

ASPECTS OF THE PUBLIC SPENDING POLICY ON THE SOCIAL PROTECTION OF CHILDREN IN DIFFICULTY IN THE REPUBLIC OF MOLDOVA

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Abstract: *One of the main directions of the public spending policy in Republic of Moldova is the social protection of the population. A group of population that is, especially, vulnerable to the difficult social and economic conditions is the children in difficulty – children who have insufficient parental support or lack it, due to parents' negligence, violence, death or other unfavorable conditions of familial environment. A widespread measure of support of these children is their separation from the difficult familial environment and the subsequent institutionalization. On the one hand, the need to make the use of public spending more efficient in supporting this category of children, on the other hand, numerous researches that demonstrate the negative effects of institutionalization on children have determined the government of the Republic of Moldova to orient itself towards deinstitutionalization measures in the last decade. In this paper we try to determine the main aspects of the public spending policy on the social protection of children in difficulty in the Republic of Moldova of the last decade in the light of deinstitutionalization efforts.*

Keywords: *children, public spending, social protection, Moldova.*

JEL Classification: *H53, I38, J13.*

1. Introduction

The social protection of the population is an important part of the public spending policy in Republic of Moldova as in many other countries, as well. The public spendings are directed towards supporting various vulnerable groups of population, from which, children in difficulty is one of the most vulnerable, because of the dependence on a parent or a tutor. The Moldovan law (The Law of the Parliament of Republic of Moldova No. 140 from 14.06.2013 on the special protection of children at risk and of children separated from parents) determines the conditions which can put children at risk of becoming children in difficulty that may need institutionalisation or other social or material support. These conditions include: subjection to violence; negligence; practicing wandering, begging, prostitution; deprivation of care and supervision by the parents because of their absence from home for unknown reasons; death of the parents; living in the street, running away or being chased away from home; the refusal by the parents to exercise their parental obligations regarding the raising and care of the child; the abandonment by their parents; the establishment of a measure of judicial protection (provisional, curatorial or guardianship protection) of one of the child's parents; being a victim of crimes.

To tackle the issues of families and children in difficulty a common measure was the separation of the children from the difficult familial environment and their subsequent institutionalization. But, on the one hand, the need to make the use of public spending more efficient in supporting this category of children, while on the other hand, numerous researches that demonstrate the negative effects of institutionalization on children have determined the government of the Republic of Moldova to orient itself towards deinstitutionalization measures in the last decade, convinced by a series of international and non-governmental organizations in the 2000s (UNICEF, Lumos, CCF Moldova and other organizations that have as one of their main objectives the deinstitutionalisation of children). In the light of deinstitutionalization efforts, Moldovan government implemented various programs and measures of support oriented towards families and children in difficulty. The social protection sector includes two interdependent areas - the social

insurance and the social assistance and has the largest share in the public budget of Moldova - about 33%. Further, we will determine the main aspects of the public spending policy on the social protection of children in difficulty in the Republic of Moldova of the last years.

2. The public spending policy for supporting the children in difficulty

The 2000s were characterized with a series of problems for families and children in Moldova. The natality rate in this period was relatively low (the lowest – 9.9‰ in 2002, the highest - 10.6‰ in 2007) (National Bureau of Statistics of Moldova). The existing system didn't favour the family to educate the child inside the family. There was a high level of institutionalization of children and abandonment, which had a negative impact on the development of children. In 2006 were maintained 25 social assistance centers for children with 967 protected children and the expenses for the maintenance of these centers amounted to 7.1 millions Moldovan Lei or MDL (~541 thousands United States Dollars or USD in 2006) (here and further will be presented the amounts in USD based on the average yearly exchange rate where possible from National Bank of Moldova to give an approximative picture of the amount at the respective year). The social protection system of the child was focused on the form of residential care that is costly and inefficient. Also, the services provided to children and families with children were dispersed between several public administration structures - Ministry of Social Protection, Family and Child, Ministry of Education and Youth, Ministry of Health, local public administration, and there was no close coordination between these structures. Starting with 2005, was introduced a new method of calculating the monthly allowance for raising the child up to 3 years of age for the insured persons – 20% of the average monthly salary. To alleviate these issues were established as priorities of public spending policy the increase of social protection of families with children and the development of social services and of the network of social workers. Thus, in the area of social protection in the Republic of Moldova in 2008 was approved a program on children and family protection with the purpose of supporting families with children and children in difficulty, the provisions of which cover monetary benefits (single childbirth allowance; child-raising and childcare allowances; allocations for orphans, for those under guardianship, for day care centers and temporary placement for children, for family-type homes). All the program expenses are covered by the state budget, the budgets of the administrative-territorial units and the state social insurance budget. The program policy included two priorities: reducing social risks for families with children by creating a system of social protection of the family and the child, based on the development of the families' ability to raise and care for their children and developing the guardianship service as one of the most effective forms of child protection. There were 3 priority policy actions for the first priority (The Medium-Term Expenditure Framework (2008-2010)):

- 1) The introduction, starting with 2008, of the differentiated unique allowance at birth - for the first child 1200 MDL (~115 USD) and for each subsequent child born - 1500 MDL (~144 USD);
- 2) Increase of the single birth allowance by 200 MDL (~19 USD in 2008) each year;
- 3) Increase of the monthly allowance for the raising of the child up to the age of 3 years, to the insured persons by 5% every year and of the monthly allowance for the raising of the child up to the age of 1.5 years, to the uninsured persons with 50 MDL (~5 USD in 2008).

For the second priority two measures were applied:

- 1) Increasing the allowance for the guardianship of orphaned or abandoned children up to 450 MDL (~43 USD in 2008);

- 2) Establishment of temporary guardianship - from 7 days to 3 months as a temporary form of placement.

For these new measures for 2008 from state budget were allocated 46.9 millions of MDL (4.5 millions USD) and 20.8 millions MDL (2.0 millions USD) from the budget of social insurance.

The size of the single birth allowance by 2010 had to increase by 60% compared to 2006 and had to be in 2008: for the first child - 1200 MDL (115 USD), and for the second child – 1500 MDL (135 USD). In 2009 - first child - 1400 MDL (126 USD) and the second child – 1700 MDL (153 USD). In 2010 – the first child - 1600 MDL (129 USD) and the second child - 1900 MDL (154 USD). The amount of the monthly allowance for raising a child up to the age of 3 years old to the insured persons by 2010 had to increase by 60% compared to 2006. The allowance for the guardianship of orphaned or abandoned children had to increase about 2.25 times by 2010. The share of spendings for this program in total social sector spendings has been established to grow from 4.7% from 2008 to 5.3% in 2010.

In 2009 this program of support included the professional parental assistance service, as well as organizing the children's summer rest. Three medium-term objectives for the public expenditure policy were established: the development of a strategic framework for deinstitutionalization of children; the elaboration and implementation of the mechanisms of record and monitoring of the process of social protection of children and social protection of families at child birth and in raising children. To realize these objectives, alongside the actions from the previous year new actions included opening and maintaining the activity of day placement and temporary placement centers and increasing the allowances for orphan children and students and for those under guardianship. For the period 2009-2011 the measures from the previous years have continued - the increase of the one-time allowance at birth of the first child and for each subsequent child with 200 MDL (18 USD in 2009) every year; the increase of the monthly allowance for children up to the age of 3 to insured persons by 5% each year and the increase of allowances for students and orphan students and those under guardianship. The cost of the opening and maintaining the activity of social assistance centers for day placement and temporary placement for children grew from 20.3 millions MDL (1.8 millions USD) in 2009 to 22.2 millions MDL (1.9 millions USD) in 2011. Also, for the increase of allowances for students and orphan students and those under guardianship was allocated a fixed amount of 23.6 millions MDL (2.1 millions USD in 2009) each year in the period 2009-2011 (The Medium-Term Expenditure Framework (2009-2011)).

During the years 2001–2011 the public spendings for social protection sector increased from 1.6 billions MDL (124.3 millions USD) in 2001 to 11.0 billions MDL (937.0 millions USD) in 2011, their share in GDP increasing from 8.4% to 13.4%. The permanent increase of spendings for this sector was conditioned by the social problems in the country. The demographic situation of the Republic of Moldova has registered a deep and constant deterioration, characterized by a negative natural and migratory increase, which leads to the continuous decrease of the total population and to its aging.

For the years 2012-2014 the share of the spendings from the social protection for the program for the protection of family and children has constituted 7.7%. In this period it was necessary to review the priorities in the child protection system, taking into account the need to make granting financial means more efficient, based on the complex assessment of the individual needs of families with children and children in difficult situation in the context of the implementation of the National Program on the creation of the integrated system of social services for 2008-2012, National Action Plan on the protection of children left without parental care for the years 2010-2011. A problematic

issue was the quality and efficiency of the activity of the tutelary authorities regarding the identification, recording, assistance and protection of families with children in situation of risk, as well as of the children left without parental protection, especially in cases of abuse, violence and neglect. of children and the failure to fulfill the obligations of parents or legal representatives regarding the education and proper care of the children. Also, the level of allowances for families with children continues to be low. From the 2012 as medium-term policy objectives were chosen three (The Medium-Term Budgetary Framework (2012-2014)): the prevention of the separation of children from the family environment or (re)integration of children into the biological or extended family by developing social services and efficientizing the mechanisms for establishing the right to provide social benefits to families with children at risk and children in difficulty; promotion of active policies to increase the birth rate and to support maternity by systematically increasing the allowances for families with children; provision of assistance measures in the countries of destination, repatriation and protection of children identified without attendants and children in difficulty outside country borders.

Besides previous actions that were continued (granting allowances for children for insured persons and for uninsured persons; providing social services to children and families in risk situations (in day care centers and temporary placement centers); providing substitute services close to the family environment (family-type children's homes, professional parental assistance services); granting allowances for children left without parental that were adopted and those under guardianship or curatorship), the new actions for 2012-2014 included: annual increase with 300 MDL (24.8 USD in 2012) of the unique allowance at the birth of the first child and for each subsequent child starting with 2013 for insured and non-insured persons; increase, starting with 2013, by 5% of the monthly allowance for the child's raising up to the age of 3 years to the insured persons and with 50 MDL (4.1 USD in 2012) of the minimum ceiling of the allowance; increase of the monthly allowance for the maintenance of the child up to the age of 1.5 years for the uninsured persons with 50 MDL (4 USD in 2013) annually, starting with 2013; the increase, starting with 2012, with 100 MDL (8.3 USD in 2012) of the amount of the monthly allowance for the maintenance of the child in custody and the one under guardianship or curatorship. The total costs for these measures has grown from 785.1 millions MDL (64.8 millions USD) in 2012 to 915.0 millions MDL (65.2 millions USD) in 2014 or with 16.5%.

The total amount of costs for child allowances to insured persons has grown from 397.8 millions MDL in 2012 (32.9 millions USD) to 515.8 millions MDL in 2014 (36.7 millions USD) or by 29.7%. For the uninsured persons the total amount of costs for child allowances has grown from 227.6 millions MDL (18.8 millions USD) to 237.3 millions MDL (16.9 millions USD) or only by 4.3% in the period 2012-2014. For providing social services to children and families at risk (in day care centers and temporary placement centers) the costs grew in this period by 12.5%, from 31.9 millions MDL (2.6 millions USD) to 35.9 millions MDL (2.6 millions USD). For the providing of substitute services close to the family environment (family-type children's homes, professional parental assistance services) the costs grew in 2012-2014 only by 0.9% if at all, from 11.3 millions MDL (0.9 millions USD) to 11.4 millions MDL (0.8 millions USD). Granting allowances for children left without parental care and for those under guardianship or curatorship had a fixed amount of costs of 34.4 millions MDL (2.8 millions USD in 2012) in the period 2012-2014.

To support families with children new actions were implemented from 2013. The payment from the state budget account, of the single allowance for the birth of the child of the insured persons started from 2013. The costs for this action for insured persons have grown from 4.5 millions MDL (0.4 millions USD) to 4.9 millions MDL (0.3 millions

USD) in the period 2013-2014, while for non-insured persons – from 9.7 millions MDL (0.8 millions USD) to 11.0 millions MDL (0.8 millions USD). Another new measure was the increase of the unique allowance at the birth of the first child and for each subsequent child, to the insured and uninsured persons with 300 MDL (24 USD in 2013) in 2013-2014 and 600 MDL (32 USD) in 2015. Also, was decided the annual increase by 200 MDL (14 USD in 2014) of the allowance for the raising and care of the child up to the age of 1.5 years, to the uninsured persons, starting with 2014. Besides this, was established the annual increase with 200 MDL (14.2 USD in 2014) of the minimum amount of the allowance for the raising and care of the child until the age of 3 years, to the insured persons, starting with 2014. In addition to this, was continued the development of the family support service and the creation, maintenance and development of services for deinstitutionalized children.

At this stage, ones of the main problems of this sector remain the inefficiency of directing benefits to the poorest and insufficient social services based on the assessment of individual needs. As priority directions for support measures remain the development of quality social services, according to individual needs for children and families with children, victims of violence and trafficking in human beings and others and promoting new policies in the field of family and child protection. In order to alleviate these issues in the period 2014-2016 and onwards there were promoted active policies to increase birth rates by increasing allowances for families with children, there was provided support to families with children in order to prevent the separation of children from families and to ensure the reintegration of children in residential care into their families and there were developed mechanisms for preventing and combating violence against children.

For the sector of social assistance and support in 2015 were allocated 16.1 billions MDL (0.9 billions USD) and the amount has grown to 19.8 billions MDL (1.2 billions USD) in 2018. The share of spendings for this sector has reduced from 13.5% to 12.8% in the period 2015-2018. The public spendings for social protection as a share from GDP grew from 12.8% in 2016 to 13.1% in 2018. This share is expected to reduce to 11.8% in 2021. The spendings for social protection are expected to grow up to 25.0 billions MDL in 2021 (The Medium-Term Budgetary Framework (2015-2017)) (The Medium-Term Budgetary Framework (2016-2018)).

For the years 2019-2021 in the field of family and child protection, it is necessary to continue to ensure the conditions for the raising and education of children in the family environment. Measures are needed to standardize and increase the benefits granted to the children left without parental care placed in alternative family services, adjusting the respective benefits according to the special needs of the children placed. To this end, the allowances for families with children, as well as the benefits granted to children placed in services at community level, are to be increased (The Medium-Term Budgetary Framework (2019-2021)).

In the existing social assistance system of the last 3 years, the promoted policies focus on targeting assistance to the most disadvantaged families, with the emphasis on empowering social assistance beneficiaries to use the benefit according to the needs of the family. At the same time, an increased emphasis is placed on the involvement of local public administration authorities in the process of implementing activities of community interest to people from families receiving social assistance.

For the years 2019-2021 a priority remains the improvement of the financial support policies of families with children and the protection of children at risk and of children separated from parents. In order to sustain this priority for these years a new set of support measures began to be implemented. In the period 2019-2020 is carried out the Study on the family structure and the number of children desired the total costs of which amounts to 6 millions MDL (0.3 millions USD in 2019). It was established from 2020 the additional

option for the gradual granting of the child raising allowance until the age of 3 years: 1st year - 60%, 2nd year - 30%, 3rd year – unpaid, a measure for which an yearly amount of 39.6 millions MDL (2.2 millions USD at the average exchange rate for 01.01.2020-20.04.2020) was allocated for the years 2020-2021. For the contracting of the psychological counseling services of children in the adoption procedures for the years 2019-2021 were allocated yearly amounts of 32.0 thousands MDL (1.8 thousands USD in 2019). Starting with January 1, 2019 was established and paid the unique allowance at the age of 18 for children left without parental care, regardless of the service in which it is placed, in the amount of 5000 MDL (284 USD in 2019), and is to be indexed on January 1, in relation to the consumer price index for the previous year. To cover this measure for 2020 was allocated 1.2 millions MDL and in 2021 - 1.3 millions MDL.

Starting with 2019, by 100 MDL (5.7 USD in 2019) was increased the monthly allowance for child maintenance in the case of uninsured persons until the age of 2 years and by 50 MDL (2.9 USD in 2019) the monthly allowance for twin children or more children born from a pregnancy. To cover these costs the amount allocated for this measure tripled (from 53.3 millions MDL in 2019 (3.0 millions USD) to 160.0 millions MDL in 2021).

Also, beginning with January 1, 2019 was increased by 100 MDL (5.7 USD in 2019) the minimum monthly allowance for raising a child up to the age of 3 years in the case of insured persons. The costs for this measure for the years 2019-2021 to be allocated have been decided to grow by 4 times (from 4.9 millions MDL in 2019 (0.3 millions USD) to 20.5 millions MDL).

Starting with January 1, 2019 for the annual increase of the amount of the single allowance at the birth of the child in correlation with the monetary value of the minimum basket of goods necessary for the birth of the child, calculated for the previous year is to be allocated an amount of 14.5 millions MDL in 2019 (0.8 millions USD) that is expected to grow to 15.9 millions MDL in 2021.

A new implementation that is expected to begin in 2020 and continue in 2021 is the establishment of the National Resource and Assistance Center for Family and Child (with three branches), as well as the establishment within it of the Integrated Assistance Service for Child Victim Participating in Criminal Proceedings (forensic expertise, psychological expertise, protection interviews, conduct of hearing of children) of the type “Barnhaus Integrated Services” and the elaboration of the normative framework regarding the organization and functioning of the respective service. The cost of this is established at 12.0 millions MDL for this period (0.7 millions USD at the average exchange rate for 01.01.2020-20.04.2020).

The amount of the single placement allowance for children from professional parental care, family-type children's homes starting on January 1, 2019 was increased and subsequently indexed, starting on January 1, in relation to the consumer price index for the previous year. The costs for this measure are expected to grow continuously from 186.7 thousands MDL in 2019 (10.6 thousands USD in 2019) to 205.3 thousands MDL in 2021.

Also, the establishment and payment of the single allowance for children placed in guardianship or curatorship services, starting with January 1, 2019, and its indexation on January 1 in relation to the consumer price index was implemented. The costs of such a measure are expected to increase from 1.8 millions MDL in 2019 (0.1 millions USD in 2019) to 2.0 millions MDL in 2021.

Have grown, too, the single placement allowances for children up to 1 year old with 100%, for children of 1-3 years old with 50% and for children with disabilities - with 30%, that are placed in professional parental care, family-type homes or curatorship. For this

were allocated 296.6 thousands MDL in 2019 (16.9 thousands USD in 2019) and the amount shall grow up to 326.0 thousands MDL in 2021.

The monthly allowance for children placed in professional parental care, family-type homes and under guardianship was increased beginning with 2019. For 2019-2021 the spendings shall grow from 37.8 millions MDL (2.2 millions USD in 2019) to 67.5 millions MDL to cover the costs of this measure.

Apart from this, the monthly allowances for children with disabilities placed in professional parental assistance, family-type homes and guardianship or curatorship was increased with 30% since 2019. To cover the costs were allocated 373.0 thousands MDL in 2019 (21.2 thousands USD in 2019), an amount that is expected to grow to 503.5 thousands MDL in 2021.

Another measure, the increase of the monthly allowance for children temporarily left without parental care, young people with the status of orphaned children who continue their studies, in an amount equal to the minimum of existence for working people or children for which the cost in 2019 was 4.3 millions MDL (0.2 millions USD in 2019) is expected to grow to 4.7 millions MDL in 2021.

After all these years of increasing the spendings for the social protection of the population, it may be said that the government of Moldova has increased too much, year by year, the costs for this sector, but that isn't unjustified, because even in the Constitution of the Republic of Moldova in the article 126 is stated clearly that "[t]he economy of the Republic of Moldova is a market economy of social orientation" (Constitution of Republic of Moldova) and the article 50 state the right of the mother and the child to special assistance and protection, including those children born out of wedlock. Also, children and young people shall enjoy special assistance in the exercise of their rights and the state grants the necessary allowances for children and aids for the care of sick or disabled children and other forms of social assistance for children and young people are established by law. Any arguments that may try to counter this should take these legal provisions in consideration and justify further diversification of social support measures.

3. Conclusions

The field of social protection involves complex and multidimensional reforms, the realization of which is conditioned by the need for a balance between economic and financial support reforms. The need to accelerate social protection reforms stems from the major impact it has on reducing poverty, supporting families with children, increasing the birth rate and addressing the demographic problem. In the existing social assistance system of the Republic of Moldova, the promoted policies focus on targeting assistance to the most disadvantaged families, with the emphasis on empowering social assistance beneficiaries to use the benefit according to the needs of the family. At the same time, an increased emphasis is placed on the involvement of local public administration authorities in the process of implementing activities of community interest to people from families receiving social assistance. Significant efforts through introducing various monetary support measures, creation of services, opening of special centers, increasing support costs and others have been undertaken year by year to deinstitutionalise children in difficulty placed in residential institutions, include them in a family or at least in a family-type of environment, to support vulnerable families. Obviously, the government efforts in this regard are commendable, yet it's necessary to make granting financial means more efficient, based on the complex assessment of the individual needs of families with children and children in difficult situation. The need to increase the efficiency and quality refers also to the activity of the tutelary authorities regarding the identification, recording, assistance and protection of families with children in situations of risk, as well as of the

children left without parental protection, especially in cases of abuse, violence and neglect of children and, reduction in the failure to fulfill the obligations of parents or legal representatives regarding the education and proper care of the children. The still low level of allowances for families with children needs also to be addressed. The efforts of deinstitutionalisation need to continue to reduce the permanent placement centers for children in difficulty and replace them where possible with social services of temporary duration. Further studies shall be done to identify which support measures are more efficient for the increasing of welfare of families and children in difficulty and what are the optimal costs for such measures.

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