

DECENTRALIZATION OF SOCIAL CARE SERVICES IN MOLDOVA

Author: Alexei Buzu

1. Overview of the social protection system in Moldova

Moldova, has a dual approach to social protection, common in many countries from the region. The first pillar of the system is based on the social insurance policies (pensions, maternity and child care leave, unemployment payments, etc.) that are mainly based on contributory principle both from employers and employees. The second pillar is based on the social assistance policies (social payments and social services) that are based on non-contributory principle to cover social risks identified through the individual vulnerability assessment and means testing.

Social protection system underwent two main waves of reform. The first generation of reform took place after the 1998 financial crisis, when Moldova authorities understood that social protection system was not sustainable and efficient. The authorities adopted two main strategic documents: Strategy on Pension Reform and Strategy of Social Assistance System. In the following years, the main laws governing the system were adopted: Law on State Social Insurance Pensions, Law on the Public System of Social Insurance and Law on Social Assistance. The second stage of reform occurred in the period of 2007-2010 and concerned the creation of social services at the community level. And the consolidation of the cash benefits programs to ensure that these are targeting the poor and most vulnerable more effectively¹. The latter reform was implemented with the support of the World Bank.

The number of beneficiaries of social protection is on an upward trend. Although the number of those who benefit from social services has been relative constant in the last years, the number of pensioners (figure 2) and those needing additional social protection and assistance is increasing on yearly bases (figure 1). Given the demographic tendency (overall ageing of population, large migration outflow, low fertility) this trend is most likely to continue posing increasing fiscal pressure. In the last years, social benefits were the most significant part of the national budget (averaging 12-13% of GDP). Majority of the beneficiaries of the social protection system are women, especially elderly women, mostly due to the large gender life expectancy gap (close to 8 years).

¹ Before the reform, only 22% of the social assistance transfers were received by the poorest 10%. After the first phase of the reform the number of recipients of the social assistance transfers increased and targeting increased too – the share of transfers going to the poorest 20% constantly exceeded 70%. Source:

<http://www.worldbank.org/en/results/2014/04/15/enhanced-social-safety-nets-for-moldovas-poorest-households>

The project is being co-funded by the Austrian Development Agency, the European Union, Oak Foundation and Tdh

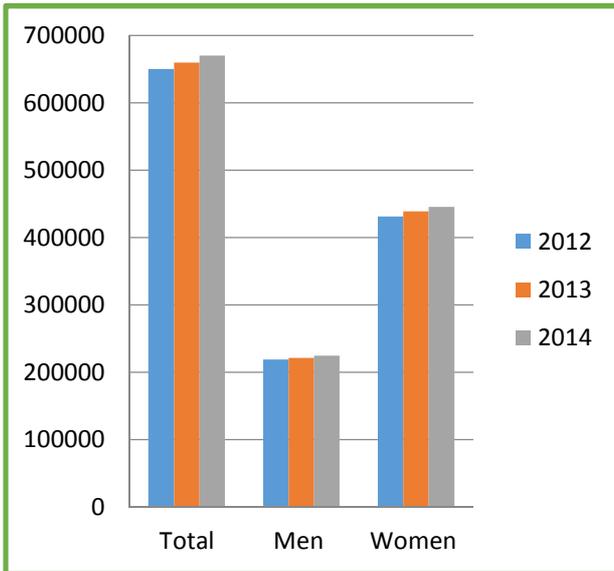


Figure 1: Nr of pensioners registered for social protection
Source: National Bureau of Statistics

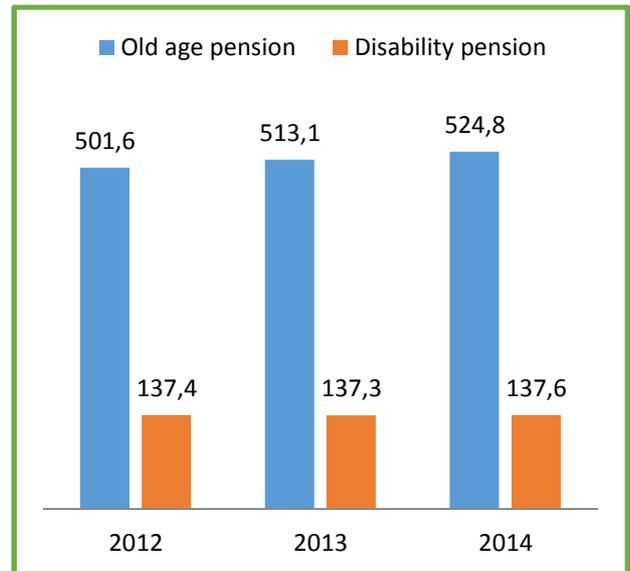


Figure 2: Number of pensioners (thousands) Source: National Bureau of Statistics

2. Economic and social context

Poverty rate was reduced by half in the last five years. Several factors contributed to this achievement: (i) poverty was on a downward trend due to migration, a significant part of the disposable income of the households is based on remittances (on average close to 17% in rural areas close to 25%), (ii) general economic growth and increased added value in agriculture, (iii) improved cash transfers – for example, in 2014 poverty rate was reduced by 0,7% because of general social cash transfers and 0,2% because of social cash transfers during the cold period of the year. It is also with noting that poverty measurements are based on Moldovan definition of absolute poverty (1257 MDL in 2014) and extreme poverty (679,8 MDL in 2014), measurements based on the (US\$ 5 per day, 2005 ppt.) put the poverty rate in 2014 at 40,7%.

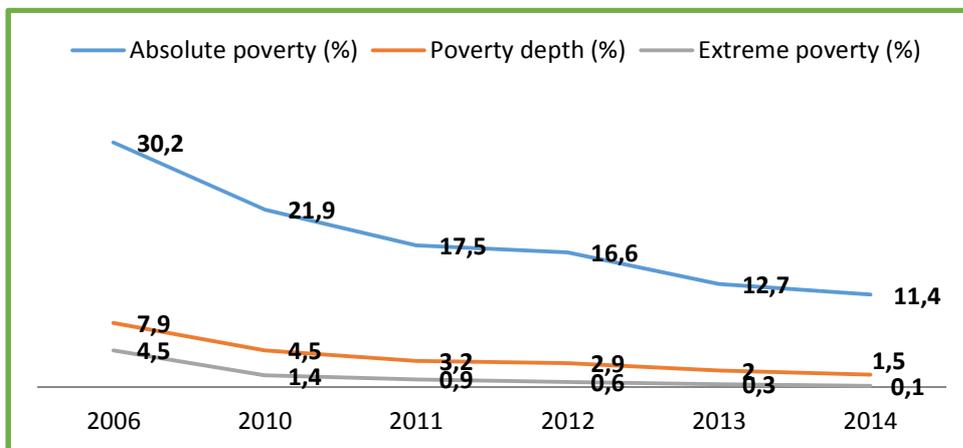


Figure 3: Poverty rate in Moldova 2006-2014
Source: Ministry of Economy

The project is being co-funded by the Austrian Development Agency, the European Union, Oak Foundation and Tdh
WITH FUNDING FROM

In the medium term, economic and banking crisis has the potential to affect the most vulnerable. In the last two years economic growth slowed due to the adverse external environment, significant banking fraud, increased inflation and drought. Economic forecast consensus is that growth and poverty reduction will be stagnant in 2016. It is estimated that without revenues from remittances poverty level can reach up to 30%². Consumer Price Index (CPI) increased three times in 2015, depreciation of the national currency imposed increased prices for energy and basic goods affecting mostly the poor, men and women with fixed incomes.

3. Mandates in the area of social services

Moldovan legislation distinguishes among three types of social services. These are: (i) primary social services – services that are delivered at the community level in order to prevent social marginalization of the most vulnerable men and women, (ii) specialised social services – services that require the involvement of a specialist in order to provide support for the most vulnerable men and women, (iii) social services with a high degree of specialisation – services that are provided in a residential institution or a specialised institution that presume a complex intervention approach most times in a 24/24 hour regime.

De jure, social service delivery is not restricted to any particular stakeholder. Moldovan legal framework states that social services can be delivered by both private and public institutions, by individuals and institutions, Local Public Administration, Regional and Central Authorities, profit and non-profit. Irrespective of the stakeholder, one needs specific accreditation as to become a social service provider. This enabled a lot of innovation and experimenting at the local and regional level in terms of how social services are set up and delivered.

Mandates in the area of social services

² See, Moldovan Society, Social and Economic Diagnostics, Valeriu Prohntchi, 2015

The project is being co-funded by the Austrian Development Agency, the European Union, Oak Foundation and Tdh

Institutions	Mandate
Central Authorities	<ul style="list-style-type: none"> Develop public policies Develop and approve regulations on social services Regulate the social service inspections as to ensure high quality Provide support to Local Public Administrations to set up and develop social services Set up and develop social services with high specialization
Regional Public Authorities	<ul style="list-style-type: none"> Provide information to potential beneficiaries about the available social services Analyse specific needs of the population from the social services perspective Set up and develop social services based on the specific needs of the region Identify financial means to set up and develop social services Monitor and evaluate the quality of social service delivery Provide the Ministry of Labour Social Protection and Family relevant data o social service delivery in the region
Local Public Authorities	<ul style="list-style-type: none"> Provide information to potential beneficiaries about the available social services Analyse specific needs of the population from the social services perspective Take part in the selection of the social assistant and social worker Facilitate and support the activity of the social assistants and workers Set up and deliver (most part of) social services based on the specific needs of the community Provide support to non-profit social service providers from the community Provide relevant info to the social care unit from the regional level
Civil Society Organizations service providers	<ul style="list-style-type: none"> Support LPA in setting up and deliver social services Notify relevant authorities in case of social service malpractice To investigate and analyse social service delivery gaps, access and quality gaps and unmet needs Propose relevant legislation amendments or public policy initiatives relevant to social services Inform citizens about social services and public policies relevant to social services
Social service Inspection	<ul style="list-style-type: none"> Investigate potential fraud in social service delivery Investigate malpractice in social service delivery Ensure quality control Ensure the rights of social service beneficiaries are protected and their needs are met Support and guide social service providers
National Council for Social Services Accreditation	<ul style="list-style-type: none"> Develops regulation relevant to social service accreditation Creates expert evaluation groups Accredits social services, revokes accreditation Evaluates the quality of social service providers Provides methodological support to service providers

4. Issues of service development, gaps and obstacles for further decentralization

There is a significant regional inequality in terms of social services delivery. Even though, a decade past since the social services reform was introduced, the Ministry of Labour Social Protection and Family uses a rudimentary M&E framework of the social services. Up to date there is no reliable way to evaluate the overall quality of social services and their impact of the most vulnerable. This prevents the Ministry to better allocate resources in areas with most deprivation. As a result, about half of the regions in Moldova have an inadequate allocation of resources in terms of social services (figure 4).

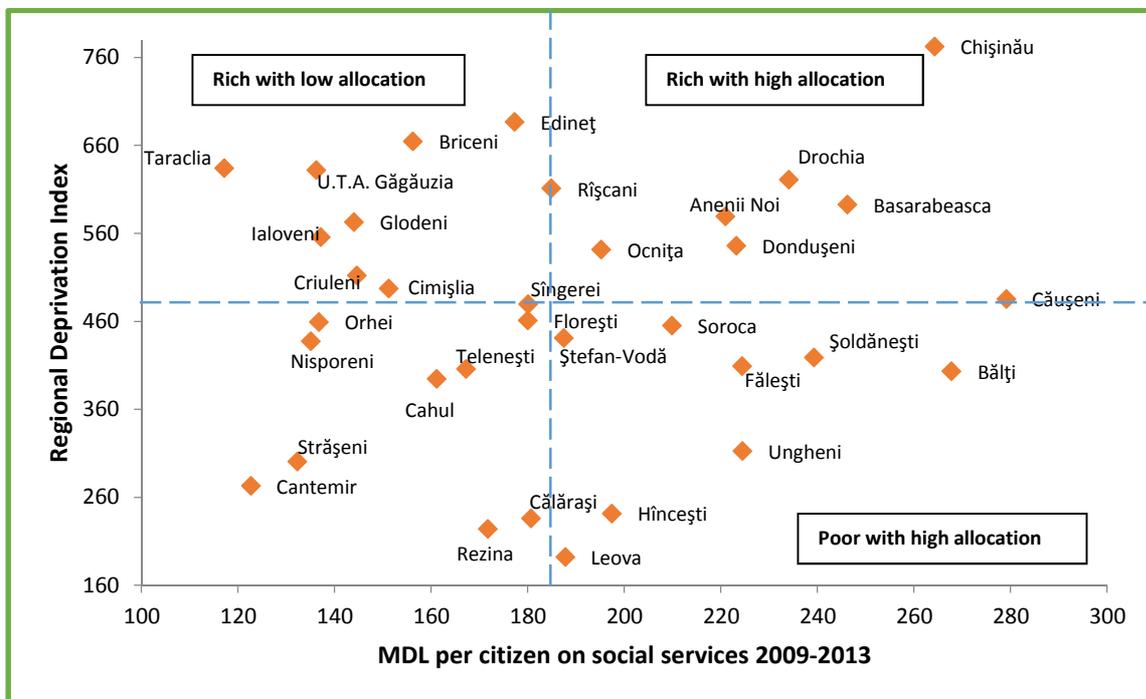


Figure 4: Relationship between deprivation of regions and allocation of funds for social services
Source: Ministry of Economy, Ministry of Finance, National Bureau of Statistics

It appears that there is significant cost dispersion for the same service in different regions. This situation is common for both rich and poor regions of Moldova, both community based and more specialized social services with indicate the same system limitations described above.

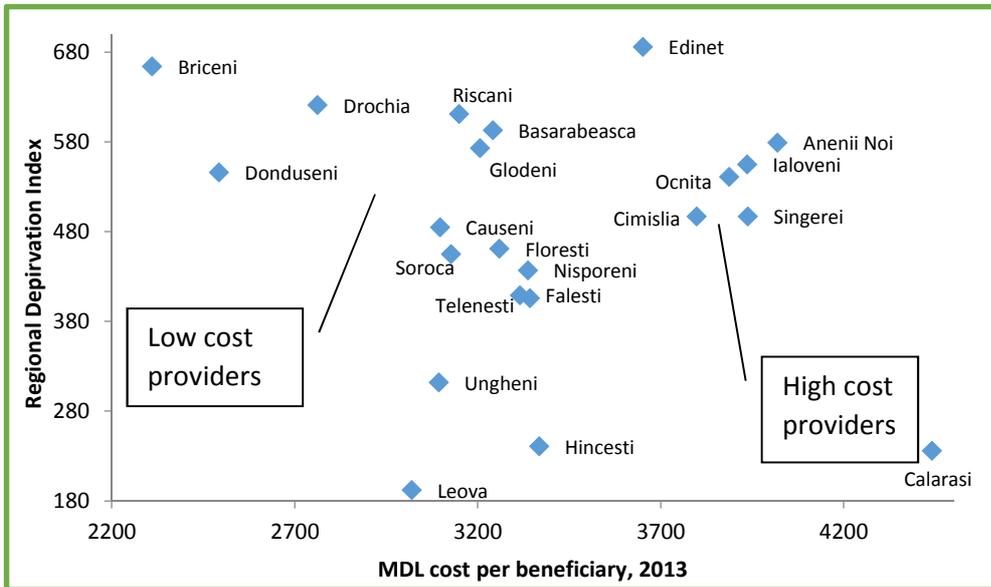


Figure 5: Relationship between deprivation of regions and cost per beneficiary in the case of social home care
Source: Ministry of Economy, Ministry of Finance, National Bureau of Statistics

Central authorities provide two thirds of social service financing. This appears to pose a challenge in the further decentralising social services, given the low financial capacities of regional and local public authorities (figure 6). In 2014, Ministry of Labour Social Protection and Family developed a draft document on Decentralization and Development of Social Services. The document aimed at: (i) improving professional capacities in the system (ii) improve service delivery financing, (iii) improve M&E system and needs assessment. Up to date the proposed document is not adopted.

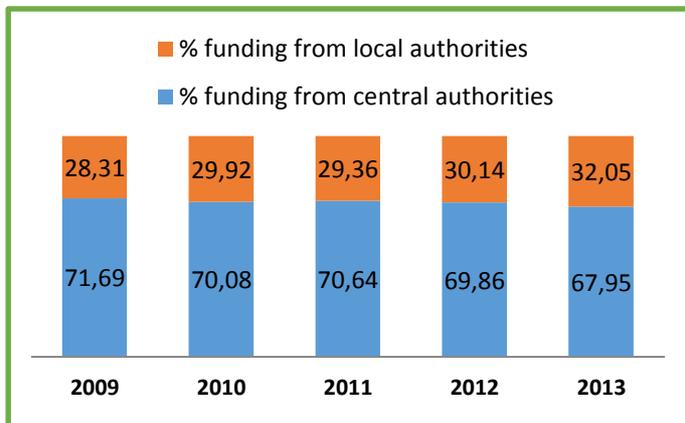
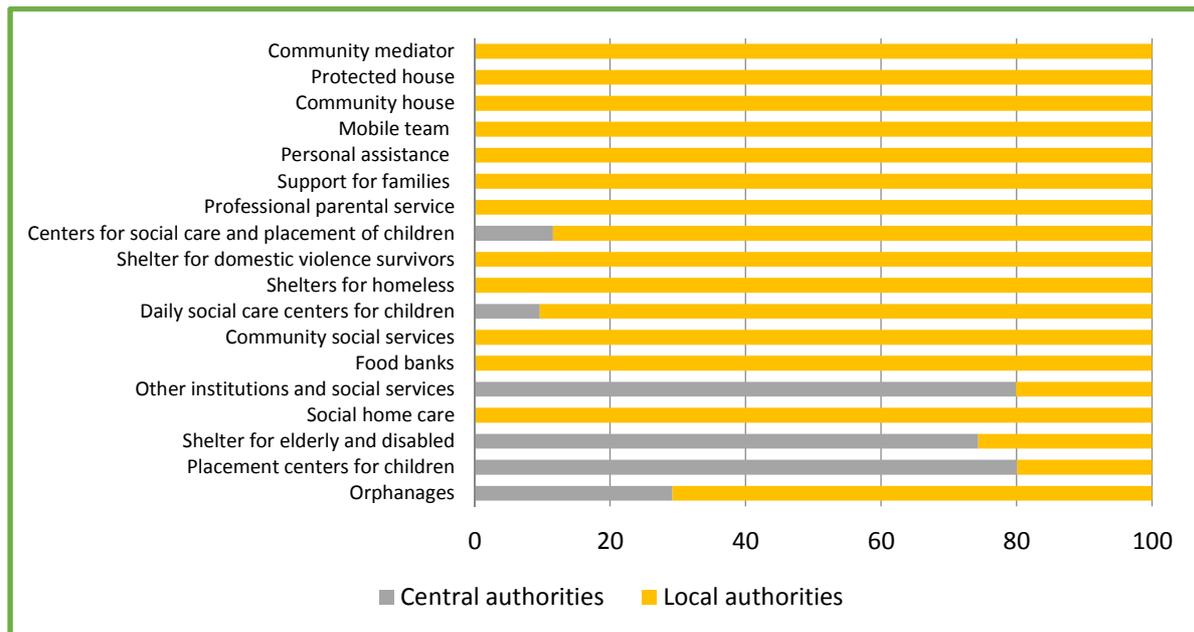


Figure 6: Share cost among local and central public authorities for social services
Source: Own calculations, Ministry of Finance

However, most of the relevant community based services are financed through the local public administration. In 2014, local public finances were decentralised, so Local Public Administrations were given more discretion as to how best use the funds available from local taxes and general purpose transfers. It was thought at the time local public finances decentralization will: (i) ensure that social services are more cost effective since local authorities will have incentives to make savings, (ii) some social services will be discontinued

because local authorities will not have the capacity or willingness to finance them. There is no wide available data on the social service funding from the last two years, taking in mind the share on funding, shown in figure 6, the analysis of the previous years (figure 7) shows that most of the community based services were financed through LPAs. There are signs that in some regions, Local Authorities are not interested to develop or at least maintain the existing social services, which means that additional decentralization tools are needed to ensure adequate equity and cost efficiency within the system.

Figure 7: Share cost among local and central public authorities for most relevant social services in 2013



Source: Ministry of Finance

5. Lessons learned

1. Without good quality data, the so called third wave of reform in social services will not take place. At present, Moldovan Authorities lack comprehensive data on social services at the macro level but also at the regional and community level. At the macro level there is a need to learn about the overall effectiveness of the social services, that is how useful are the existing social services in reducing poverty? At the regional and community level, there is a great need to learn more about the real gap in access to social services.

2. Any reform of the social services should achieve two results at the same time: (i) better equity – improve access to social services of the most vulnerable men and women and regions and (ii) improve cost effectiveness of the service delivery. As shown in figures 4 and 5, there is a lot to be done in order to achieve these goals.

3. Decentralization of local finances cannot be a substitute for social service decentralization. Additional reform is needed. At the central level, the Ministry of Labour, Social Protection and Family, needs more tools (including ability to disburse funds to most vulnerable regions) and

The project is being co-funded by the Austrian Development Agency, the European Union, Oak Foundation and Tdh



better data to be more effective in coordinating the system, regional and community authorities need better planning and cooperation as to share costs for social services and social service beneficiaries need to be more empowered as to make service providers and local authorities more accountable.

The project is being co-funded by the Austrian Development Agency, the European Union, Oak Foundation and Tdh
WITH FUNDING FROM



AUSTRIAN
DEVELOPMENT
COOPERATION



OAK
FOUNDATION



Terre des hommes

Helping children worldwide. tdh.ch