate of GDP per one employed person (comparable prices), %	NBS	4,3 (2015)	5,5	7,0	8,0
<b>Priority actions to achieve people's aspirations as employees</b>						
5	Employment rate, %	NBS	40,5 (2017)	45,0	50,0	60,0
6	Employed population aged 15-34 years, share of total employed population, %	NBS	31,6 (2017)	33,0	37,0	40,0
7	Employed persons, whose profession meets their qualifications, share of total employed persons, %	NBS	49,7 (2016)	55,0	60,0	70,0
8	Gross savings at national level, share of GDP, %	IMF	18,1 (2016)	21,0	24,0	28,0
9	Volume of remittances (in USD),	BNM	22% (2017)	20,0	18,0	15,0

	share in GDP, %					
<b>Priority actions to achieve people's aspirations as employers</b>						
10	Perception of corruption as major obstacle in business activity, score calculated by the Global Competitiveness Report	Global Economic Forum	20,7 (2017)	15,0	10,0	7,5
11	Total investment, share of GDP, %	IMF	22,1 (2016)	25,0	28,0	30,0
12	Export volume of goods and services, average increase, %	BNM	16,6 (2017)	8,0	8,0	8,0
13	Index of economic freedom, total score, rank from 0 (worse case) to 100 (very good)	Heritage Foundation	58,4 (2018)	65,0	70,0	80,0
14	Index of corporate innovation, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	3,4 (2017-2018)	4,0	4,5	5,0
15	Company's investment in research and development, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	2,4 (2017-2018)	3,0	3,5	4,0
16	Investor protection index, rank from 0 (worse case) to 10 (very good)	World Bank	6,3 (2016)	7,0	8,0	9,0
17	Quality of internal competitiveness, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	4,2 (2017-2018)	4,5	5,0	5,5
18	Revenues from sales, share of SMEs, %	NBS	41,5 (2016)	45,0	50,0	55,0
19	Financial resources directed to private sector, share of GDP, %	World Bank	30,6 (2016)	35	40	50

## 2. Increase people's access to physical infrastructure, public utilities and housing

### Current situation

Recent poverty alleviation has not resulted in considerable improvements in people's access to physical infrastructure, public utilities and housing – minimum indicators that define living conditions. The share of population with access to basic services (safe water sources, sewage system, and modern heating systems) is still low, compared to Central and Eastern European states. According to Household Budget Survey (HBS) of the NBS in 2016, the access to public water supply is enjoyed by 89.7% of urban population and by only 45.1% of rural population. About 78% of urban population has access to hot water (public or private system) and 29.8% of rural population has access to hot water (private system). About 71% of urban population has access to modern heating sources (central or private heating system), and 94% of rural population use stoves, fireplaces, and other types of heating installations for heating purposes. Gas is delivered to 84.7% of urban households, and only 38.1% of rural households have access to gas. About 78% of urban households have an indoor WC, and only 14% in rural area. Few households have access to public sewage systems (73.2% urban and 2.3% rural), and less to own sewage system – 17.3% households in urban area and 41.9% in rural area. 82.7% of urban households and only 32.6% of rural area have access to bathtub or shower.

Poor infrastructure is key obstacle to development of private sector. Hence, according to Global Competitiveness Report 2017-2018, Republic of Moldova ranked 88 out of 137 states considered at this chapter; the most difficult situation was recorded in transport infrastructure (rank 111). Hence, main problems are due to poor road (rank 128) and port infrastructure (rank 126). It affects trade intensity both internally and externally. Hence, the Republic of Moldova registers lowest score in Central and Eastern Europe according to Logistics Performance Index (2.6 out of maximum 5 points in 2016, while the average of CEE states is 3.0 points). These constraints affect the competitiveness level of the country, which is a major obstacle for a country that depends mostly on external trade to ensure sustainable economic development.

Even if the Republic of Moldova has registered considerable progress at the chapter of information technology and communications development, the access of rural population to internet is low. At the end of 2016, 46.5% households had Broadband Internet access, of which 61.4% from urban area and 38.6% - from rural area<sup>24</sup>.

### Vulnerable groups

- *Rural population has lower access to utilities.* Residents of villages have a higher dependency rate on 'dirty' energy sources, such as wood and coal. Excessive use of wood that produces greenhouse gases CO<sup>2</sup> affects the health and has a negative impact on environment. Data suggest that rural localities have limited access to energy sources, more accessible in cities (thermal energy). The households with elderly have the lowest access to water pipe; 57% of households with old people have access to water pipe. This share for general population is 64%. Households with one adult with disabilities have worse living

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<sup>24</sup> Evolution of electronic communications market in 2016, National Regulatory Agency for Electronic Communications and Information Technology.

conditions compared to general population, the share of households without indoor water pipe is higher in households with a family member with disabilities<sup>25</sup>.

- *Households run by women* have more difficulties paying the utility bill compared to general population. Their share accounted to 29.2% in 2016, compared to 26.1% of general population. Households with one adult with disabilities cannot afford sufficient heating during the cold season. Also, these households have difficulties to pay for utilities. About 42% of Roma households face difficulties in paying for utilities<sup>26</sup>.
- *Households formed from one person and pensioners* are the categories most exposed to the energy poverty risks. These social groups spend between 20-25% for maintenance, of which 50% is paid for energy consumption. Couples without children and one-parent families in cities, are also considered to be among the most disadvantaged categories. All these groups are forced to choose energy poverty or limited energy consumption, which can worsen the living conditions. Due to these reasons and from financial point of view, the Broadband Internet services are unavailable to the abovementioned categories<sup>27</sup>.
- *Number of Roma households* living in ruined houses or poor neighbourhoods is 3 times higher than in the case of non-Roma households. About 15% of Roma households live in houses of weak or very weak quality. Roma persons from rural area live in poor conditions compared to Rome persons in urban areas, however, this is similar for non-Roma population<sup>28</sup>.

### Causal factors

Limited access of people to physical infrastructure, public utilities and housing is explained by the shortcomings in allocating private and public resources for these purposes.

As for *private resources allocation*, the key issues are their insufficiency (low level of income especially in vulnerable groups) and lack of motivation of people/companies to invest in these fields because these represent public goods and services (the investment benefits are consumed by people who have not contributed to investment).

There are insufficient and inefficient *public resources*. The insufficiency is determined by budgetary constraints: 69% of national public budget expenditures were directed to social sectors (social insurance that represents the biggest category of expenditures, education, health, culture, sport, youth, cults and leisure) and only 13% to housing management and public utilities, environment protection and services in economy in 2017. The respective problem is aggravated by the relatively low level of decentralization of public funds at local level, which limits the capacity of local public authorities that are closer to people to meet efficiently their needs (local budget expenditures for housing and utilities, environment protection, and services in economy accounted to only 29% in 2017, even if most needs for physical infrastructure, public utilities and housing are observed at local level). This affects directly the efficiency of public resources due to long distances between decision-making factors responsible for budget allocation (central level) and need for respective allocation (local level). General inefficiency of public resources allocation is confirmed by numerous violations determined periodically by the Court of

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<sup>25</sup> According to information provided by the UN Office for Human Rights in Moldova.

<sup>26</sup> According to information provided by the UN Office for Human Rights in Moldova

<sup>27</sup> National Survey 'Perception, assimilation and support by the population of e-Government Transformation of the Republic of Moldova', 2016

<sup>28</sup> According to information provided by the UN Office for Human Rights in Moldova

Accounts. According to the 2016 Annual Report of the Court, errors and deviations accounted for about MDL 20.8 billion with regard to budget planning, income administration and budget expenditures, public procurement, failure to register the assets, book-keeping and financial reporting.

### Strategic vision

The pursued strategic goal is to enhance the access of people to safe water sources, energy, sewage system, road infrastructure and information technology infrastructure.

Material conditions and social inclusion are determining factors for a better life. It dictates the capacity of persons to transform the resources in better living conditions and allow the estimation of possibilities of a person for a better life. Access to safe water sources, energy, sewage system, and road infrastructure marks directly the quality of life. In this regard:

- By 2023, ensure universal access to proper and equitable sanitary conditions for 65% of population and communities, and by 2030, paying special attention to the needs of women and girls and those in vulnerable situations (SDG 6.2).
- Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all (SDG 9.1).
- Taking into account poor transport infrastructure, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport (SDG 11.2).

### Specific goals

In order to achieve strategic vision, it is necessary to develop conditions that would allow, on one hand, to enhance the efficiency and quality of allocated public resources to finance the investments in public infrastructure, and on the other hand, increase the allocation of private resources in this regard. Taking into account that the infrastructure is most often a public commodity, the State has to increase, first of all, the efficiency and further quality and quantity of public investment in the respective area, and then, private investment would follow.

### Priority actions

The following policy priorities are envisaged to increase and streamline the allocation of *public resources*:

- Streamline tax administration and fight against informal economy and tax evasion (Overall objective 3), which in parallel with income increase envisaged in overall objective1, will extend tax basis and will ensure increased budgetary revenues.
- Streamline local increase of tax basis and local budgetary allocation through complex administrative and financial decentralization.
- Streamline social protection system (Overall objective 7) and expenses for social sectors to increase allocations to develop infrastructure, public utilities and living conditions with a focus on people from vulnerable categories.
- Decentralization of budgetary resource planning and allocation for the infrastructure and base the respective allocation on the needs of people.

- Develop mechanisms to facilitate access of local public authorities to budgetary sources to co-finance budgetary support programmes by the development partners.
- Anchor infrastructure investment in space planning documents at local and national level.
- Hold decision-making factors accountable in the process of budgetary allocation at central and local level by increasing budgetary and public procurement transparency, as well as by ensure periodic public reporting based on budgetary programmes and sector expenditure strategies.
- Develop a mechanism for quick financing from public sources addressed to business infrastructure that would cover the needs of the market and meet the interest of investors.
- Ensure predictability and consistency of budgetary allocation for infrastructure by anchoring budgetary planning documents in strict conformity with strategic planning documents.
- Ensure necessary framework that would ensure plenary implementation of recommendations of Court of Accounts and strengthen the importance of this institution in the accountability system of public authorities.
- Develop social service network for the inclusion, rehabilitation, requalification, and non-discrimination of all vulnerable groups.
- Enhance the access to social assistance of disfavoured groups by providing relevant services, with homogenous geographic distribution, taking into account the needs, opportunities, and individual potential of every beneficiary.
- Provide information and support to local public authorities in accessing and administrating funds and foreign grants in infrastructure and environment.
- Facilitate the creation of eco-energy regional centres (through subvention, tax incentives, etc.) to raise energy autonomy at local level through renewable energy resources (solar, wind energy centres).
- Improve the access of rural population to neighbouring towns/localities, especially by developing local road infrastructure and public transport. In parallel, the development of strong regional economic centres as pillars of economic growth would stimulate the access of rural population to decent jobs.

The following policy priorities are envisaged to increase the allocation of *private resources*:

- Increase income level of people, especially those from vulnerable categories, in accordance with policy priorities mentioned in Objective 1.
- Develop mechanisms to streamline private investment in public goods and services, including by developing financial instruments (for instance, state equity for this purpose), co-financing, tax incentives and other motivational instruments for investors.
- Develop public-private partnership mechanism to attract private investment in infrastructure projects, based on transparent and competitive conditions.
- Develop mechanisms through which private investors, both companies and individuals, could invest based on equal conditions in supply networks (for instance, procurement of shares from supply network operators).

- Strengthen the protection of copyrights of private investment in public infrastructure.
- Reduce the incidence of energy poverty, first of all, through measures that reduce expenses for energy and improve energy consumption.
- Foster interest for green energy, use other renewable energy resources than biomass and connect the installations to existing distribution capacity.
- Active and efficient communication about the benefits of green energy to improve living conditions and environment protection.
- Increase accessibility, from financial point of view, of Broadband Internet services by reducing the costs for these services and increase competition between providers, as well as by including the minimum guaranteed access to Broadband internet in the set of universal services at low prices for the categories of population whose income is too little to allow them to enjoy the services at common market price.

### Expected impact

Increased private and public resources allocation to infrastructure projects would modernize and increase the access of population, especially of vulnerable groups, to infrastructure elements that define the quality of life (water pipeline, sewage, gas pipeline, electric and thermal energy, roads, transport, etc.). At the same time, it will enhance country's competitiveness because the companies will be able to circulate rapidly the production and final products contributing thus, to the creation of jobs and budgetary resources. Reaching this impact is conditioned especially by the implementation of Overall Objective 1 that would increase the income level in economy and by the dynamic private sector, as well as by the implementation of Overall Objective 8 that would reduce corruption and ensure an efficient management of public resources and assets.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- increase people's access to safe water sources, sewage system, road infrastructure, and information technology infrastructure;						
- ensure universal access to proper and equitable sanitary conditions;						
- develop qualitative, viable, sustainable, and resilient infrastructure in the country to support economic development and enhance population's welfare with a focus on wide and equitable access for all;						
- ensure access to safe transport systems at equitable, accessible and sustainable prices for all;						
- ensure road safety, especially by extending public transport network.						
1	Share of population who benefit from safe water resources, %	NBS	51,5 (2015)	65	75	85
2	Share of houses with access to sewage system, %	NBS	64,9 (2016)	75	85	90
3	Share of renewable energy resources in final energy consumption, %	Energy Efficiency Agency	14,08 (2015)	20,0	25,0	30,0
4	Road accidents per 100 thousand people	Ministry of Internal Affairs	7,1 (2015)	6,0	5,0	4,0
5	Quality of infrastructure, points according to Global Competitiveness Report, rank from	Global Economic Forum	3,3 (2017-2018)	4,0	5,0	5,5



	0 (worse case) to 7 (very good)					
<b>Priority actions to increase and streamline the allocation of public resources to infrastructure projects</b>						
6	Share of revenues from taxes and fees of local public authorities in total collected taxes and fees by national public budget, %	Ministry of Finance	9,5 (2017)	15,0	20,0	30,0
7	Share of expenditures from national public budget to services in economy and housing and utilities management in total expenditures from national public budget, %	Ministry of Finance	12,4 (2017)	15,0	20,0	25,0
8	Share of expenditures from local budgets for services in economy and housing and utilities management in total expenditures from local budgets, %	Ministry of Finance	18,8 (2017)	20,0	25,0	30,0
9	Share of grants received by local public authorities from other states or international organisations in total number of grants paid into national state budget, %	Ministry of Finance	1,6 (2017)	5,0	10,0	15,0
10	Open Budget Index, rank from 0 (worse case) to 100 (very good), points	International Budget Partnership	58 (2017)	65	75	85
11	Misuse of public money, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	2,4 (2017-2018)	3,5	5,0	6,0
12	Road quality, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	2,5 (2017-2018)	3,5	4,5	5,5
<b>Priority actions to increase and streamline the allocation of private resources to infrastructure projects</b>						
13	Share of investments in long-term assets from the account of population's means in total investments in long-term assets, %	NBS	1,7 (2016)	3,5	5,0	7,5
14	Share of losses in total final consumption of energy, according to energy balance expressed in Terajoule, %	NBS	5,0 (2016)	4,0	3,0	2,0
15	Share of bio-fuels and waste in final consumption of energy, according to energy balance expressed in Terajoule, %	NBS	26,4 (2016)	30	35	40
16	Share of population with access to Internet in total population, %	World Bank	71,0 (2016)	75,0	80,0	90,0

### 3. Improve working conditions and reduce informal employment

#### Current situation

The economic growth in the last years shows deterioration in the employment quality. According to NBS data, the share of official jobs decreased from 69% in 2010 to 65% in 2017. Some of these migrated to informal sector. Although in 2011-2013, formal employment has stabilized around 30%-31%, since 2012 it started to grow reaching 35% in 2017, which returned the country to the situation of 14 years ago. The growth of employment in the last years is also due to return of Moldovan emigrants from the Russian Federation, which economy got hit by the economic crisis. According to NBS, the return of emigrants coincided with the growth of agricultural employment, mostly informal. At the same time, it is important to mention that the informal employment was fostered especially by the number of households that produce for their own consumption, which accounted for over 50% of total informal employees in agriculture. Hence, since 2014 the increase of informal employment has been ensured by agriculture, which in turn was ensured by the increase of number of households that produce for their own consumption, due to the incapacity of the economy to absorb the return emigrants in rural areas. At the same time, the share of informal economy in non-agricultural sectors decreased from 16% in 2010 to 12% in 2017. It reiterated the role of agricultural sector as main source of informal economy.

Growth of informal employment affected labour productivity in agriculture, in general. It is explained by the fact that informal enterprises in agriculture and households that produce for their own consumption apply more primitive agricultural technologies than the formal sector. Hence, the informal employment is considered vulnerable employment. At the same time, while labour productivity in agriculture is 3.5 times lower than in other economic sectors, the discrepancy between this sector and the economy has increased lately.

Informal employment affects the quality of jobs through low level of protection of employees and their exposure by employers. Moreover, the implications of informal employment on productivity have negative impact on the level of salaries: level of salaries in any market economy depends on the level of productivity.

#### Vulnerable groups

- *Rural population.* The population in the rural area is that most vulnerable category because of 2 considerations: (i) limited economic opportunities and decreased employment rate in villages (39.3% compared to 41.9% in towns, in 2017), a fact that enhances the chances of informal employment, low and/or unsecured payments, and (ii) strong exposure to agriculture (56% of employed population in 2017), where the greatest portion of informal occupation is concentrated. At the same time, the share of informal employment in total employment in rural area is much higher than in urban area: 53% compared to only 13% in cities.
- *Population employed in agriculture.* The agricultural sector is the biggest 'employer' that hires about one third of population (32.3% of total employed persons in 2017), however, the great majority (82.3% in 2017) has an informal job. Overall, about 76.7% of total population with informal jobs activate in agriculture and is exposed to unsafe labour conditions, is underpaid, and has limited access to pension and other social benefits. Also, the agriculture is a seasonal activity causing major income gaps.

- *Elderly involved in agriculture.* The share of elderly involved in agriculture is growing. The informality rate in agriculture is high, which limits the access to the pension system and other benefits for employees in agriculture.
- *Persons with disabilities* are exposed to indecent working conditions due to low education, including as consequence of institutionalisation, because they do not know their rights (for instance, disinformation about losing the allocation/pension due to official employment), and low motivation level (persons with disabilities are life-long beneficiaries of social contributions and are not motivated enough to start working and develop professionally).
- *Women discriminated on labour market.* Gender and salary disparities in employment are generated by systemic discrimination of women on labour market. Most of all, the women are those who assume the responsibility for raising the children. Legislative provisions to protect women on labour market put a really heavy burden on the employer and generate discrimination of women on the labour market. Lack of nurseries impedes a harmonized professional and family life.
- *Men working in informal sector.* Share of informal employment of men is 39% (in 2017). They are more exposed to risks that derive from such employment than women, who have an employment rate of 31% (in 2017). The men in rural area are more exposed: more than half employed men work informally (57% in 2017). The women from rural area are also exposed to such type of occupation but with a lower rate (49% in 2017).
- *Return migrants* are facing various challenges, when want to reintegrate on labour market. In 2016, as a result of active measures applied, only 33% of returned migrants registered with ANOFM could be placed on labour market. The problem is much more profound; the study data reflects that only 9% of returned migrants use the ANOFM services or private hiring services (6.3%); the majority tries to find work independently. At the same time, unattractive salaries, insufficiency of jobs that meet the skills and knowledge acquired abroad, lack of recognition of informal and formal education, hostile investment environment, and insufficient knowledge to launch a business are determining factors for repeated migration<sup>29</sup>.
- *Population with low level of training and/or not informed about its rights.* In particular, the Roma population faces a lower level of education compared to the rest of population and lack of training and qualifications. Hence, the lack of professional qualification determines Roma to apply for low paid jobs or conduct individual activities. According to their declarations, the territorial employment agencies provides the Roma unemployed with unqualified jobs (cleaning jobs) that a low paid or do not correspond to professional profile of the candidate. Other issues that expose Roma population to indecent labour conditions refer to lack of legal culture, geographical isolation of Roma communities, communication barriers and interaction between Roma and official institutions, as well as not knowing the opportunities provided by ANOFM.

### Causal factors

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<sup>29</sup> UN Moldova / Government of the Republic of Moldova (2017). The Republic of Moldova – United Nations Partnership Framework for Sustainable Development 2018-2020. UN Development Assistance Framework for the Republic of Moldova. Priority Area 2: Sustainable, Inclusive and Equitable Economic Growth  
<http://md.one.un.org/content/dam/unct/moldova/docs/pub/strateg/UNDAF%20Moldova%20RO.pdf>

The quality of employment depends on 4 factors: external market, company, employee and internal regulations:

- *External factors* refer to more attractive bigger labour markets in neighbouring countries.
- *Company-related factors* refer to the capacities and motivation of the employers to try informal employment and/or failure to create decent working conditions. These depend on the financial capacities of companies, especially in sectors where the income, as a rule, is volatile, and the profits reduced (for instance, small and medium agricultural producers). Another cause refers to employers' lack of motivation to create necessary working conditions when the demand for labour force is much lower than the offer, which affects the capacities of employees to negotiate with the employer. As a rule it refers to jobs that require a lower level of qualifications/studies. Last but not least, often the lack of organizational culture in a company, proper human resources policy and generally, a mature corporative governance, generates indecent working conditions.
- *Employee-related factors*. The employees may accept indecent working conditions when they have no other options (especially in rural area) and when they do not know well their rights.
- *Institutional and regulatory factors*. The companies will not have sufficient motivations to improve the working conditions, as long as the regulatory framework and its mechanisms are not sufficiently developed to ensure loyal competition, neutral governance and separation from business sector, to provide tax incentives and a system that discourages informal employment, discrimination and indecent working conditions, and are not sufficiently applied to eradicate such practices.

### Strategic vision

The strategic goal is to increase the access of people to decent, safe and well-paid jobs.

Most of their life, people work; hence, the way they use/invest this time highly influences the quality of life. In the Republic of Moldova the wages are the most important source of available income (43.1% in 2017) and respectively, the quality of employment is instrumental in enhancing the standard of living of the population. Moreover, the salaries are the main source of revenues of the State Social Insurance Budget, which are redistributed to pay the pensions and social contributions. Therefore, the quality of employment influences not only the standard of living of the working population but of the pensioners too (according to NBS, the pension was the second most important source of income for the population of the Republic of Moldova in 2017). Last but not least, the quality of employment refers to the comfort, security and health at working place. This fact determines the quality of human capital and is transferred implicitly to the entire family/household: employees with a decent job are more inclined to invest in education and health of children and are less stressed, which influence the psycho-emotional environment in the family. The working conditions influence hugely the standard of living at all phases of the life, and the authorities commit to increase substantially the access of people to jobs with decent working conditions.

In this regard, the following strategic targets should be implemented:

- By 2030, achieve an employment rate similar to Central and Eastern Europe and streamline productive employment for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (SDG 8.5).
- Eradicate forced labour, human trafficking and eliminate all forms of child labour (SDG 8.7).
- Protect labour rights and promote safe and secure working environments for all workers (SDG 8.8).
- Increase satisfaction level of employees by improving working conditions in all sectors of the economy of the Republic of Moldova.

### Specific goals

To improve working conditions, the policy interventions should enhance the motivation of employers to invest in the quality of working conditions and to empower the employees to negotiate the working conditions with the employers. Last but not least, the institutional and regulatory framework should prevent and penalise improper working conditions (for instance, unsafe, informal, discriminating, etc.) without undermining business environment. Hence, policy interventions should target company, employee and institutional/regulatory-factors.

### Priority actions

Policy priorities at the level of *employers*:

- Foster competition between companies for labour force by developing an incentive business environment, in accordance with the policy priorities of Objective 1.
- Develop incentive mechanisms for employers to invest in the quality of working conditions of employees, contributing to requalification or enhancing the qualification level, healthcare, ensure conditions for professional integration of women after birth, etc. The mechanisms should include tax (for instance, tax deduction of relevant costs) and non-tax incentives (for instance, allocation of subventions to co-finance respective investments).
- Promote corporative culture and social responsibility through awareness campaigns and development of a fostering regulatory framework for such practices.
- Raise awareness and enhance information of employers related to informal employment risks and low security at the working place.
- Invest in solutions that facilitate the absorption (capitalization) of professional skills, at all levels, acquired abroad for integrated employment of return migrants.

Policy priorities at the level of *employees*:

- Enhance information and raise awareness about legal rights of employees in their relation with employers and risks of informal employment and low security at the working place.
- Empower people, especially the vulnerable groups, to claim their rights and prevent attempts of discrimination by employers.
- Build the capacities of trade-unions to protect the rights of employees, especially those from vulnerable groups.

- Develop local social services, with a focus on identified vulnerable groups in the employment area.
- Integrate return migrants and foreigners on country's labour market by recognising the qualifications and capitalize the professional skills obtained abroad (especially of qualified/highly qualified persons in accordance with priority sectors of national economy) for sustainable development of labour market of the Republic of Moldova.

Policy priorities at the level of *institutional and regulatory framework*:

- Develop a bi- and three-dimensional negotiation and consultation environment to enhance mutual trust and cooperation between employers, employees, and central and local public authorities.
- Implement proper regulatory framework to prevent risks of modern slavery, forced or mandatory labour as a result of atypical employment and to increase the safety of employees.
- Create incentive and liability mechanisms for employers who practice informal employment, do not ensure sufficient safety or discriminates at the working place.
- Promote transfer of knowledge and skills of Diaspora and migrants by creating partnerships between local public authorities, communities and associations of native people.
- Streamline control of authorised institutions through better targeting and risk assessment and enhance the skills to identify the violations, relevant evidence collection and application of sanctions.
- Consolidate the capacity of institutions with analysis function of internal and international labour market, and control function of professional safety.

### Expected impact

Improved working conditions will produce benefits for both employees and employers. The employers will benefit from higher and safer income, lower stress level and reduced risks of accidents at working place. It will make them loyal and motivated which will decrease staff turnover and increase labour productivity and respectively, the profits and benefits of employers. Increased revenues of employers and employees will result in increased tax collection and social and medical contributions, contributing to the increase of pension and other social benefits. Last but not least, the improvement of working conditions will strengthen the human capital – key factor that defines country's competitiveness and produces sustainable and long-term development.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- increase access of people to decent, safe and well-paid jobs						
- increase decent employment						
- eradicate forced labour, human trafficking and all forms of child labour						
- protect the rights to labour and promote safe and secured working environments for all employees						
1	Share of informal jobs in total jobs, %	NBS	36,4 (2017)	30,0	25,0	20,0

2	Share of young people (15-29 years) who are not employed, have no education of professional training	NBS	40,5 (2015)	35,0	30,0	25,0
3	Rate of accidents, victims per 1000 employees	NBS	0,7 (2016)	0,5	0,3	0,2
4	Share and number of children aged 5-17 years who are working	NBS	18,3 (2010)	12,0	10,0	5,0
<b>Priority actions to increase the motivation of employers to invest in the quality of working places</b>						
5	Corporate behaviour, points according to Global Competitiveness Report, rank from 0 (worse case) to 7 (very good)	Global Economic Forum	3,3 (2017-2018)	4,0	4,5	5,5
6	Costs to implement protection and preventive measures per one employee, MDL	NBS	435,7 (2015)	500,0	600,0	650,0
7	Difference between monthly average wage of women and men	NBS	85,5 (2016)	88,0	90,0	95,0
<b>Priority actions to empower the employees to negotiate working conditions with employers</b>						
8	Wage gap by gender, age, persons with disability	NBS	13,2 (2015)	12,0	10,0	7,5
9	Share of employed population that would like to change the situation at the working place in total employed population, %	NBS	20,0 (2016)	17,0	15,0	12,0
<b>Priority actions to enhance the institutional and regulatory framework that prevents and penalizes bad working conditions</b>						
10	Share of persons who were reinstated in their rights, whose working conditions were legalised after discovering their illegal employment by authorities, in total number of persons who were discovered as informal employees, %	MHLSP	18,2 (2017)	25	35	45

## 4. Ensure quality education for all and promote life-long Education

### Current situation

In the absence of natural resources, the human capital represents the main resource of the Republic of Moldova for its long-term development. The quality of human resources is ensured mostly by the education system, hence, it should be considered an absolute long-term priority and a precondition to advance in all other social and economic sectors of the country. However, according to international indicators, the education performance of the Republic of Moldova is behind Central and Eastern European states. It is very difficult to consider our country competitive in education system development because of its insufficient efforts.

According to Global Competitiveness Index 2017-2018<sup>30</sup>, the Republic of Moldova accumulated 4.0 points out of 7 for Quality of primary education and 3.2 points for Quality of high education. In general, at the Pillar: High Education and training that indicates general competitiveness of labour force based on its professional training, which is crucial for economy development in the value chain beyond production, the Republic of Moldova accumulated 4.1 points out of 7, which is similar to Ukraine (4.1), a bit less than Romania (4.4) and far behind the Baltic states (Estonia – 5.5, Lithuania – 5.0, Lithuania – 5.2), Central Europe (for instance, Czech Republic – 5.3, Poland – 5.0, Slovenia – 5.4) and even Russia (5.1). On the other hand, at the Pillar Labour market efficiency, the Republic of Moldova, accumulates only 1.9 points from 7 at the Indicator ‘Country capacity to retain talent’ and a score of 1.8 of 7 for Indicator ‘Country capacity to attract talent’. The lowest points accumulated by the Republic of Moldova are for the Pillar Innovation, 2.6 points out of 7, which includes the innovation capacity and quality of scientific research, which are considered key drivers for economic development. Compared to Central European countries, the latest progress of the Republic of Moldova registered at these indicators is rather modest recording minor oscillations of average value. At the same time, the preparation level of the staff and quality of school management, with small exception, has been overtaken constantly.

At the same time, in accordance with the Prosperity Index 2017, the Republic of Moldova ranks 50 out of 149 states<sup>31</sup> at education, with a slight decrease since 2010, when it ranked 46. According to the same index, Moldova ranks similar to neighbouring states Romania and Ukraine, which is considered a long-term opportunity, but is overtaken by states from Central Europe.

The position of the Republic of Moldova in PISA has improved in the last five years. Besides the extent of knowledge applied by the pupils, PISA assessment shows how they can apply their knowledge in new situations, both in an institution and in real life. At the same time, the score of the Republic of Moldova is much lower than the average of OECD countries. According to 2015 PISA assessment, the different results are correlated strongly with the socio-economic status of parents, so there is a difference in test results in Science of first 20% of pupils, according to economic, social and cultural status and last 20%, the difference is about 2.8 years of schooling.

Based on PISA assessment and especially by introducing a more rigorous Baccalaureate exam, there is a feedback mechanism on the results of education system, which shows the eventual

<sup>30</sup> <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

<sup>31</sup> <http://www.prosperity.com/rankings?pinned=MDA&filter=>. Prosperity Index is calculated at global level by Legatum Institute and is a framework to assess how the countries promote prosperity and welfare of people based on nine pillars of prosperity. The Republic of Moldova ranked 98 out of 149 countries in 2017. Moldova ranked 50, its best rank, at Education, quality of education and human capital.



problems, but there is no feedback system from the main interested parties – professors, pupils, school management and economic sector – about the essence of issues and how these can be solved.

On the other hand, the quality of education system is reflected by people's perception, measured by Barometer of Public Opinion. According to BPO, only 36.3% of respondents were very content and quite content with the education received by their children at school in November 2017; this is the lowest value since 2003. The discontent with the quality of education persists at all levels of education. At the same time, the education system produces labour force that is provided to business environment. And the quality of labour force represents actually one of the factors that contributes directly to social and economic development of the country.

In the context of demographic changes and emigration, the number of pupils and students is continuously decreasing by types of institutions. Based on the trajectory of global economy development, industry and climate change, the education system should be modernized to form competences for sustainable development and information technologies.

#### Vulnerable groups

- *Children from rural areas, especially from socially vulnerable families.* The discrepancy between urban and rural areas preschool education is still high due to financial resources and insufficiency of preschool institutions in rural areas. At the same time, pupils from post-secondary/high school in the rural area do not enjoy free transportation to school or other post-secondary institution, which are frequently situated at long geographical distances. The People's Advocate underlined many times that the education is free and that parents should not cover the costs of manuals, stationary, informal payments that contribute to the exclusion of children from socially disadvantaged families during educational process.
- *Children with disabilities.* Additional efforts are needed to remove the infrastructure, informational, methodological and teaching barriers in education to ensure the right to education of children with disabilities under equal conditions with others. Many schools are not accessible to persons with disabilities: the building is not adapted and the information is missing. Roads and sidewalks are not accessible for persons in wheelchairs. Methodological guidelines on inclusive education are missing, and the transport means for children are not adapted to the needs of persons with disabilities.
- *Children left alone.* On one hand, school abandonment and absenteeism persist, and on the other hand, the dependency on the money sent by parents is another factor that leads to different social risks. According to the 2015 School Census conducted by the Ministry of Education, the number of children left in the country without parental care due to their migrating abroad accounted for about 40 thousand children, of which about 10 thousand children had both parents working abroad and 30 thousand children – one parent working abroad. Some do not attend school regularly and other abandon school because they are forced to take care of themselves and start working.
- *Roma children.* Low rate of school attendance is caused by many issues, among which the insufficient effort of parents in encouraging the children to study, early marriages and discrimination in schools, attitude towards Roma children in schools and even biased teachers, limited engagement of Roma children in extracurricular activities by the school. There are major gaps relating to the access to education and academic success of Roma

children and non-Roma children: with the professional secondary education, the gross participation rate of Roma decreases significantly.

- *Young people* in rural area need early intervention and much more qualitative professional orientation services. Generally, the youth from urban area is more ambitious regarding employment plans. About 12.7% of the youth in towns dream to become directors/managers compared to 5.7% of young people from villages. According to NBS more and more youth in towns dream to become highly qualified specialists (55%) compared to young people from villages (38.3%). On the other hand, 27% of the youth aged 15-29 years have no jobs, do not study and do not attend any professional training. About 20-22% of young people did not finish education and have not acquired any professional training in the last decade.
- *The elderly*. Although specified in the Code of Education, the life-long education is unexplored. The education system is not used or adapted to contribute to life-long education in the situation when a great part of population is inactive.

### Causal factors

- *Lack of common vision* of quality in education and educational paradigm of all actors involved at all levels and all public authorities and institutions is one of the major causes of dispersed interventions in education.
- *Lack of a systemic approach of changes in education*. The artificial separation of training (teaching academic contents) from education (mostly by register teachers, psychologists, school councillors) persists. Subjects with importance to sustainable development, such as issues of environment protection, education for health, rights of the child and active citizenship, equity and respect for diversity, use of informational technologies and means of communications (adapted to the age of the child) are taught rather mechanically than practically. New subjects (usually optional) are added often to the curricula instead of integrating them into general disciplines and are used as grounds to revise the barriers between disciplines and applied strategies, so they become more interactive and oriented towards the development of trans-curricular skills.
- *Current educational system does not target explicitly the groups of children who have limited access to school*: from low income families; with parents living abroad and supervised by caretakers; of Roma ethnic group; with physical disabilities; from families with alcoholic parents; from residential institutions; minor parents.
- *Education system does not provide training possibilities based on individual abilities of children and teenagers*. Development level of every child at any age is different, but the national education institutions for children of the same age provide same evaluation standards. Having a negative evaluation, children with development delay will have a low self-esteem and desire to study at education institutions in the future. In particular, physical and intellectual development varies by gender in children with the same age.
- *Unsatisfactory conditions in many educational institutions*. There are huge discrepancies between children attending schools in urban and rural areas, qualification and even existence of teaching staff for certain subjects, possibility to participate in different extra-curricular activities are impacting negatively the quality of knowledge and abilities obtained by pupils and implicitly, their engagement on labour market, obtained income and finally, the quality of life. At the same time, the technical and material basis and educational materials from

secondary institutions do not meet (sometimes are missing) the real requirements of companies, where the young specialists have to work immediately after graduation.

- *Current initial and continuous training of teaching staff does not ensure their necessary quality to respond to challenges and future requirements and to adjust the knowledge to the labour market and society's imperatives.* Current requirements for teaching staff formation are defined mostly by quantity and less by quality. A good share of teaching staff is trained based on obsolete professional programmes and the discrepancy between the theory studied and the abilities requested at employment does not motivate the pupils and students to be diligent during their education. Pedagogical institutions continue to train the teachers based on obsolete principles that are focused on mechanical reproduction of subjects by pupils and is centred on teaching staff (same thing happens in continuous education, which follow quite rigid requirements of courses), but teaching staff has to use methods centred on child/pupil and develop their critical thinking, problem solving, etc., i.e. skills they neither had nor will be able to develop.
- *The educational system does not provide for adequate/sufficient conditions to maintain and encourage professional performance of teaching staff.* Hence, the budget enrolment plan for Science of Education is behind by 20-30%.
- *Lack of an organisational culture at the level of entire system that stimulates professional development.* Initial and continuous training is important but is not sufficient. The professional development requires an organisational culture. School management needs more support to develop and maintain a learning culture based on respect.
- *Excessive red-tape in the system and quality control formalities.* Focus on the needs of the learner is lost in a culture that pursues the control of teaching staff. Under these circumstances, the activity of teaching staff is concentrated on reporting in the detriment of professionalism, initiative, reflexive thinking and creativity.
- *Insufficient integration of education in research and innovation,* which has a negative impact on the quality of training process, and situation in research field. As a result, the share of young people involved in science in the last years decreased annually by 1%, and the share of pensioners – increased by 1%. The growing pace of pensioners is accelerating because the age segment of 55 year accounts for over 40% and about 50% of employees are already pensioners. Compared to the EU, the number of researchers per 1000 residents is 5 times smaller than the average in the European Union.
- *Lack of feedback on the quality of education.* A functional feedback mechanism that collects the opinions of pupils/students is already operational. The National Council of Pupils (CNE) and National Council of Pupils from vocational secondary education (CNE IPT) are very useful. Their voice is a valuable source of information. However, the councils at the school level do not operate accordingly. School administrations are still hesitant to form own opinion. The reporting mechanism of abuses in schools is not functional yet. At the same time, the professors and school administration are not organised to provide a consolidated opinion about what works well and what does not. The labour market does not provide a sufficient feedback on necessary requirements (occupational standards) and level of qualification of graduates (performance evaluation).

## Strategic vision

Strategic goal of the education sector is to provide all people from an early age, during their entire life, with skills, abilities and knowledge necessary to build their potential in personal and professional life, as well as to adapt easier to changing environment, especially relating to sustainable development.

The educational system is a vital element in social and economic development of a country, and also the development of every person in part. Human capital is the key factor in reducing the unemployment and low income, being important for economic growth. But most important is the fact that the education is associated to a number of non-economic benefits, such as improved health, civic and social engagement, better social safety and comfort, intolerance to corruption, which implicitly has a major contribution in increasing national economy's productivity. A quality educational system is fundamental for a society based on knowledge, equipping the citizens with basic functional skills to integrate in the society, become responsible and contribute to its development. Such features, as skills and quality developed by the school rather than qualifications and certificates, make people more successful and more prepared for their professional and private life. After leaving behind formal education, the person continues to learn during his/her entire life, which is a continuous process of flexible learning opportunity, connecting the learning and acquired competences in formal institutions to development of competences in non-formal and formal contexts, especially at working place. In this regard, the following targets of 2030 Agenda for Sustainable Development should be implemented:

- By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes (SDG 4.1).
- By 2030, ensure access to affordable and quality technical, vocational and university education (SDG 4.3).
- By 2030, substantially increase the number of youth and adults who have relevant skills for employment (SDG 4.4).
- By 2030, ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, and children in vulnerable situations (SDG 4.5).
- All learners shall acquire the knowledge and skills needed to promote sustainable development and sustainable lifestyles, environment protection, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development (SDG 4.7).

## Specific goals

- Develop skills and abilities of children and the youth necessary for a more organic integration in community life and labour market based on sustainable development requirements.
- Develop continuous and life-long education in accordance with personal and socio-economic needs.

## Priority actions

- Develop an integrated vision for education development to establish the quality concept of teaching staff, as well as their skills and competences that need to be developed by the education system, and to ensure a consistency in education reform taking into account all its elements and ensuring coherence between all levels and education cycles and education system and other systems, as well as labour market, healthcare, environment, participation in decision-making process.
- Ensure effective access of all children to education including by creating access conditions for disadvantaged groups – children with disabilities, from socio-economic vulnerable families, rural areas, Roma, minor parents and provide the possibility to children to study based on their individual abilities, ensuring a friendly and protective environment and eliminating the bullying and aggressive behaviour.
- Adapt the education system to promote child-, pupil- and student-centred education, which helps them to learn about the challenges of sustainable development (job automatization, efficient use of resources, environment protection, climate change, demographic changes, etc., and learn soft skills, critical thinking, cooperation, information technologies, entrepreneurship that help people in decision-making, problem solving, efficient communication, build healthy relations, time management, cope with stress and live the life in a healthy and productive way.
- Create an effective system of involvement and authentic participation of parents, children, pupils and students in governance process of education institutions and related decision-making process.
- Foster competitiveness in the education system to enhance minimum level of education performance to promote excellence and talents.
- Develop a career guidance and orientation system at all education tiers in order to improve the relevance of education and formation, especially for children in disadvantageous groups.
- Form and support partnerships between vocational secondary education and companies by involving the later in the process of developing and implementing occupational standards, implement strategies and dual education.
- Develop the skills of sustainable development of teaching and management staff, in particular human rights, environment, teaching approach using digital information technologies for information, applicative, and creative purposes and to guide pupils and students to obtain necessary future skills.
- Promote education outside school institutions and promote parental education, so the children, pupils and student can apply academic concept outside the school and can perceive the learning as an organic process and not one limited to traditional teaching environment.
- Foster the reform of continuous and lifelong education implementation in accordance with the requirements of the labour market; ensure periodic requalification of population of working age to ensure their competitiveness on labour market.
- Enhance the prestige of the teacher's profession, especially through financial incentives and update of initial and continuous training system, and also, by establishing a professional and

merit-based system for the selection and promotion of teaching staff, by creating corresponding labour conditions to enhance the teacher's profession and support the change, participate in enhancing of educational process (teachers' associations) and to rationally use the professional and personal time.

- Create opportunities for teaching staff and students to participate in national and international scientific activities and professional development; provide teaching staff and students with mobility.
- Review financing modalities of performance-based science and usefulness of research results.

### Expected impact

Education will become the most important factor that determines the success of people through the lifecycle. Higher level of education will reduce the poverty by providing all people with skills and knowledge adapted to dynamic requirements of labour market influenced, first of all, by the information technologies and job automation. Also, a healthy lifestyle will be promoted through education, which will increase healthy life expectancy and the rate of research, inventions and innovations, which will result in enhanced productivity. Hence, the system will generate a qualitative and sustainable economic growth. It is important that due to increased access to quality education for all, the attitude, social relations will improve, the administration will be more responsible and receptive, and many generations will be ready to contribute to sustainable development.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- provide all people from an early age, with long-life skills, abilities and knowledge;						
- proper use of the potential in personal and professional life;						
- easier adaptation to changing environment, especially with regard to sustainable development.						
1	Share of children and young people in secondary education with minimum knowledge of science, %	OECD	57,8% (2015)	65	73	80
2	Share of children and young people in secondary education with minimum knowledge of reading, %	OECD	54,2 (2015)	62	71	80
3	Share of children and young people in secondary education with minimum knowledge of mathematics, %	OECD	49,7 (2015)	60	70	80
4	Preschool enrolment rate (3-6 years), %	NBS	88,5 (2017)	93	96	98
5	Gross enrolment rate in primary education, %	NBS	91,3 (2017)	94	96	98
6	Graduation rate of primary education, %	NBS	89,8			100
7	Discrepancy between rural and urban areas, %	NBS	36,8 (2017)	22	13	5
8	Gross enrolment rate in secondary education, %	NBS	86,6 (2017)	92	96	98
9	Graduation rate of secondary education, %	NBS	84,4 (2015)			100
10	Inclusion rate of persons up to 19 years in education system, %	NBS	82,6 (2017)	88	94	98
11	Rate of participation of young	NBS	31,0	45,0	60,0	70,0

	people and adults in lifelong formal and non-formal education (past 12 months)		(2015)			
12	Gender parity index, tertiary level	NBS	1,4 (2015)	1,2	1,1	1,0
13	Monthly average nominal wage in education, MDL, % of national average wage	NBS	79,0 (2015)	90,0	110,0	140,0

## 5. Ensure fundamental right to best physical and mental health

### Current situation

Although, in 2010-2015 the life expectancy at birth increased by about 2 years for both genders, accounting for 72.2 years, the Republic of Moldova still ranks last compared to CEE countries (ECE)<sup>32</sup>. Furthermore, healthy life expectancy for both genders reached only 64.9 years. At the same time, the life expectancy at birth is 8 years longer for women than men – the life expectancy at birth for men is 68.1 years, while the life expectancy at birth for women is 76.1 years. Average life expectancy of population in urban area is higher than in rural area by about 4 years, by 5.0 years for men and by 3.7 years for women, respectively.

The evolution of demographic processes is characterised by decrease of key demographic indicators in the last decade. Compared to 1 January 2000, it is remarkable the decrease of the share of children (0-14 years) from 23.8% to 16% and increased share of the elderly (65+ years) from 9.4% to 11.2%. The birth rate accounted for 10.5 new-borns per 1000 residents in 2016. Due to reduced fertility rate, the ageing problem will worsen in the future (decrease of active population). Despite the improvement of infant mortality indicator and mortality rate of children under 5 years by more than 1%, the Republic of Moldova is still behind other CEE countries<sup>33</sup>.

A decrease of the number of deceases was recorded in 2016 compared to 2015 – 1,417 people, and the mortality rate accounted for 10.8 deceased per 1,000 residents.

Non-communicable diseases are the main cause for death of working-age persons. According to 2017 data, the highest incident rate of general mortality per 100,000 population are circulatory diseases (58.4%), tumours (16.7%), digestive diseases (8.41%), traumas and poisoning (6.21%), respiratory diseases (4.4%). These are caused by risk factors such as alcohol consumption, smoking, irrational and bad eating habits, inactive physical activity etc.

Communicable diseases are still an actual issue, especially tuberculosis and HIV infection. The 2014 incidence rate was 10 times higher in the Republic of Moldova compared to the average in the EU. Standard mortality rate caused by tuberculosis is 13 times higher than the average in the EU<sup>34</sup>. The incidence of tuberculosis in the Republic of Moldova accounted for 83.3 per 100 thousand residents (88.6 per 100,000 population in 2016) in 2017, and the mortality accounted for 7.9% (9.4 per 100,000 population in 2016). At the same time, 11,042 cases of HIV infection were registered at the end of 2016; there were 830 new cases, without significant discrepancies by gender, a trend that has been steady in the last three years at a high rate, compared to previous years. The Republic of Moldova is one of the most affected country in the CEE region at the

<sup>32</sup> According to World Bank data

<sup>33</sup> According to World Bank estimations, 2014

<sup>34</sup> According to World Health Organisation, 2014

chapter of new registered cases. New HIV cases are mostly registered among young people and persons of reproductive age and economically active<sup>35</sup>.

The mortality causes of men differ from those of women, and is 2.4 higher in the case of infectious and parasitic communicable diseases; by 3.6 times for accidents, food-poisoning and traumas; by 2.3 times for respiratory diseases, and by 1.4 times for tumours. The women have recorded an increased level of mortality due to circulatory diseases – by 1.2 times. The infant mortality rate decreased, accounting for 9.4 deceased at the age under 1 year per 1000 live newborns.

Women suffer more than men from circulatory diseases, osteo-articular diseases, endocrine diseases and other chronic pathologies, such as genitourinary and digestive disorders. Men suffer more from nervous system diseases, mental and behaviour diseases. Women consume medicine 1.5 times more often than men. Women mostly refuse hospitalisation, while they are more critical about their health state compared to men.

The Republic of Moldova continues to lead in Europe with its share of public expenditures in total healthcare costs. Hence, the country's population has to compensate for this deficit through own resources to satisfy its needs for medical goods and services. At the same time, the Pocket Money Index accounts for 48% of all healthcare costs, without any perspectives for improvement in the following period. About 71% of respondents consider that the compulsory health insurance does not provide an adequate level of health services<sup>36</sup>. Informal payments represent a major problem of the health sector; 72% of the population considers that there is a need for money, gifts, and/or personal contacts to solve issues in medical institutions<sup>37</sup>. The accessibility of medical services is a problem, including for insured persons – 22% of respondents decided not to visit the family doctor or a specialist due to lack of money or because they were unhappy with the quality of services<sup>38</sup>.

### Vulnerable groups

- *Children.* Migration of parents influences the access of children to health services. Children with absent mothers are most affected. 23% of children whose mothers work abroad declared that nobody takes them to doctor, compared to 6% of children whose fathers work abroad and 4% with both parents abroad. At the same time, the children with development delay, who need an increased attention from an early age to ensure their proper development and integration in the society, as well as children neglected or abused in the family are considered vulnerable categories from the point of view of access to healthy life style and medical services.
- *Teenagers and young people.* Initial exploring and risk behaviours at this age (alcohol consumption, smoking, drug abuse, violence and harassment among young people, unprotected sexual relations, unhealthy eating habits, physical inactivity) may determine health issues at an early age (STDs/HIV and early pregnancy, mental disorder (depression, suicide, anorexia, bulimia, etc.), nutrition disorder, etc.) and can last the entire life. The STDs incidence among teenagers aged 15-19 years in the Republic of Moldova is 50% higher than in general population; suicide mortality among teenagers aged 15-19 years is 3

<sup>35</sup> [http://aids.md/aids/files/1599/2016\\_Moldova\\_GAM\\_Report\\_Eng.pdf](http://aids.md/aids/files/1599/2016_Moldova_GAM_Report_Eng.pdf)

<sup>36</sup> Perception of human rights in the Republic of Moldova, 2016, People's Advocate Office, page 36.

<sup>37</sup> Corruption in Republic of Moldova: Perceptions vs. Personal Experiences of Business People and Households, Transparency International Moldova, 2015, page 16.

<sup>38</sup> Access of population to health services, 2017, National Bureau of Statistics, page 48.



times higher than in general population; about 70% of early mortality in adults is determined by risky behaviours during teenage years, according to estimations of the World Health Organisation. Also, birth rate among teenagers is high in the Republic of Moldova, compared to other states in Europe, with a value of 27.15 per 1000 girls aged 15-19 years in 2016, with a significant difference between urban (14.0) and rural (33.9) index. Some teenagers and young people, especially those from vulnerable families, without parental care, with special health needs (chronic pathologies, disabilities) and those with an increased HIV infection risk are facing an increased vulnerable state compared to health issues.

- *Persons with disabilities.* They are facing the following impediments in exercising their right to health: (i) economic (determined by informal payments related to health services; medical insurance does not cover medical and hygienic articles (nappies, efficient medicine), (ii) infrastructural (access to and in healthcare institutions, lack of equipment adapted to the needs of persons with disabilities, insufficient financial resources to ensure the persons with disabilities with qualitative assisting equipment and wheelchairs), and (iii) attitudinal (unfriendly attitude and insufficient training of doctors). At the same time, the UN Committee on Economic, Social and Cultural Rights is concerned about forced sterilization of women with disabilities without their informed consent, and legal provisions that allow abortion due to psycho-social or intellectual disabilities.<sup>39</sup>
- *Elderly.* The life expectancy at the age of 60 years accounted for 16.4 years in 2015 and has not improved since 1990. Once they turn 50, persons spend 30% of the rest of their life with a bad or worse state of health<sup>40</sup>. The elderly make informal payments related to healthcare - 97% of respondents of the WHO Study declared they had health insurance but only 43% declared that they used it to cover healthcare related costs. This state of things is caused by the fact that most healthcare costs derive from medicine not covered by medical insurance, which use is continuously growing. At the same time, the need for health and care coverage in community will increase rapidly to ensure a decent retirement. Old people (58% residing in rural area) are facing geographical impediments due to insufficient number of medical staff, especially of specialized doctors and dentists, who practice preponderantly in municipalities and districts.
- *Women of reproductive age.* The UN Committee on Economic, Social and Cultural Rights is concerned that the Mandatory Health Insurance does not cover abortion services, which limits the access of girls and women from vulnerable groups to safe abortion services.
- *Roma persons.* 46.8% of Roma persons did not seek a doctor in the last year, and 58% are not covered by mandatory health insurance. The UN Committee on Economic, Social and Cultural Rights emphasised its concern about bad health conditions, including the incidence of respiratory diseases, prevalent in Roma women, and its concern about limited access to healthcare services caused by lack of information on available health services and lack of identification.
- *Persons from rural area and persons with low income.* The rate of people who seek medical services in rural area is lower. The rural population refuses medical assistance more frequently due to insufficient money and lack of medical insurance. There are major gaps

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<sup>39</sup> UN Committee on Economic, Social and Cultural Rights (2017). See final observations on Periodic Review Report of the Republic of Moldova, para. 62-63,

[http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=E%2fC.12%2fMDA%2fCO%2f3&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=E%2fC.12%2fMDA%2fCO%2f3&Lang=en)

<sup>40</sup> World Bank (2017). A human Rights Based Approach to the Economic Security of Older People in Moldova, p. 51

between urban and rural areas related to access to diagnosis, treatment and monitoring of diseases. Health services in rural area are limited, and some localities do not have medical staff.

- *Persons infected with and affected by HIV/AIDS.* The HIV infection in high risk groups is ten times higher than in general population. Hence, according to second generation risk assessment, the prevalence of HIV infection among injectable drug users (IDUs) is 14%, and of Hepatitis C (HVC) – 60.4% in Chisinau; the IDUs rate is 17% and HC - 41.8% in Balti. High rate of HIV is attested among IDUs, who work in sexual trade (WST): 4% in Chisinau and 22.3% in Balti, and HC rate exceeds 30%.

#### Causal factors

- *Behaviour* – presence of unhealthy habits and insufficient promotion of a healthy lifestyle; low funds provided to risk prevention, reduction and specialised in promotion of a healthy life style; insufficient information and education of children and young people in education institutions about healthy lifestyle; inefficient communication between specialists and general public; lack of efforts to fight stigma and discrimination faced by specific social groups, etc.
- *Systemic* – insufficient medical staff, qualified healthcare managers, including due to migration, could undermine the activity of the entire system. Healthcare system is facing a major crisis due to human resources deficit. Lack of attractiveness of medical profession, especially for young people, is caused by low level of wages and compensation of specialists, which is under the standard of developed European countries, overburden of medical staff with multiple bureaucratic tasks, insufficient management system directed to performance evaluation and quantification, etc. At the same time, about 29% of doctors and 17% of nurses are retired. Besides insufficiency of medical staff, the patients do not give feedback about staff and medical institutions performance and free choice of the doctor and institution, while insufficient health services generate repeated and continuous address to doctors.
- *Political* – healthy ageing is not integrated in sector policies. Existent policies do not ensure equitable approach, and hence, some vulnerable groups are excluded (Roma population, persons with disabilities, persons with low income).
- *Demographic* – growing number of elderly and decreasing number of active population will increase pressure on national health system.
- *Economic* – weak financial protection of general population with high rate of informal payments for health services; compulsory health insurance does not guarantee access to an adequate volume of services, hence, the beneficiaries are forced to procure a part of medicine with own money.
- *Environment* – limited access to safe drinking water sources, insufficiency of food safety, as well as access to safe and qualitative food products, air and soil pollution (problem of household waste), noise pollution, use of obsolete solutions in energy, limited sanitation conditions, etc.

- *Living conditions* – moral and physical wear of housing fund (ceiling leaks, moisture in walls, flooring or structure, rotten window frames or flooring, lack of internal bathrooms/showers/WCs, dark housing, etc.)
- *Interpersonal* – communication with medical staff, as well as of patients with their acquaintances may influence essentially their health decisions. For instance, stigma, discrimination or shame of being exposed may limit essentially the access to health services of general population and especially, of vulnerable groups, such as teenagers, persons with disabilities, HIV persons, ethnic minorities, etc.

### Strategic vision

Strategic goal of health policies and interventions is to focus, first of all, on healthy and active life style, prevention, prophylaxis, qualitative diagnosis and early and continuous intervention. At the same time, to register a positive impact, the health system in cooperation with institutions outside the system will decrease the influence of risk factors and will create better reaction mechanisms to their impact on health.

Health is an indispensable precondition to achieve the development potential of a person at all stages of the life. Health is not just an absence of an illness, but is also a physical, mental and social state. A healthy pupil or student has more chances to excel, and a healthy employee to make a career and reach higher level of material welfare. Healthy people have better chances to accomplish more in their family life and social activities, which will bring a higher level of self-assessment and quality of life. In this regard, the following targets have to be achieved:

- By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment (SDG 3.4).
- Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol (SDG 3.5).
- By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, continuous and specialised support (SDG 3.7).
- Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all (SDG 3.8).

### Specific goals

- Implement a holistic approach in healthcare policies, which will include interventions at all levels of polices with impact on population's health state, especially preschool and primary education, assistance to vulnerable groups, living and working conditions, production, trade and consumption of food products, alcohol and tobacco products, environment, public transport.
- Continuous promotion of healthy life style to change the attitude towards own health through preventive measures, especially primary health care and promote health education, especially in training and education institutions.

## Priority actions

- Include complex sustainable health education programmes into compulsory school curricula, including healthy life style, nutrition, sexual and reproductive education.
- Integrate and implement health policies in all areas that generate determining health and risks factors of non-communicable diseases.
- Increase medical knowledge of beneficiaries of services and patients, so they can apply this knowledge in their own interest to learn about proper rights and opportunities, knowledge and skills, and sufficient confidence to protect own health.
- Ensure universal health coverage, including develop an efficient health system with elements of individual insurance and incentives, protection against financial risks, access to a range of qualitative essential health services and access to key medicine and safe, efficient, qualitative and accessible vaccines for all including adjusted to age needs and vulnerability.
- Strengthen primary healthcare based on principle of family medicine and develop multidisciplinary teams with proper skills and knowledge, including review the duties of nurses and community assistants; the family doctor and its team should be the specialist who ensure health oversight and protection through integrated measures with an accent on prevention and prophylaxis at all life stages.
- Develop a complex support service system during the entire life, which ensures the application of methods of modern diagnosis to identify health issues, possible deficits in child development, ensure early intervention services to decrease disability development, medical support services and specialised rehabilitation of persons with disabilities.
- Reduce premature mortality caused by communicable and non-communicable diseases through prevention including screening and vaccination and individual approach to treatment – promote healthy life style from pre-conceiving period (healthy life style of teenagers and couple who plan to conceive a child) and intrauterine period (healthy life style of a pregnant woman and access to high quality anti-natal services), continuing during childhood, teenage period and youth and ending in the old age.
- Ensure universal access to sexual and reproductive health services including the access to modern contraception methods for teenagers; include sexual and reproductive health services into compulsory health services package, including safe abortion.
- Strengthen prevention and abusive drug use, alcohol consumption and smoking, including among teenagers, through awareness and education campaigns of population of all ages starting with preschool and primary education as well as by involving the family and community.
- Adjust health interventions to meet the needs of disadvantaged and marginalised persons (including access to services), especially of persons with disabilities, elderly, teenagers and young people, Roma people, refugees, migrants, and asylum seekers persons living with HIV (IFUs – injectable drug users, STWs – sexual workers, etc.) by ensuring equal access to healthcare services and by informing the professionals about specific needs of these groups.

- Diversify mechanisms, ensure transparency and efficiency of resources in procuring medicine, medical equipment and sanitary transport, in accordance with the EU environment protection standards.
- Develop a functional quality management system of health institution, by including standards for main processes and strengthen the capacities of medical staff; increase medical career attractiveness (incentives and motivation, performance based system, optimal working conditions, attract migrants in the field, etc.); apply performance incentive mechanisms for medical staff and institutions that provide qualitative and safe services.

#### Expected impact

A better health condition is essential in enhancing the life quality and physical, mental and social state, and hence, is an individual objective in the development of every person. Hence, the health will contribute to the reduction of adverse effects of demographic changes, increase school performance, family and social welfare. At the same time, better health condition of the entire population will have a considerable impact on economic progress, taking into account the fact that a healthy population lives longer, is more productive and saves more.

#### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- promote healthy and active lifestyle						
- prophylaxis, prevention, qualitative diagnosis and early and continuous intervention						
- decrease influence of risk factors and create better reaction mechanisms to their influence on health.						
1	Life expectancy at birth		72,2			
2	Maternal mortality rate, per 100 thousand of infants born alive	NCHM	18,7 (2016)			
3	Infant mortality rate, per 1000 born alive	NCHM	11,7			
4	Mortality rate due to trauma, food-poisoning, per 100 thousand population	CNSM	77,2			
5	Rate of premature mortality due to cancers, cardiovascular, digestive and respiratory diseases, diabetes of persons aged 30 - 70 de years, per 100 thousand population	CNSM	798,6			
6	Prevalence of alcohol consumption, %	NPHC				
7	Prevalence of smoking by population aged 15+ years (standard)	MoH				
8	Rate of early births at the age of 10-14 years and 15-19 years, per 1000 women of respective age, by residence areas	CNSM				
9	Share of private expenses (households) for health, %	NBS	4,3			
10	Share of population with compulsory medical insurance	NBS	78,7			
11	Number of medical staff per average of 10 thousand population	CNSM	36,6			

## 6. Building a solidary and inclusive society

### Current situation

According to the Council of Europe, an inclusive and united society generates welfare to all its members and excludes all forms of significant polarization and disparity<sup>41</sup>. It means that differences in income, ethnic groups or cultures are acceptable but the inequalities have to be reduced, so the gaps do not affect the stability in the society.

The Republic of Moldova have implemented many social protection reforms in the last years. However, social protection system is undergoing transformation but is centralized, reactive and redistributive.

*Social assistance* accounts for 24% of social budget (2.7% of GDP) and 95% represent social payments. Social payments are fragmented and are provided to a wide range of beneficiaries, and the value of one payment is small, respectively the impact on beneficiary's welfare is insignificant. In poverty reduction, targeted payments provided to persons (households) who have a cumulative income lower than state guaranteed limits are more efficient. Currently, two payments are delivered through income testing scheme: social aid payment and heating allowance. At the same time, the targeted payment scheme creates a significant degree of dependency, as well as an advanced level of moral.

*Social insurance* absorbs most funds from (76%) social budget and about 8.5% of the GDP. State social insurance system is an integrated part of social protection system, having the key objective to guarantee an income to the insured through cash payments, when he/she cannot receive wage income due to social risks (temporary or permanent labour incapacity, maternity, retirement, unemployment, etc.). In the Republic of Moldova, social pensions – 86.6% (84.8% in 2015), social insurance indemnities - 13.1% (12.6% in 2015) and other insurance payments – 0.3% were key shares of social assistance contributions in 2016.

The pressure on social protection system, especially social insurance, will continue to grow based on population ageing. By 2030, about 29% of country's population will reach the age of 60+ and this share will account for 34% in 2050. Vulnerabilities of old age people will grow as a result of growing demographic burden, high level of dependency, low healthy life expectancy and insufficient quality of health services. These will have a major effect both on state social insurance system and social protection system.

### Vulnerable groups

- *Population with low income.* In particular, the first two quintiles based on income, whose monthly available income is below sub-existence level: 63% of minimum of sub-existence for first quintile and 86% - for second quintile. Hence, about 40% of population lives with income lower than minimum average of existence<sup>42</sup>.
- *Children.* In 2015, the poverty rate of children was 11.5%, while the poverty rate of general population was 9.6%. 0.2% children are exposed to extreme poverty. The poverty rate of children in rural area is 9 times higher than the poverty rate of children in urban area<sup>43</sup>.

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<sup>41</sup> Council of Europe, 2004: 3.

<sup>42</sup> According to Household Budget Survey, NBS

<sup>43</sup> National Bureau of Statistics, Children of Moldova, NBS, UNICEF, 2017

- *Families with children at risk.* Families with children, single parents with children and other households with children have on average low income. In 2016, the monthly available income for these 3 categories of population was only 101%, 92% and 93%, respectively from the national average subsistence income<sup>44</sup>. Situation is even more dramatic for the same categories of population in rural localities.
- *Persons with disabilities* face different barriers in enjoying their right to live independently in a community. About 32% of interviewees are considered themselves persons totally integrated in the community, 43% – persons partially integrated in the community, 15% – are partly isolated from the community, and 8% - are totally isolated from the community. The persons with disabilities who indicated that they felt partly isolated or isolated by the community mentioned the following reasons for segregation: poverty and low living conditions (40%), lack of certain services at community level (29%), low social contributions (23%), poor health condition (20%), no friends or persons to take care of them (18%), negative attitude of community members towards the persons with disabilities (10%). Persons with disabilities are highly dependent on social payments; for many households with a main member with disabilities, social payments are the only source of income. The respective problem is fuelled by the persistence of stereotypes and negative prejudice towards persons with disabilities in the society and the fact that there are no comprehensive awareness programmes on human rights of persons with disabilities<sup>45</sup>.
- *Elderly persons* are also highly dependent on social payments; the payments are the only source of income for most pensioners. Two thirds of pensioners registered for social insurance were women in 2017. Women who benefit from age pensions are less than men. Average pension for women in agriculture sector covers only 76.0% of the minimum existence for pensioners, compared to 80.0% in the case of men. In the non-agricultural sector, the average size of the pension of men exceeds the minimum value of existence by 26.0%, while women's pension covers 93.0%. Over 55% of total number of families who benefited from social aid payments in 2009 –2017, have at least one retired person. At the same time, 73% of total number of applicants for social aid are women.
- *Young people who are not studying or working.* Rate of unemployed population aged 15-24 years is about 3 times higher than the total (11.8% compared to 4.1% in 2017), which expose the risks to poverty and emigration.
- *Roma households* have a high dependency on social payments; the income from social payments accounts for 13%.

### Causal factors

Social protection system in the Republic of Moldova has a rather reactive then pro-active character. Social insurance scheme, which is the key instrument in preventing idiosyncratic risks, is non-sustainable and weak. Interventions in social aid scheme are not completely sustainable from the perspective of creating opportunities, providing integrated social services and payments, based on individual approach in the care and maintenance possibilities, by providing learning opportunities and generation of income at the residence.

<sup>44</sup> According to Household Budget Survey data of NBS

<sup>45</sup> Para. 18 of Final Observations of the Committee on the Right of Persons with Disabilities of 12 April 2017

[http://msmps.gov.md/sites/default/files/legislation/observatiile\\_si\\_recomandarile\\_comitetului\\_onu\\_pentru\\_drepturile\\_pers\\_cu\\_di\\_zabilitati\\_2017\\_rom.pdf](http://msmps.gov.md/sites/default/files/legislation/observatiile_si_recomandarile_comitetului_onu_pentru_drepturile_pers_cu_di_zabilitati_2017_rom.pdf)

## Strategic vision

The strategic goal is to develop a sustainable social protection that would assist people in difficult situations, as well as will adapt to shocks and risks at individual, household, and community level.

This objective can be reached through financial support, development of income opportunities, and provision of care services, security and social inclusion. In this regard, the support and social protection should offer a complex and coherent set of protective measures to all persons throughout their life: 1) *birth* (and maternity) – financial support, pre- and post-natal care; 2) *nursery/kindergarten* – cognitive development and prevention of malnutrition; 3) *school* – care of the child in difficulty, improve living conditions; 4) *university/teenage* – programmes for skills development, financial support; 5) *family* – poverty reduction schemes, maternity leave support, payments for childcare, anti-domestic violence policies, discrimination and social exclusion; 6) *active economic period* – unemployment and disability support, physical and professional rehabilitation services, etc.; 7) *retirement* – age-related pension, compensation for costs, care services and inclusion.

## Specific goals

In order to achieve the strategic vision, social protection system will pursue two major objectives: (i) upgrade social insurance system; and (ii) upgrade *social aid* system.

## Priority actions

The following priorities are foreseen to upgrade *social insurance* system:

- A key precondition is to increase the income of population from sustainable sources (Overall objective 1).
- Continue pension reform (consolidate all categories of pensions for all categories of insured, increase age and contribution period).
- Social insurance system reform by developing a multi-pillar functional and sustainable system: Pillar 1 compulsory public redistribution based on contribution system. Pension size depends on social insurance contributions and period of payment, which provides a pension for minimum subsistence; Pillar 2 compulsory accumulating public and/or private system that ensures a perfect correlation between pension and volume of social insurance contributions; and Pillar 3 additional private redistributing that provides all persons with the possibility to contribute additionally to private social insurance system for an increased pension.
- Strengthen Pillar 1 as a key precondition for Pillars 2 and 3 development by: consolidate pension conditions for all categories of insured, decrease exceptions for certain categories of population, both by contributors and beneficiaries of social insurance to consolidate the system equity and implicitly, trust in the system; gradual increase of retirement age by taking into account the life expectancy of pensioners; and increase transparency in accumulating social insurance contributions, their administration and pension formation.
- Pillars 2 and 3 development by ensuring a facile regulatory and tax framework and at the same time, create a prudential framework sufficient to prevent eventual frauds.



- Inform population about social insurance mechanisms to enhance a wider coverage of the system.

The following priorities are foreseen to upgrade *social aid* system:

- Develop targeted social assistance schemes. These should be efficient, flexible and sustainable.
- Make social payments scheme more efficient by reducing fragmentation, overlapping and inefficiency of payments. Avoid ad-hoc payments introduction without an impact assessment.
- Reduce dependency on and abuse of social aid system and in particular, introduce conditions for beneficiaries who use abusively social payments.
- Develop a network of social services, inclusion, rehabilitation, and requalification; remove discrimination of all vulnerable groups.
- Improve access to social support of disadvantaged groups by providing relevant services, with homogenous geographic distribution, considering the needs, opportunities and the potential of every beneficiary independently.
- Improve the performance of formal support system by reconfiguring the approach, intervention, as well as social infrastructure.
- Strengthen institutions by adjusting social infrastructure; establish inter-sectoral functional mechanisms and instruments for data collection and evidence-based decision-making, develop clear instruments/mechanisms to register, accreditation of both public and private social services, apply realistic, clear and uniform regulations on functionality and minimum quality standards.

### Expected impact

A sustainable social protection system which on one side, allows people to overcome difficult situations and on the other hand, will be able to adapt to different shocks and risks which will result in poverty reduction and social exclusion. In turn, it will diminish system burden on national public budget, which will provide available important resources for investment that would stimulate sustainable development. At the same time, it will increase social protection system, provide predictability and comfort to the population, with direct effects on quality of life.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- develop a sustainable social protection system that would help people to overcome difficult situations, and adapt to different shocks and risks at the individual, household and community level.						
- provide financial support, develop opportunities for revenues, and develop care, security and social inclusion services						
1	Rate of absolute poverty, %	NBS	9,6 (2015)	7,0	5,0	4,0
<b>Priority actions to upgrade social insurance system</b>						
2	Share of average monthly age pension in gross average monthly wage, %	NBS	26,0 (2016)	30,0	35,0	40,0
3	Correlation between average monthly age pension and average	NBS	94,1 (2017)	100,0	105,0	110,0

	minimum subsistence level for pensioners, %					
4	Share of current transfers received for general purposes between state budget and state social insurance budget, %	CNAS	8,9 (2016)	8,0	7,0	5,0
<b>Priority actions to upgrade social aid system</b>						
5	Share of expenditures for social services in total expenditures for social protection, %	MHLSP	6,2 (2014)	10,0	15,0	20,0
6	Correlation between monthly indemnity for child care up to 3 years for insured and average value of minimum subsistence for children up to 1-6 years, %	NBS	88,8 (2017)	95,0	100,0	105,0
7	Correlation between monthly indemnity for child care up to 1.5 years for uninsured and average value of minim subsistence for children up to 1-6 years, %	NBS	35,6 (2017)	45,0%	55,0%	65,0%
8	Ratio between number of elderly and persons with disabilities covered and social workers	NBS	9,5 (2016)	8,5	7,5	6,5

## 7. Better work-life balance

### Current situation

Time is the most important resource of people, and its efficient use has a major economic importance. The way time is used during the lifetime for activities necessary to survive versus activities related to personal development or social life (family, community) may offer valuable information about the stress level and quality of life of the society, in general. Hence, too many hours spent on homework by pupils suggest a revision of the curricula, because children have to have time to play, to do extra-curricular activities and simply, to communicate with friends and family. Many working hours – paid work and unpaid household work – speak of intrinsic productivity motivation and that adults cannot cope with financial pressure, gender discrimination or absence of decent hobbies.

The statistical study ‘Time Use of Women and Men in the Republic of Moldova’<sup>46</sup> discovered a number of problems related to time allocation that affects people’s quality of life. On one hand, the people consume time to care for family and household, social life and entertainment; on the other hand, people do not spend enough time on volunteering and meetings, as well as sports and outdoor activities, and after the age of 24 de years, most population does not spend any time to study or take courses.

The time analysis discovered many differences between men and women that suggest reduced opportunities for women. On average, men work 45 minutes a day more than women for income, while women spend 2 hours more on household care (unpaid activities). Men spend one hour more than women on hobbies and computer games and half an hour more for mass media and social life. All women spend their time on household care compared to 80% men, who do engage in these activities (less time). Women spend much more time on physical care and child supervision, but reading, playing and homework with the child use about the same time of both parents.

### Vulnerable groups

- *Children* use the time disproportionately depending on occupation: 5.5 hours a day on school, plus 1.7 hours on homework and 1.5 hours on independent studying. They spend only 1.9 hours with family, 0.8 hours to rest and 1.8 hours for walking. Same thing is observed among the youth (15-24 years). The situation is much difficult in the case of children without families.
- *Women* spend more time on childcare, household work (washing, ironing, cooking, cleaning, etc.). Even for reparation of the house, the women spend more time than men. This decreases the empowerment of women, limits their access to economic opportunities and enhance economic dependency of women on men.
- *Persons with disabilities* spend less time on occupations, studies, and accessing and using services compared with the rest of population<sup>47</sup>.

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<sup>46</sup> Study carried out with the support of the United Nations Development Programme (UNDP), United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and Government of Sweden within the UN Strengthening the National Statistical System Project.

<sup>47</sup> Analytical Note Time Spent by persons with disabilities, NBS, 2013

- *The elderly* spend less time on social life and entertainment, most of their time is spend on household care.

### Causal factors

- Children spend more time on activities due to heavy study programmes, maybe irrelevant and of low quality.
- Women are missing alternative occupations in the official economy sector. In general, the gender roles/stereotypes regarding the status of women in family and society have not changed in the last years. Family unfriendly policies on the labour market contribute to the stereotype that the gender roles do not change, and as a result, both men and women cannot have the desired number of children. In this regard, there is a vicious circle of polices that influences the mothers to stop working for a longer period – a fact that determines gender inequality on labour market – an element that consolidates the stereotype and gender roles to determine the women to opt for economic fields that would allow a better conciliation of professional and family life, for instance.
- Limited number of crèches contribute to the deterioration of women position on labour market. Hence, in countries with reduced level of access to crèches, the employment rate of women of reproductive age is lower (in 2014, access rate of nurseries is 11.8%)<sup>48</sup>.
- Low development level of lifelong education, as well as reticence of adults towards education.
- Low level of education on healthy life style, simultaneously with limited financial accessibility of sports activities.
- The model of childcare leave in the Republic of Moldova does not provide for gender equality between parents. Compared to other states in the European Union, the Republic of Moldova represents the most generous country from the perspective of time provided for childcare, and the most unfair with regard to the childcare period<sup>49</sup>.
- Internal policies of employer are not family friendly, especially those that refer to a flexible working schedule. A recent study<sup>50</sup> shows a difference between the flexibility of work programme between men and women. According to the study, 47.2% women enjoy a flexible work schedule, while the rate of men is 49.7%, with a significant discrepancy in the case of persons with very flexible work schedule: only 6.0% of women compared to 13.1% of men are enjoying it. It is important that only 10.5% of women aged 18-29 years (reproductive age) have a very flexible work schedule. The results of the NBS Study on balancing professional and family life<sup>51</sup> show that in general the work schedule of employees is not flexible for 88.5% of employees who declared that they had no possibility to change the schedule by at least one hour for family reasons, 7.3% can change the beginning and end of work day on the condition to observe the number of daily working hours.

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<sup>48</sup> Data provided by UN Office for Human Rights in Moldova

<sup>49</sup> OECD Family Database

<sup>50</sup> Omnibus Study, CPD, 2015

<sup>51</sup> Reconciliation of professional and family life. NBS 2010,

[http://www.statistica.md/public/files/publicatii\\_electronice/Reconcilierea/Reconcilierea\\_2010.pdf](http://www.statistica.md/public/files/publicatii_electronice/Reconcilierea/Reconcilierea_2010.pdf)

- Poor economic and social situation of older women and men in parallel with the weak access infrastructure explains their social isolation.
- Time constraints faced by persons with disabilities are determined by the lifestyle and less active, less intense and different behaviour. Other influencing factors include limited financial possibilities of persons with disabilities, as well as the infrastructure that is not adapted to their needs – all these factors have a negative impact on intensified social and economic exclusion and increase of poverty risk of these persons.

### Strategic vision

The strategic goal is to ensure all necessary conditions for people to have the possibility to take decisions to spend time informally and independently, so they have an optimal work-life balance.

### Specific goals

To achieve the strategic vision, on one hand, the policies should facilitate a more efficient reconciliation of the time for personal and professional life and on the other hand, should encourage spending time for personal development.

### Priority actions

For an efficient work-life balance, the following are necessary:

- Introduce and promote better work-life concept in public policies.
- Ensure access of all families to early child care and preschool education (in accordance with overall objective 4)
- Comprehensive reform of child care that should be length optimal, better paid and that should encourage both parents to benefit from child care leave. Child care reform should provide the parents with maximum freedom, taking into account the options of the parents during the entire range of requests and needs: from parents who want a shorter period of leave (better paid plus proper crèche services) to couples who prefer a longer period of time with smaller payments.
- Flexible labour legislation to allow the employers and employees to enjoy flexible working conditions, including that would facilitate the employment of elderly, depending on the needs and interests of both parties (in accordance with overall objective 3).
- Adaptation of physical infrastructure and public services to the needs of vulnerable groups, especially of persons with disabilities and elderly.

Policies to encourage to spend time on personal development:

- Increase the flexibility of school curricula to increase the time allocated to extracurricular activities and professional development.
- Develop efficient time management skills during life skills development subject.
- Ensure lifelong education opportunities, including on the job training as an essential measure to adapt to the requirements of the labour market and reduce the pressure of working hours on personal time of employees.
- More active promotion of healthy life style, sports activities, walking, outdoors activities.

- Develop inter-generation solidarity programme to facilitate free time spent between elderly and young people.

### Expected impact

Efficient spending of time will allow for a better allocation of resources by every person – time. It will decrease the stress level and enhance the quality of human capital because reaching the above-mentioned objectives will increase the time allocated for personal development and will ensure a better work-life balance.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- ensure all necessary conditions to people to have the possibility to make independent and informed decisions on how to spend the time;						
- ensure an optimal balance between professional and personal life						
<b>Priority actions for a more efficient reconciliation of work-life balance</b>						
1	Average time allocated to unpaid jobs, hours a day	NBS	3,9 (2013)	3,6	3,3	3,0
2	Average time allocated by parents for child care, hours a day	NBS	2,1 (2013)	2,5	2,8	3,0
3	Average time spent with family, hours a day	NBS	1,2 (2013)	1,4	1,6	1,8
<b>Priority actions to encourage time allocation for personal development</b>						
4	Average time allocated for studies, hours a day	NBS	5,9 (2013)	6,3	6,5	6,9
5	Average time allocated for sports and other outdoor activities, hours a day	NBS	1,8 (2013)	2,0	2,2	2,5

## 8. Ensure efficient governance and rule of law

### Current situation

Sustainable development cannot be achieved without human rights observance and without ensuring peace, stability, efficient governance and rule of law. Hence, this objective includes most critical components of good governance for sustainable development – promote rule of law and equal access to justice; fight all forms of corruption; develop efficiency, accountability and transparency of institutions at all levels; ensure receptive, participative and representative decision-making process at all levels; ensure access to information.

An efficient governance is measured by people's level of confidence in central institutions of the state. According to the Barometer of Public Opinion<sup>52</sup>, the highest confidence in central authorities was registered at first in 2001 then 2003 -2005, except for 2003. From 2005 until 2017, the confidence level in the three powers (Parliament, Government, and President) has had a similar trend, the lowest level registered in 2016, as a result of political crisis in 2015, all institutions registering about 6-7% of confidence respondents, with slight increase in 2017.

People's perception is confirmed by the Prosperity Index<sup>53</sup> for 2017 that ranks the governance of the Republic of Moldova 112 out of 149 countries in the category of states with inefficient governance dropping compared to 2016 when the Republic of Moldova ranked 98 out of 149 countries. At the same time, according to Economic Freedom Index for 2018<sup>54</sup>, the Republic of Moldova accounted for 26.6% for Governance Integrity by 2.0 p.p. compared to 2017 and 8.4 p.p compared to 2016. At the same time, although Efficiency of Justice accounts for 26.3% in 2018, increasing by 2.4 p.p. compared to 2016, according to the report, the justice sector remains weak and does not always guarantee the human rights and the investors' rights. According to Global Competitiveness Report for 2017-2018<sup>55</sup>, at the category Institutions<sup>56</sup>, the Republic of Moldova ranked 119 out of 137 countries in 2016, with a slight improvement compared to 2015, when it ranked 129, and the most difficult factors in the economy mentioned by the respondents of the survey conducted by the World Economic Forum in 2017 are corruption (20.6% compared to 20.7% in 2016); political instability (13.5% compared to 15.2% in 2016); inefficient bureaucracy of the government (7.9% compared to 8.0% in 2016).

An important aspect in building an efficient, accountable and transparent governance is to eliminate corruption and ensure the integrity of policy makers and public officials. The fight against corruption has been a continuous process since the independence of the Republic of Moldova, and was considered a priority especially lately, with the negotiation and signing of the RM-EU Association Agreement. However, according to the Barometer of Public Opinion, corruption at all levels of society, is one of the major concerns of citizens, besides the unemployment, poverty and higher prices. According to Freedom House<sup>57</sup>, since 1999 until now, the corruption index has not changed much, oscillating around 6, when 7 represents the worst result and 1 the best. At the same time, according to Transparency International, the Corruption

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<sup>52</sup> <http://bop.ipp.md/>

<sup>53</sup> Calculated by Legatum Institute, <http://www.prosperity.com/rankings>. It measures the governance performance of a country based on three dimensions: governance efficiency, democracy and political participation, and rule of law.

<sup>54</sup> Calculated by the Institute for Economic Freedom, <https://www.heritage.org/index/country/moldova>

<sup>55</sup> <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

<sup>56</sup> The components of this category that refers to performance of central public administration include: (i) unofficial payments and bribes – rank 111 out of 137; (ii) independence of justice – rank 132 out of 137; (iii) favouritism in official decisions of the government - rank 123 out of 137; (iv) burden of government regulations – rank 110 out of 137; (iii) government transparency in developing policies – rank 92 out of 137.

<sup>57</sup> <https://freedomhouse.org/report/nations-transit/2018/moldova>

Perceptions Index has been continuously decreasing in the last years, from 36 in 2012 to 30 in 2016, with a slight improvement in 2017, when the index reached 31 points.

Moreover, the daily activity of the state institutions should base on the observance of rule of law and should be supplemented with efficient measures to fight corruption and efforts to increase the access of citizens to justice in a more equitable way. According to the Barometer of Public Opinion, the highest level of trust in justice was about 50% and was registered in 2005. The distrust in justice reached the maximum rate in 2015 and 2016, accounting for 85% and 86%, respectively. In 2017 the situation has improved slightly, but the distrust is however, the highest since 2001. The distrust in the justice system generates low level of confidence in the state and its institutions, which results in a vicious circle in the relation between the state and the citizen.

According to Freedom House<sup>58</sup>, the independent justice index reflects to a great extent what the Barometer of Public Opinion presents. The best indicator of the Republic of Moldova was registered at the beginning of measurements, having a score of 4, where 1 is the best, and 7 is the worst result. With small exceptions, the trend has continuously worsen and in 2017 reached the weakest result of index 5. Compared to CEE countries, according to Freedom House, the Republic of Moldova has one of the weakest index of justice independence.

The justice is still perceived as a repression mechanism by the population that is not efficient in protecting the interests of the people. This perception has to be substituted with an image of human friendly justice that is not in conflict with the law and a victim of illegal actions. The justice has to become restorative (to restore violated rights and interests), rehabilitate the persons in conflict with the law and only then, should be repressive (sanction offenders).

### Vulnerable groups

- *Children and teenagers* – insufficient number of specialised professionals in cases with children (prosecutors, judges, lawyers), including in sexual violence causes is a concern for decision-making process in the superior interest of the child. The quality of legal assistance for aggressors and victims should be increased ensuring specialisation and better understanding of child-friendly justice for all lawyers. Develop preventive and intervention services for children at risk and those in contact with the law should become a priority at the level of inter-sector efforts and assume responsibilities of authorities in the field of justice and social protection. Existing monitoring and control mechanisms, including inspection and lodging complaints should be improved and applied to ensure achievement and restoration of child rights in contact with justice, especially of those from closed institutions.
- *Underrepresentation of women in political and decision-making process* – level of women represented in the Parliament of the Republic of Moldova, Government, and central and local public administration authorities is under global average. In 2017, women represented 21% in the Parliament of the Republic of Moldova, 18% in the Government of the Republic of Moldova and 18.1% in representative entities, and even lower at local level.
- *Persons with disabilities* – have a limited access to justice. The limitations are due to limited capacities of public providers of specialised legal assistance based on rights stipulated by the UN Convention on the Rights of the Persons with Disabilities, on one hand, and the impossibility of persons with intellectual or psycho-social disabilities to access independently services of legal assistance, on the other hand. Persons with disabilities who

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<sup>58</sup> Idem



seek legal assistance face discriminatory treatment based on disability; violation of the right of access to social and health services; violation of rights of persons with disabilities by the employees in residential institutions; violation of property rights; deprivation of legal capacity of persons with disabilities; violation of the right to life in community (persons isolated in houses or institutionalized in residential-type homes); restriction of the life to free movement; discrimination at employment; physical inaccessibility of courts.

- *Persons with low income, especially in rural areas and elderly* – access to justice.

### Causal factors

The shortcomings in the transparency of state institutions, non-participating and non-representative decision-making process influence negatively the people's perception of state institution functionality. Low salary in public administration system generates high personnel turnover, and low accountability for bad management of public resources, while low level of professionalism and insufficient training of public officials regarding institutional integration in central or local administration result in low efficiency of governance. This situation is aggravated by tolerated lack of integrity of representatives of public institutions and impunity of public agents.

Vulnerability of state institutions to political interference, especially of law-enforcement institutions affects directly the independency of judicial from legislative and executive power. At the same time, the work volume of judges continues to be a challenge for the efficient delivery of justice. In 2017, average load of case files were about 70 files per judge, hence, the assistance of judge in proper management of case files is limited. High load of case files, especially in certain courts, generated directly low level of efficiency of courts.

Although the confidence of people in courts is low, settlement of litigation through alternatives (extra-judiciary) ways is still not popular, and accounts for less than 1% of total number of litigations.

### Strategic vision

The strategic goal is to enhance the quality and transparency of public administration, decrease corruption and increase the confidence in justice.

The quality of governance is one of the fundamental elements that determines the quality of people's life. The efficient, transparent and human-centred functioning of state institutions depends on quality and efficiency of policies and reforms implemented in every sector. Enhancing the trust rate in state institutions and quality of justice results in increased level of investment in state's development. Public administration should be efficient, transparent and trustworthy at all levels, including in territory where the activity of local administration should be closer to people and should serve the people. Hence, the following strategic targets have to be achieved by 2030:

- Promote the rule of law at the national and international levels and ensure equal access to justice for all women, men, children, and vulnerable groups (SDG 16.3).
- Substantially reduce corruption and bribery in all their forms (SDG 16.5).
- Develop effective, accountable and transparent institutions at all levels (SDG 16.6).

- Ensure responsive, inclusive, participatory and representative decision-making at all levels (SDG 16.7)

#### Specific goals

- Streamline justice sector reform to ensure independence and less premises for corruption, which will enhance the trust of people and investment in justice.
- Central and local public administration reform with special focus on professionalism and integrity of public servants, evidence and information-based public policies development and enhance and improve the access to public services provided at central and local level based on an intelligent and participating planning.

#### Priority actions

- Functional central and local public administration system, including policy development and implementation based on human rights approach:
  - make evidence-based public decisions on their impact on all people, especially on vulnerable categories,
  - ensure a transparent, receptive, inclusive, participating and representative decision-making process at all levels,
  - ensure a clear mechanism to apply decisions, according to principles of subsidiary, and monitor their implementation.
- Assess constantly and formally the impact of public policy and normative acts implementation.
- Integrate gender dimension in the process of public policy development and implementation throughout the lifecycle and accountability of public authorities to ensure true gender equality.
- Active development and adoption of advanced technologies (blockchain, artificial intelligence and computer assisted learning) to enhance transparency, integrity, and tracing of activities of public authorities and management with a special accent of public finance system, public property administration and public procurement management.
- Reform hiring and training, performance evaluation and accountability procedures of public officials, simultaneously with rethinking the motivation system to improve the status, performance and accountability of public service.
- Ensure integrated, accessible (non-discriminating services from physical, economic and informational point of view), acceptable and qualitative public services throughout the lifecycle that meet the individual needs of persons, including of vulnerable groups.
- Develop electronic governance infrastructure, so people interact less with human factor when receiving services from public authorities.
- Develop an efficient and closer to people local public administration by adopting an optimal level of administrative decentralisation, so local public authority becomes efficient and accountable in its relations with people.

- Promote legal literacy of the public and practice of extra-judiciary litigation settlement.
- Build an equitable and accessible justice system adapted to needs and development level of all categories of persons, especially vulnerable groups.
- Ensure professionalism, independence and integrity of judges and prosecutors to answer accordingly to existing challenges in the society, to ensure rule of law and enhance the confidence in the justice system.
- Ensure highest level of quality of legal assistance, especially of state guaranteed legal aid.
- Develop new types of forensics (intellectual property, culture and arts, ecology, language, etc.), including by developing scientific and research activity of forensic institutions.
- Ensure that all actors involved in prevention, investigation and trial of corruption cases benefit from autonomy, to be able to proper fulfil their duties without the influence of political, administrative actors and third parties.

### Expected impact

The implementation of good governance principles will be ensured through equal participation of men and women in decision-making process by promoting freedom of association and expression and a professional civil society. The clear legal framework will be applied with impartiality ensuring full protection of human rights, especially of vulnerable groups. The equidistant application will be ensured by an independent, impartial and non-corrupt justice system, finalised by an accountable act of justice. Decision-making and their application will be transparent and will follow strict, clear rules and regulations. The information will be publically available and will be accessed by those who are affected by these decisions. Public institutions and administrative processes will serve equally all people in a reasonable period of time. At the same time, to serve different existing interests in the society, the public institutions will try to ensure a balance between general interest of the society and rights of every citizen. Also, policy development process will use long-term perspectives of sustainable human development taking into account all members of the society, especially the vulnerable groups. Public institutions, administrative processes and the judiciary system will produce results that will meet the needs of the society using the resources in the most efficient manner. Last but not least, the accountability will be widely promoted: not only in public administration and judiciary system, but also in business environment and civil society, an accountability that cannot be achieved without transparency and rule of law.

### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- enhance quality and transparency of public administration;						
- reduce corruption;						
- increase confidence in the justice.						
1	Proceedings initiated by courts as a result of notification of People's Advocate	MoJ				
2	Share of cases lost at ECHR	MoJ				
3	Satisfaction level of population of the justice system	MoJ				
4	Share of people who maid	Transparency	42			

	unofficial payments (bribes) in the past 12 months	International				
5	Share of entrepreneurs who made unofficial payments (bribes) in the past 12 months	NAC				
6	Control of Corruption Indicator (from -2.5 to 2.5)	World Bank				
7	Regulatory Quality Indicator (from -2.5 to 2.5)	World Bank				
8	Share of effective public expenses compared to approved expenses	MoF				
9	Share of population satisfied by public services	SC				
10	Share of women in public service in high level management positions	SC	34,5			
11	Share of women judges	MoJ	45,2			
12	Share of women elected in the Parliament	CEC				
13	Share of women in local public administration	CEC				
14	Share of women in appointed positions	NBS				

## 9. Promote peaceful and safe society

### Current situation

The safety degree in the community is expressed both by administrative indicators on criminality and statistics on accidents, as well as based on individual experiences and general perception of the population. Statistics show a continuous decrease in criminality in 1999-2007, followed by a slight increase since 2007. But the 2010 eruption suggests that the data reflect to a greater extent the impact of some administrative improvements in registering light crimes (especially, thefts, acts of hooliganism), rather than a dramatic aggravation of security level.

The violent crime indicator resulted in human victims or serious intentional injuries, less vulnerable to the administrative interference, show generally an improvement of the situation, correlating with more positive individual perceptions. The improvement of security environment is visible especially compared to the situation in the 'wild 1990', when violent crimes had a 3-4 higher rate than at present. It is remarkable the decrease of the number of road accidents and number of victims and persons who suffered trauma as a result of road accidents.

Despite these improvements, the Republic of Moldova has not yet distanced itself from the post-Soviet model characterized by high level of violence and lack of safety and has not assumed yet a credible convergence towards Central and Eastern European average. In particular, the long distance that separates the Republic of Moldova from Central European countries when we speak about human safety compared to such risks as road accidents, drowning, intoxications, homicide and accidents caused by other external causes with lethal result (electrocution, household accidents, and labour accidents) has been remarkable.

The perception of population, as reflected by the Barometer of Public Opinion, points out that the distrust of population in police has been practically unchanged since 2001 and stayed 64%, although it registered some fluctuations from one period to another. It is wrong to think that only some state institutions are responsible for community security. It actually starts with every person in part by involving the community and correct understanding of phenomena that take place in the society.

### Vulnerable groups

- *People from rural area* (especially in the Centre) are more exposed to violence caused by other people than in the urban area. In the last 20 years, the homicide rate (number of cases reported to number of population) was significantly higher than the national average in Ialoveni (about 65% over the average), in Anenii Noi, Șoldănești, Strășeni, Călărași and Căușeni (about 40% over the average) and in Basarabeasca, Florești, Dubăsari and Cimișlia (about 20-30% over the average).
- *Women and children are frequently victims of violence.* Most often, it is manifested as part of a more general phenomenon of domestic violence and very often is associated with the alcohol abuse of the offender, and because of the predominance of some archaic cultural stereotypes and traditional gender roles. The number of rapes and sexual violence is growing (possibly due to a more correct administrative registration of cases): 243 cases per year on average in 1990, 266 cases in 2000-2009, and 337 cases on average in 2010-2016. The number of crimes committed against children has increased from 456 on average per year in 2000-2009 to 1000 cases on average in 2010-2016; the risk faced by the girls is 40-60% higher than by the boys. Children are usually victims of sexual crimes and their different

forms. According to data of General Police Inspectorate, 353 sexual crimes were recorded in 2015, or 26.4% of total recorded crimes against children. In 11% of cases the children were abused by families (by biological father, life partner or other relatives). Analysing the current trend, we can predict that the information technologies and communications (ITCs) will have a massive impact and consequences of children and teenagers by 2030.

- *Migrants face specific risks, including the risk of human trafficking.* Although the State has taken a number of measures to negotiate and sign bilateral agreements to regulate the migration flows, the protection of migrant workers and prevention of human trafficking, the migrants still do not know these. 309 victims of human trafficking were identified in 2015, of which, 22% were children. The number of children – victims increased considerably from 26 in 2014 to 67 in 2015. A case of children trafficking for labour was discovered. The number of adults – victims identified in 2013-2015 accounted for 238 annually. The predominant forms are sexual and labour exploitation (especially in agriculture and constructions), begging, organ, tissue and cell trafficking, and forced criminality (especially drug couriering).
- *Children of migrants and street children.* Migration of parents increases the vulnerability of children to violence, neglect, exploitation and trafficking. Hence, in multi-generation households with migrants, 60.8% children are left in the country without any legal protection (guardianship, trusteeship), and grandparents, relatives or persons who are responsible for these children cannot represent them or protect their rights in case of abuse. Strategic review of childcare system in the Republic of Moldova shows that 14% of children placed in residential care are victims of abuse or neglect, or in suspect situations. Also 6% of children are placed because both parents left the country.
- *Men predominate among homicide victims (about 70%) and as perpetrators (about 90%).* The men are facing significantly higher risks to become victims of an accident or violence: for men, the risk to be killed is 2 times higher than for women, intoxication – 3.3 times higher, and drowning – 6.5 times higher, of road accidents with tragic results (5 times more than women).

#### Causal factors

- *Individual factors* – personality particularities, alcohol addiction and its accessibility, including the alcohol produced at home, drug addiction.
- *Group factors* – peer pressure and negative influence of adults, violence at school and in the family, vulnerable families, lack of supervision by parents and guardians. For instance, in case of juvenile crimes, the statistics show that about 20% of juvenile crimes are committed in-group or together with adults.
- *Communitarians* – lack of jobs and permanent income, lack of extra-curriculum activities for the youth, critical infrastructure, intense urbanization and concentration of population in developed centres, violence in community, stressful job, lack/insufficiency of legal leverages to influence and control the behaviour of persons susceptible to sociopath actions, insufficient activity of the authorities with direct duties in these fields. Combined with other causes, lack of job is seen as an important predictive factor that can determine violent or risky behaviour - about 25% of crimes are committed by persons without a job. At the same time, the data show that over 60% of juvenile crimes are committed by minors who do not

study or work. Instability or permanent changes in the society, especially economic, social, cultural, legal, etc. relations, have a direct impact on certain categories of persons.

- *Systemic* – perpetuation of native behavioural models by the mass media and mass culture, accessibility of alcohol products, access to firearms, lack of a set of credible sanctions and prevalence of corrupt arrangements that permit evasion from punishment; insufficient training of employees in institutional integration, lack of a merit-based and professional integrity hiring and promotion mechanism, signs of corruption and lack of a control/punishment mechanism for those who support corruption or improper influences they are subject to, as well as tolerance of employees to incidents of integrity, which is confirmed by low number of detainees in this regard; lack of accessible training and long-life education programmes.
- *Abusive and destructive use of Internet.* Certain subversive centres and extremist-terrorist groups dedicate significant resources to produce large volumes of materials with destructive content, including with terrorist content that includes extremist doctrines, training manuals, suicide practical advices, how to obtain a firearm, how to make bombs, etc. They provide video materials with successful attacks, torture and execution of victims though Internet. The Internet provides the radical recruiters with many opportunities to interact with people, which are otherwise inaccessible through traditional methods. The online interaction with people with similar views may replace physical community of a person and may create an online social environment, where deviant and violent behaviour are acceptable. Although such online materials are not per se direct instruments to radicalise the persons, they play a role in accelerating the radicalisation. The interaction with other people through online channels fuels the feeling of membership and having a common cause.

### Strategic vision

The strategic goal is to ensure a safe and non-violent living, working and studying environment.

Physical safety and psychological comfort in the community and family is an essential dimension of the quality of life, and personal safety has positive implications on development. At the same time, a person has a fundamental need to be part of a group, to interact with other people and to participate in community life. Hence, the main elements of long-term intervention to produce a change in the field of personal and community safety are the education, welfare of communities, protection services of people at risk and actions to reduce life risks. The following strategic targets of the 2030 Agenda for Sustainable Development have to be implemented:

- Continuous and dynamic reduction of all forms of violence, especially domestic violence and sexual violence (SDG 16.1).
- End abuse, neglect, exploitation, trafficking and all forms of violence against and torture of children (SDG 16.2).
- Combat all forms of organized crime and firearm trafficking (SDG 16.4)

### Priority actions

- Enhance the role of psychologist in educational institutions and communities. Psychologists have to professionally help in identification and control of personality factors that may create predispositions for violent or risky behaviour and to help parents, pupils and teachers to move beyond the difficulties of adaptation, communication and socialization.

- Create more extra-curricular activities and civilised socialisation to reduce the incidence of juvenile crimes.
- Monitor media and on-line content to minimize the exposure of children and teenagers to violence promoted in the media and online (movies, news, games, social network content) and to reduce medium- and long-term violence and aggression on behalf of minor viewers/users.
- Reduce alcohol consumption, drug use, accessibility of home-made alcohol and frequent violation of interdiction to sell alcohol to children and youth.
- Eliminate violence, neglect, exploitation and trafficking of children and women, including remove existing gaps and shortcomings in the legal framework on incrimination, sanctioning, prevention and fighting domestic violence as well as develop social services for victims or potential victims of crimes.
- Sociological research of criminality factors, with a special accent on developing juvenile criminality prevention measures, as well as develop new types of screening to monitor in real time the security in the communities.
- Approach of extremist deep causes and fight against multiplication of talks of incite to hatred and online dissemination of terrorist or extremist materials, as well as individual resilience to such propaganda.
- Improve the relation between the community and police to solve crimes and public security to improve the quality of life by underlining the contribution of every citizen and involve him/her together with the authorities in removing the causes and conditions generating public unsafety; enhance the role of women in community police to provide a better security for the population, especially to women and children.
- Create high quality working conditions to increase the efficiency of employees, motivate the staff, eliminate discrimination barriers, increase the number of women in public service, including in security sectors.
- Review the mechanism that provides access to firearms in order to restrict it and establish strict monitoring and marking procedures of firearms in civil circuit.
- Enhance and maintain high level of border security.
- Develop, adapt or transfer new technology solutions to prevent fires in households.
- Adopt intelligent technological solutions to enhance the level of road safety.
- On-going evaluation of weather and climate, geomorphological, radiological and seismic risks, assess the vulnerability of buildings and critical infrastructures and adjust relevant technical and security standards.

#### Expected impact

Fewer children victims of abuses will reduce the number of abuses in the future. Fewer aggressed women will create a better family and community environment for working, living and raising children. A safer environment in the society will contribute to sustainable development of quality of life of persons and families, which will efficiently involve them in



working activities, entertainment and education. For business environment, the labour security and prevention of prejudice as a result of accidents or criminality will reduce the perturbations in activity, will enhance the productivity and maintain a qualified personnel. At community level, the safety will increase cohesion between people, public administration and business environment, creating thus, preconditions to satisfy the needs of everyone.

#### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b>						
- Ensure safe and free of violence living, working and educational environment						
1	Number of homicide victims per 100 thousand of people	MoIA	5,3			
2	Incidence of physical or sexual violence against women in the past 12 months	NBS				
3	Share of persons who feel safe in their community	MoIA				
4	Share of children (0-17) who were subject to any form of physical or psychological violence by an adult in the last month	MoIA				
5	Number of victims of human trafficking per 100 thousand population	MoIA	6,8			
6	Share of young people aged 18-29 years who were subject to sexual violence before 18 years	MoIA				
7	Rate of address of victims of violence	MoIA				

## 10. Ensure fundamental right to healthy and safe environment

### Current situation

A good environment, as well as the availability of natural resources necessary for life existence, is a precondition for the population's health, higher life standards, attraction of investments, and development of economic sector and society's welfare. A healthy population can be employed and can contribute to the increase of income level, which can decrease the burden of social assistance ensured by the state. Also, the environment quality has a direct impact on the quality of agricultural, fish and food produce from zoo technical sector. Thus, the elements of the environment have a direct and indirect impact on the human during his/her entire life, determining the health situation and productivity level, respectively.

Water is one of the most important resources that ensure the existence and quality of life. The quality of water is determined as well by the sources of pollution and the manner of their administration. The management of these pollution sources becomes more sensitive when the surface water is an important source of water supply to the population. Key sources of water pollution in the Republic of Moldova are untreated or partly treated *wastewaters*, household and production *wastes*, as well as *fertilizers* used in agriculture.

*Wastewaters*. Only 169 culverts have sewage systems out of total number of culverts, and only 136 are functional. Only 106 are equipped with waste water systems out of total functional systems, and only 89 are functional. No functional culvert treats the wastewater according to the norms stipulated in accordance with the legislation in force.<sup>59</sup> The functionality of municipal water waste systems depends on the quality of evacuated water in sewage systems. Hence, wastewaters with exceeded admissible limit value of quality indicator of industrial water require pre-treatment before being evacuated in the sewage system.

*Wastes*. Currently, about 1146 landfills with a total surface of 1247.61 ha are used in the Republic of Moldova. The landfills are organised by local public authorities and in general, do not meet the environment protection standards. According to statistics, the quantity of solid waste is growing from 2172.8 thousand m<sup>3</sup> in 2008 to 3065.2 thousand m<sup>3</sup> in 2016.<sup>60</sup> About 98% of the municipal waste collected by sewage services was eliminated by storing; the selective collection is organised partly in Chişinău and some districts in the country. The recycling and reuse of waste is still very low.<sup>61</sup>

*Fertilizers*. Most chemicals and fertilizers used in the Republic of Moldova are imported. Agriculture uses significant quantities of chemicals, phytosanitary products and fertilizers. From 2009 to 2016, the total quantity of these products in agriculture increased over 2.5 times from 17.0 thousand tons to 44.6 thousand tons, which means 49.9 kg per each ha of crops.<sup>62</sup> The phytosanitary products are authorised and managed efficiently in accordance with EU standards to reduce the risks associated to the application of plant protection products.

Another important aspect faced by the Republic of Moldova is the quantity of water *available for usage*. The available volume of water is 500 m<sup>3</sup> per capita per year or even less. The recommended international thresholds define a volume of 1700 m<sup>3</sup> per capita per year as a safe

<sup>59</sup> <http://www.statistica.md/newsview.php?l=ro&idc=168&id=5632>

<sup>60</sup> [http://statbank.statistica.md/pxweb/pxweb/ro/10%20Mediul%20inconjurator/10%20Mediul%20inconjurator\\_MED060/MED060300reg.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](http://statbank.statistica.md/pxweb/pxweb/ro/10%20Mediul%20inconjurator/10%20Mediul%20inconjurator_MED060/MED060300reg.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

<sup>61</sup> IES Annual Report – 2016 Environment Protection in the Republic of Moldova

<sup>62</sup> <http://www.statistica.md/pageview.php?l=ro&idc=315&id=2279>

level of renewable fresh water. If the volume of available water is less than 1000 m<sup>3</sup> per capita per year, the lack of water may impede economic development and may affect the health and living standard of the population.<sup>63</sup>

*Land resources* in the Republic of Moldova are the subject of an intensive anthropogenic usage. The share of the land used in agriculture is one of the highest in the world (60% of the territory), while the areas with natural vegetation are very limited (forests – 11.17%). The soil in the Republic of Moldova that is highly qualitative and productive, is subject to degradation processes, the erosion being the most serious one.

*Woods* represented only 11.17% of total surface of the Republic of Moldova in 2017 representing a minor increase of only 0.1% since 2010.<sup>64</sup> In states of the European Union, the woods and other forests cover more than 40% of terrain<sup>65</sup>. Maintaining and extending the forests contributes to reduction of climate change, prevent soil erosion and continuous degrading of soil and restore the underground waters. Last but not least, the woods are an alternative source of energy, when used rationally and in accordance with strict consumption and regeneration of wood lands.

*Air pollution* has an impact on life expectancy, because the long-term effects include pulmonary and cardiac diseases. About 90% of pollutants in the atmosphere are produced by exhaust pipes of the cars (transportation sector). Overall in country, 86.2% of emissions in the atmosphere is produced by the transport. The number of cars is increasing constantly (867.2 thousand cars in 2015 and 892.7 in 2016), while the import of older cars with high level of emissions contributes vehemently to atmospheric air pollution.

*Climate change* affects all areas of development in a country. Most sectors are vulnerable to climate change and are affected by extreme weather conditions on the territory of the country. In this context, measures to adapt to climate changes and reduction of greenhouse gas emissions should be promoted.

Integration of *green economy* measures in production process in different branches of national economy would contribute to the improvement of environment quality, and the living standards of the population of the Republic of Moldova. These optics would enhance the decoupling of economic growth from environment degradation.

### Vulnerable groups

The effects of environment pollution have a negative impact on the entire population of the Republic of Moldova. These effects are amplified under climate change. At the same time, we can identify certain groups of the population that are more vulnerable to certain environmental conditions:

- From the point of view of the quality of drinking water, the *population who drinks water from ground sources and wells without a preliminary treatment is the most vulnerable*. About 50% of total quantity of ground waters, extracted or tested on the territory of the country cannot be recommended as drinking water without a preliminary treatment. This water has an increased level of minerals, fluoride, hydrogen sulphide, metals, sodium,

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<sup>63</sup> Environment Strategy for 2014-2023 and the Action Plan for its implementation (GD No. 301 of 24.04.2014)

<sup>64</sup> [http://statbank.statistica.md/pxweb/pxweb/ro/10%20Mediul%20inconjurator/10%20Mediul%20inconjurator\\_MED050/MED050200.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](http://statbank.statistica.md/pxweb/pxweb/ro/10%20Mediul%20inconjurator/10%20Mediul%20inconjurator_MED050/MED050200.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

<sup>65</sup> [http://eur-lex.europa.eu/resource.html?uri=cellar:2c1c71af-8384-11e3-9b7d-01aa75ed71a1.0003.01/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:2c1c71af-8384-11e3-9b7d-01aa75ed71a1.0003.01/DOC_1&format=PDF)

ammoniac, and other elements.<sup>66</sup> At the same time, the mine wells are polluted with nitrates, nitrites and ammoniac up to 85%. In many rural localities, the only source of drinking water are the mine wells, which water is polluted by different sources of pollution such as stables, toilets, wastes, because are placed closely to the mine well. In this case, the most vulnerable group is the *new born babies up to 3 months*, who may develop methemoglobinemia because of the high concentration of nitrates (transformed further in nitrites). Also, as a result of many pipelines construction in villages in 2009-2017, without sewage systems, the people have built many individual septic tanks for collection of untreated wastewater, which further go deeper into the soil and ground water, polluting them significantly.

- From the point of view of the quality of water for irrigation, the *farmers whose lands are located outside urban areas* are the most vulnerable and the only water source for irrigation is the water from inland rivers. The quality of surface water in the inland rivers suffers from high pollution due to non-functioning or partial functioning of wastewater treatment plants. Because of this, the water does not meet the corresponding quality standard for irrigation. However, because they have no choice, the farmers tend to violate the legislation and use the polluted water to irrigate their crops, exposing the consumers of agricultural produce to high risks of getting sick.
- From the point of view of the quality of drinking water, *the residents of localities which main source of drinking water is the River Nistru* are the most vulnerable people. This vulnerability has deepened with the extension of hydraulic node from Novodnestrovsk in Ukraine that influences significantly the debit of the River Nistru. If the water is supplied to six districts in the North and two districts in the central part of the country from the River Nistru, the number of potentially vulnerable persons will increase significantly. In the same context, we should take into account the fact that within the Compact Programme, three irrigation systems with water from Nistru River have been repaired and should satisfy the irrigation needs of the farmers in many localities placed down of the stream. Hence, if the mandatory daily water pumping from River Nistru is not regulated at the inter-governmental level and observed by Ukraine, this group of farmers will face high deficit of irrigation water.
- From the point of view of flooding, the *residents of localities in the river basins, especially River Prut and River Nistru*, are the most vulnerable people. From the point of view of natural disasters, which intensity has been acknowledged in the last 20 years, farmers are the most vulnerable group. We cannot map the most vulnerable regions because the appearance of natural calamities is not uniform.
- As for the air quality, the most affected are *people from Chişinău and Bălţi municipalities* because of the high concentration of transport means.

#### Causal factors

- *Financial.* Lack of sufficient financial resources in local budgets impedes local public authorities to undertake all necessary measures to enhance or build an ecological infrastructure, such as sewage systems and waste water treatment plants. Technical assistance of development partners in water and waste management is important but does not cover all needs for a significant improvement of environment quality. Low income of

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<sup>66</sup> <http://www.ehgeom.gov.md/ro/proiecte-din-bugetul-de-stat/monitorizarea-apelor-subterane>

population and farmers maintain obsolete transport pool, which produces high level of emissions into the air.

- *Individual.* Low level of living standards does not allow the population to acknowledge the importance of natural resources and of a clean environment for health and own welfare, focusing first of all, on social and economic issues and contributing to pollution and failure to observe the environmental legislation.

### Strategic vision

Existing mechanisms and policies do not ensure conservation and restoration of key components of the environment. To change the situation, the economic and human activity should be conducted in harmony with the environment.

This approach will reduce the pollution of environment by eliminating pollution sources of waters (SDG 6.3, 14.1, 12.4, 12.5), will reduce the volume of wastes and will enhance sustainable management of natural resources and development of ecosystem services.

In the context of climate change, it is necessary to implement measures of adapting and reducing the climate change phenomenon and reduction of greenhouse gas emissions (SDG 1.5, 9.4, 13.1, 13.2, 13.3). One of these measures refer to planting trees that would reduce soil degradation, would improve the quality and quantity of water resources and would contribute to the development of communities at local level through ecosystem services (SDG 15.2, 15.5, 15.9).

The principle of green economy will be implemented, which will contribute to efficient use of resources and energy, application of pure technologies in economy, with reduced level of CO2 emissions and reduced pollution and minimization of environment risks. Green economy represents a new driver of economic growth, a generator of decent jobs and vital strategy to eliminate poverty. To stop nature degradation, the society should be mobilized and the participation in the conservation of ecosystems should be streamlined. By promoting a life in harmony with the nature, it is possible to create a society that takes care of environment.

### Specific goals

Taking into account the fundamental role of environment elements and natural resources for life existence and enhancement of life quality, the specific objectives envisage the improvement of environment quality to protect the population's health, natural resources and conservation for a sustainable development of the country:

- Improve the quality of water and soil by reducing the pollution by treating the wastewaters in tanks or natural environment, decrease the spill of chemicals and dangerous substances and reduce the volume of untreated wastewaters.
- Significant increase of forest and planted areas.
- Ensure resilience to climate change by reducing the risks related to climate change and facilitate the adaptation in six priority sectors – agriculture, water resources, health, forest, energy and transport.
- Progressive improvement of global resource efficiency for consumption and decoupling the economic growth from environment degradation.

### Priority actions

- Improve water quality of Nistru and Prut Rivers and surface waters (with focus on hydrologic basins of Răut, Bîc, Ichel, Botna, Naslavcea-Vasilcău, Delia, Șovăț, Frumoasa-Crihana Rivers); implement integrated management of water resources in all hydro-graphic and sub-hydro-graphic basins.
- Build/reconstruct treatment plants in localities with a population higher than 15 thousand that would treat the wastewaters in accordance with the admissible limit values of quality indicators of evacuated waste waters in water bodies.
- Observe the quality indicators of industrial wastewaters evacuated in central sewage systems and water bodies by all economic agents, who activate on the territory of the Republic of Moldova.
- Create integrated waste and chemicals management systems that would contribute to the reduction of stored waste quantity and would increase of recycling rate.
- Extend the areas covered with woods and natural areas protected by the state, as well as ensure efficient and sustainable management of natural ecosystems; extend wooded areas on highly eroded land which is just over 100.000 ha and currently is part of agricultural land; change the destination of agricultural land to forests.
- Develop integrated air quality management system, reduce emissions of pollutants and greenhouse gas emissions into the atmospheric air, compared to baseline scenario; promote the modernization of cars in the Republic of Moldova, including by decreasing customs duties, environment fees and excises at the import of hybrid or electric cars; introduce differentiated environment fee for vehicles depending on the pollution level collected at annual technical service of vehicles;
- Integrate the principles of environment protection, sustainable development and green economy development, climate change adaptation in all sectors of national economy.

#### Expected impact

Ensure rational use, protection and conservation of natural resources will improve the quality of environment components. In turn, these will enhance the health of the population which will be reflected in increased life expectancy and active period of people, respectively, increased productivity, reduced individual and public expenses to treat diseases. At the same time, planting forests will rehabilitate the country's biodiversity, which is important in maintaining the balance of ecosystems to fight pollution, restore the nutrients, and protect water sources and climate stabilization. Last but not least, by promoting the principle of green economy, the economy of the Republic of Moldova will be able to adapt well to global climate change and will be more competitive regionally and internationally, and in the long term, the Republic of Moldova will avoid huge economic expenses due to environment degradation.

#### Monitoring and evaluation indicators

No.	Indicator	Source	Reference value	Intermediary target for 2022	Intermediary target for 2026	Final target for 2030
<b>Elements of strategic vision:</b> - improve quality of surface water; - decrease water pollution sources; - enhance waste management system; - expand the forests and protected areas;						

- reduce climate change and greenhouse gas emissions; - apply the principle of green economy.						
1	Treated waters, share in total volume of wastewaters evacuated from water bodies, %	NBS	14,11 (2016)	22,0	30,0	40,0
2	Quality class of surface water in hydro-graphic basins and sub-basins, I – very good, II – good, III – moderately polluted, IV – polluted, V – very polluted	SHS	Nistru – cl. III Prut – cl. III Sub-basin – cl. IV / V (2016)	Nistru – cl. III Prut – cl. III Sub-basin – cl. IV / V	Nistru – cl. II Prut – cl. II Sub-basin – cl. III / IV	Nistru – cl. II Prut – cl. II Sub-basin – cl. III / IV
3	Waste eliminated through disposal, share of total volume of waste, %	IES	84,68 (2016)	77,0	68,0	60,0
4	Recycled waste, share of total volume of waste, %	IES	15,32 (2015)	23	32	40,0
5	Area of wooded land, share in country's area, %	NBS	11,2 (2016)	13	15	17
6	Surface of protected areas, share of country's surface, %	NBS	5,7 (2016)	8	8	8
7	Pollutants emissions in atmosphere, share compared to baseline scenario, %	MADRM				40
8	Greenhouse gas emission, share compared to baseline scenario, %	MADRM				67
9	Population with access to improved sewage system, share of total population, %	NBS				
10	Population with access to waste collection system, share of total population, %	NBS				

## **4. Implementation, Monitoring and Evaluation of the National Development Strategy**

### **Implementation principles of National Development Strategy**

Lessons learned from the implementation of previous national documents of strategic planning indicate the need to develop interventions that observe, promote, protect and ensure human rights. Hence, the Government plans the following people-centred interventions:

- Develop policies and policy documents based on cooperation based on trust with people who are impacted by the decisions and policies of the Government, involve people who understand in depth the problems that have to be solved and their causes, as well as trace the impact of all policies on people.
- Broad application and direction of scientific researches and innovative approaches to formulate evidence-based policy options.
- Anchor sector policy documents to implement SND ‘Moldova 2030’ to human rights and gender equality principles (interdependency, equality and non-discrimination, participation and empowerment, accountability) and standards.
- Centring sector policy documents for SND ‘Moldova 2030’ implementation on reduction of inequality of chances that may exist in different areas depending of gender, age, residence (rural/urban), ethnic group and/or spoken language, disability.
- Conduct migration impact analysis and integrate migration in sector planning based on SND ‘Moldova 2030’, as sources that have a great influence on sustainable economic and social development of the country.
- Implement SND ‘Moldova 2030’ throughout the Republic of Moldova, including on the left bank of the River Nistru and promote principles for balanced regional development, local autonomy and administrative decentralisation.
- Continue to promote neutrality and non-participation of the Republic of Moldova in regional or global armed conflicts and use of peaceful dialogue in solving eventual challenges, because the quality of life can be developed only based on peaceful and safe conditions.

### **Policy coherence**

Successful implementation of the National Development Strategy ‘Moldova 2030’ and implicitly, of the 2030 Agenda for Sustainable Development depends on the coherence of strategic planning framework, which is quite problematic at present. The mapping exercise of existing strategy, roadmaps, action plans and programmes conducted by the State Chancellery in 2016 showed that the Republic of Moldova has an excessive number of policy documents (more than 300 policy documents and their number continues to grow), which usually are overlapping or contradicting in very narrow policy areas and are not correlated with key sector strategies and are not integrated in budget planning processes, which are not monitored properly or evaluated correctly, and the responsibility between implementing partners are not determined clearly.

These findings were confirmed in the SIGMA’s Baseline Measurement Report: The Principles of Public Administration in the Republic of Moldova, published in March 2016. According to this evaluation, the policy content is not ensured by a strategic direction mechanism, and central



planning system is not fully developed; the quality of evidence-based policies based on impact analysis is not consistent because the analysis capacities are still too weak; sector strategies are not formulated based on uniform rules, reform cost estimation is limited to the indication of necessary additional resources and does not ensure an adequate alignment with the Medium-Term Budgetary Framework (MTBF); the monitoring system to provide periodic information on the Government activity is not fully applied; an integrated and clear reporting system is missing and detailed rules regarding the content, time interval and publication requirements of monitoring reports are not developed; monitoring reports of sector strategies do not provide information on objectives achieved but outputs and activities only.

Based on all these, the Government wants, through Public Administration Reform Strategy for 2016-2020 and Action Plan for 2016-2018 for its implementation<sup>67</sup>, to ‘harmonize policy planning process, especially those relevant to the European integration process and 2030 Agenda for Sustainable Development with Medium-Term Budgetary Framework aligned to budgetary process and available public financial resources’ by streamlining and operating a rigorous, integrated and coherent strategic planning system, as well as correlate it with financial resources.

Hence, National Development Strategy ‘Moldova 2030’ becomes the long-term reference strategic document to ensure the coherence between national, sector policies and budgetary framework.

The National Development Strategy includes a number of inter-connected priority actions and targets, which implemented by different actors, should implement the Sustainable Development Goals. At the same time, the Strategy takes into account the commitments of the Republic of Moldova to implement the provisions of the EU-RM Association Agreement, especially those that can influence the achievement of these goals. Hence, the achievement of goals requires an inherent integrated strategic planning system, cooperation at different levels and inclusion of all interested parties in planning process, implementation and monitoring of policies. Also, it is necessary to change the manner of coordination and harmonization of policies at different levels and sectors, as well as to align these with budgetary framework.

### **National Development Strategy implementation**

The National Development Strategy ‘Moldova 2030’, with its overall objective to enhance visibly the quality of people’s life and ten strategic goals for sustainable development, forms the primary strategic planning framework for country’s development. Each goal contains a number of priority actions that has the purpose to set milestones and directions of action for the development of sector policy documents.

Public authorities will adjust/develop sector strategies based on specific objectives and priority actions included in the National Development Strategy. Sector strategies will provide a plenary sector analysis and detailed policy options following human rights principles and standards and will be focused on reduction of inequalities that may exist in different fields depending on sex, age, residence (rural/urban), ethnic group and/or spoken language, and disability. Also, sector strategies will include all targets and indicators of 2030 Agenda for Sustainable Development relevant for respective sector.

To rationalise the number of sector policy documents, ensure correlation and synergy, and systemic approach between different fields, as well as their alignment with budgetary

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<sup>67</sup> Government Decision No.1351 of 15 December 2016

framework, it is advisable to develop sector strategies only in the following areas of activity, described in Law No. 136 on Government of 7 July 2017:

1. Economy, business development and labour force;
2. Consumer protection, quality of products and services;
3. Regional development;
4. Constructions, territory development and urbanism;
5. Information technology;
6. Security and energy efficiency;
7. Transport and road infrastructure;
8. Healthcare;
9. Social, child and family protection;
10. Education, science and innovation,
11. Culture;
12. Youth and sports;
13. Agriculture, rural development and food safety;
14. Territory reintegration;
15. Public finance, tax and customs relations;
16. Internal affairs, public order and civil protection;
17. Defence and national security;
18. Justice;
19. Public administration and public services;
20. Protection of environment and national resources.

If policy documents are stipulated expressly in the European Union - Republic of Moldova Association Agreement and other international agreements, but are not covered by the abovementioned areas or target inter-sector subjects as well as fighting corruption, the opportunity of their development and approval should be considered. Hence, to ensure coherence in strategic planning process, it is recommended to integrate inter-sector aspects in sector strategies developed for listed policy areas.

The experience from implementing previous national development strategy shows that the success of its implementation depends on operationalization instruments. Hence, the operational implementation document of the SND 'Moldova 2030' will be National Development Plan (NDP). The NDP will include actions and proper financial sources necessary to implement the objectives of the Strategy in accordance with sector strategies. Respectively, the NDP will reflect the structure of the Strategy and will substitute the Action Plan of the Government, which is being developed at present. Following the objectives of rationalisation and harmonization of strategic planning process at national level, the NDP will include the priorities and actions of European integration, which at present are included in the National Action Plan for the implementation of the RM-EU Association Agreement.

The three-year National Development Plan developed based on priorities included in sector strategies developed for the implementation of SND 'Moldova 2030', will be the reference document in the process of Medium-term Budgetary Framework and respectively, will be extended annually until the MTBF development. Hence, the structure and destination of public costs should be adapted to strategic goals for sustainable development of the Republic of Moldova. In time, the opportunity to consolidate the National Development Plan with the MTBF

shall be examined to ensure a strict planning of policies fully aligned to financial possibilities and commitments and to rationalize strategic planning process.

The State Chancellery will be responsible for National Development Plan coordination process in accordance with SND provisions and synchronization of Medium-term Budgetary Framework development process for its monitoring and evaluation, and implicitly of the SND. The Ministry of Finance will ensure the amendment of the Medium-Term Budgetary Framework following the priorities set in the SND.

### **Monitoring and evaluation of the National Development Strategy**

Each strategic goal has a number of indicators that provide reference value and targets for 2030. These indicators will be considered at the development of sector strategies and together with other relevant indicators, will be included in the National Development Plan. In sector strategies, the reference indicators from SND ‘Moldova 2030’ will be disaggregated based on relevant criteria: gender, age, disability, ethnic group and/or spoken language, residence, geographic area, socio-economic statute. To ensure corresponding monitoring, national statistics system will ensure the collection of disaggregated data based on mentioned criteria.

Taking into account the long-term purpose of the Strategy, the reference values will be modified in the period of implementation the Strategy. Hence, an on-going analysis of the scenarios and long-term development projections at national and international level will be necessary, as well as the trends and vulnerabilities projected need to be monitored during development policy planning. In its monitoring and evaluation reports, the State Chancellery will formulate recommendations to improve the efficiency of implementing objectives and any other necessary amendment.

During Strategy implementation, the following monitoring and evaluation procedures will be implemented:

- *Quarter monitoring* – of National Development Plan using monitorizare.gov.md platform. The ministries will present quarter information on the implementation level of actions envisaged in the National Development Plan. The State Chancellery will generate brief reports on key achievements and obstacles.
- *Annual monitoring* – the annual monitoring report on Strategy implementation will be generated based on quarter monitoring. Unlike quarter reports which will provide statistics, the annual report will have an analytical character. It will be a document of reference to plan the following cycle of National Development Plan and respectively, of the Medium-term Budgetary Framework. The report will include the analysis of indicator dynamics included in SND ‘Moldova 2030’, disaggregated by gender, age, disability, ethnic group and/or spoken language, residence, geographic area, and socio-economic statute.
- *Interim evaluations* – at the end of each two interim implementation phases of the Strategy, 2022 and 2026, the State Chancellery will develop evaluation reports that would analyse the implementation of Strategy impact based on intermediary targets, as well as will suggest an adjustment of final objectives depending on the progress achieved and socio-economic trends at national and international level.
- *Final implementation report* – at the end of Strategy implementation, the State Chancellery will develop a final report on achievements and impact of its implementation.

Annual monitoring, interim and final evaluation reports will be developed by the State Chancellery based on the information submitted by central public authorities in an agreed format and submitted to the National Council for Sustainable Development<sup>68</sup> for validation. Afterwards, the reports will be submitted to the Parliament.

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<sup>68</sup> Established by Government Decision No.912 of 5.07.2016 on creating the National Council for Sustainable Development