

THE POLICY OF BIRTH RATE STIMULATION IN THE REPUBLIC OF MOLDOVA: REALITIES AND RISKS

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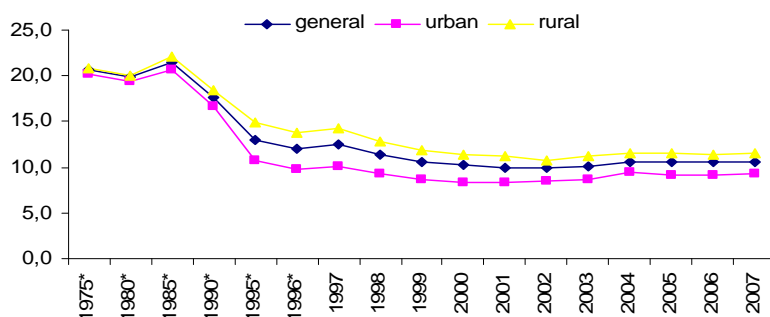
Considering the fact that the birth rate in Moldova is declining continuously, the Moldovan authorities undertook more actions to improve the unfavorable demographical situation and the social protection of children. These actions were also meant to fulfill the social protection provisions of the European Union – Republic of Moldova Action Plan, subscribed by the authorities. In particular, the article 18 of PAUERM stipulates the rationalization of benefits for children and enhancement of the assistance efficiency for needy families.

Thus, according to the National Report II and III on implementation of the ONU Convention on the Rights of the Child, presented during the 50-th session of the UN Committee on the Rights of the Child (January 20, Geneva), the size of the social allowances given to the families with children, including children with disabilities has essentially grown during the last years, as compared to the 2000 year. Besides, the one-time childbirth allowance has increased 11 times. In spite of the repeated increases of social allowances, the demographical situation of the country has not improved. In this article, we will try to analyze the reasons of this controversial effect taking into account the existent demographic trends in Moldova.

The current situation

The birth rate in the Republic of Moldova was continuously decreasing until 2002, when it was 9.9‰. After 2002, an unessential growing trend was noticed (varying between 10.5‰ and 10.6‰ during the period 2004 – 2007, Figure 1). Under these circumstances, an unfavorable convergence trend of Moldova to the average of the European countries, where the birth rate was 10.64‰ in 2007 and 10.80‰ in 2008 has been noticed. In 2007, the birth rate in Republic of Moldova was already a bit smaller than the one in the European Union – 10.60‰ comparing with 10.64‰ [1]

Figure 1. Evolution of the birth rate

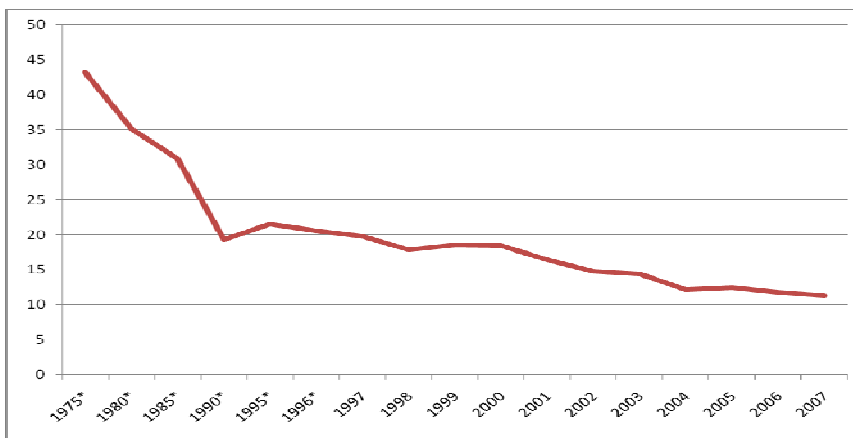


Source: National Bureau of Statistics (NBS)

Note: * the data is presented for the whole country; starting with 1997 the data does not cover the Eastern rayons (districts) of the country.

Considering that the birth rate was in a continuous decline, it becomes clear the reason why the authorities focused on increasing the allowances granted for the birth of the first and every next child, but also the allowances for looking after the child. One could ascertain that there are real grounds for orienting the policy efforts towards improving the situation in this field.

Figure 2. Infantile death rate



Source: NBS, *the Statistical Yearbook of the Republic of Moldova, 2008*

But the major problem is that the low birth rate can not be “attacked frontally”, through targeted policy instruments. In general, the birth rate is a phenomenon hard to influence. That is why one of the short term solutions for reversing the negative natural growth should be the mortality rate reduction, including the infant mortality rate. The situation of the infant mortality rate was traditionally bad in Moldova, including in the soviet times. For example, in 1975 the infant mortality rate was of approximately 44 cases at 1000 children born-alive. In general, the situation of the infant mortality rate improved during the transition period, but this indicator is still very high as compared with the European average (3 – 5 cases at 1000 children born-alive).

The reasons of the existent situation

As well as the big majority of the countries in transition, Republic of Moldova faces with demographic issues, especially due to the birth rate decrease. This situation is caused by certain factors, some connected to the economic transition, other less or not at all connected to that. Among the main factors, one could mention:

- The demographic transition, that would have taken place no matter the economic transition (and which, actually, started long before the economic transition). The demographic transition is characterized by the increasing economic role of women, the delay of the first birth and the decrease of female fertility. This phenomenon does not only apply to Moldova, but also to all European countries.
- Obviously, the difficulties typical for the period of economic transition have also played an important role. A significant part of the population of the Republic of Moldova was facing poverty, including the young families, which can not afford themselves, economically speaking, to give birth to children. Actually, the economic development is one of the most important factors that influence the population development and therefore the couples’ decision to have or not children. The poverty affects in a greater proportion the rural population, where a much higher birth rate used to be registered in the past. On the other hand, the data show that families with children are more inclined to the poverty; the poverty risk increases proportionally to the number of children in a family. Approximately 67% of all domestic households are households with one child and without children. These households are the less poor, while the most affected by poverty are the households with 4 and more children; the absolute poverty rate is 65.4% in these cases. [2] Besides, the extreme poverty is more marked in this kind of households, getting up to 14.8%, or by 10 p.p. more than the country average.
- The erosion of family values becomes a more visible trend, characterized by: the decreasing number of families, early divorces, families with a decreasing number of members, the high rate of divorce, the generation conflicts inside the family and the society, the increasing number of children born outside of formal marriage.

- The intense emigration processes, including the internal migration, mostly to the urban areas, where the young people that form families acquire a typically urban model of demographic reproduction, with less and later-born children. The lack of jobs and absence of any physical and social infrastructure are the main factors that make the young people leave the villages. Another important issue is women's migration: in 2006 the women migrants constituted 35% of all active female population. [3] Obviously, the emigration, especially the permanent one and carried out in conditions of increased social and economic risk, is not exactly the suitable background for giving birth to a child.
- The high economic and psychological costs of giving birth to a child in Moldova. The medical investigations that have to be done during the pregnancy period, even though "are ensured free of charge by the state" are in practice paid by patients, often "under the counter". This occurs either due to the high level of corruption in the medical institutions or due to bad organization of the system, or because of a bad tradition. Unfortunately, the allowances that are granted at the birth of the first and every next child do not even manage to cover the un-formal maternity expenses of the parents.

The demographical policy

There is no demographic policy in Moldova, although, at least considering the speeches, the demographic situation of the Republic of Moldova worries the authorities. More official documents note the critical situation in this field. Thus, the Government Decision no. 741 from June 29, 2007, on demographic situation in the Republic of Moldova includes a plan of urgent actions in the demographic field; among them: the increase of the single allowance for the childbirth and the allowance for taking care of the child, material support for the child. These have continuously grown (even before the approval of the decision), they are to increase also in 2009 (Chart 1)

But so far, there was no clear explanation on behalf of the authorities that would justify from the demographic point of view the continuous increase of allowances for children. The data from Chart 1 clearly shows that the allowances for children do not even cover the existence minimum. The only exception is the single allowance at the birth of every next child that reached more than 122% of the existence minimum in the first two quarters of the 2008. But we consider that the way the ratio between the allowances for children and the existence minimum for children is not estimated correctly. According to current practice, the monthly allowances for taking care of the child until 3 years old for ensured persons is related to the existence minimum for children under 1 year old, which is twice smaller than the existence minimum for children aged 1 – 6 years. This fact may be confusing, because it increases the level of child necessities cover from the allowances paid by the state. In the end, in practice, these allowances cover less then 30% of the value of existence minimum for children.

Chart 1. The evolution of the allowances granted to families with children

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Single allowance for giving birth to the first child											
insured persons	144	144	245	370	420	420	500	800	1000	1200	1400
uninsured persons	144	144	245	245	300	380	500	800	1000	1200	1400
Single allowance for giving birth to every child											
insured persons	108	108	165	250	280	280	500	800	1000	1500	1700
uninsured persons	108	108	165	165	200	250	500	800	1000	1500	1700
Monthly allowance for taking care of the child											
insured persons (until 3 years of age)	32.4	32.4	50	75	100	100	149.9	182.8	230	230.7	250*
uninsured persons (until 1.5 years of age)	32.4	32.4	50	50	75	75	100	100	100	150	150
Monthly allowance for taking care of the child aged 1.5 (3) - 16	16.2	16.2	25	25	25	50	50	50	50		

Source: NBS

*minimum value of the paid allowances

Chart 2. The ratio between the allowances for children and the existence for children, %

	2002	2003	2004	2005	2006	2007	2008*
Single allowance for giving birth to the first child							
insured persons	73.3	71.6	65.5	69.9	93.9	99.73	97.95
uninsured persons	48.5	51.1	59.3	69.9	93.9	99.73	97.95
Single allowance for giving birth to every next child							
insured persons	49.5	47.7	43.7	69.9	93.9	99.73	122.44
uninsured persons	32.7	34.1	39.0	69.9	93.9	99.73	122.44
Monthly allowance for taking care of the child							
insured persons (until 3 years of age)	38.5	43.3	39.7	55.0	54.8	58.5	48.32
uninsured persons (until 1.5 years of age)	25.6	32.5	29.8	36.6	30.0	25.4	31.42
Monthly allowance for taking care of the child aged of 1.5 (3) - 16 years	4.9	4.3	7.8	7.0	5.9	5	-

Source: author's calculations based on the NBS data

**the data are presented for the first two trimesters*

Even more, it could be possible that the financial reasons would be not prevailing for couples when deciding to have or not have children. That is why, it is not surprising that despite the periodical increase of the child-birth allowances, the birth rate has not essentially changed. And the decision to delay the birth of the first child is influenced by a set of factors much more complex than the allowances received in the first 3 years of the child's life.

The UE-RM Action Plan **clearly** stipulates inside the chapter about cooperation priorities with the Republic of Moldova only the rationalization of benefits for children and increasing the efficiency of the assistance for poor families. This priority can be considered an indirect instrument of influencing the birth rate in the Republic of Moldova, but only for poor families, because a rationalization of benefits would also mean the expulsion from the system of families with incomes over the average that would afford to take care of the baby without the state allowances. On the other hand, this provision does not necessarily mean an increase of allowances for raising and taking care of the child.

Recommendations

In the existent context, the main recommendations would be: 1) to asses the possibilities for optimizing the allowances for taking care of the child, by determining the average monthly revenues per family in order to determine the need to pay these allowances; 2) to develop another methodology for calculating the monthly allowances for taking care of the child, because the one applied at the present is based on the average revenues received before the child's birth. Present calculation method expands even more the imbalances, meaning that families with low incomes receive smaller allowances for taking care of the child.

Other issues that should be taken into account when formulating options for policies to increase the birth rate should be: the development of the social and physical infrastructure, especially in the rural area, so that young people be motivated to go back to the villages, as well as offering adequate financial incentives for the post-birth period that should cover at least the existence minimum for children. But it is clear that these effects will not be visible in the near future.

Conclusions

It is clear that the development and implementation of an ample demographical strategy, with positive effects upon the birth rate would be very expensive, and it surely will not bring short term results, because the decision of having children or not is influenced by a set of relatively complex factors. The only solution would still be a medium and long term approach of this phenomenon, oriented towards transforming the Republic of Moldova, especially the rural areas, in attractive spaces for life and development. As long as the monthly allowances for taking care of children will not essentially grow, so that they cover at least the exis-

tence minimum for children, and the social infrastructure will not be developed in the rural area, the phenomenon of birth rate decrease might increase in the future. So far, even the provisions of the UE-RM Action Plan have not been achieved, and the authorities are supposed to modify the calculation method of allowances for taking care of children, as well as to include or exclude (depending on the case) in/out the system certain population groups for rationalizing the payments done in this direction.

Sources:

[1] EUROSTAT data for EU 27 http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=REF_TB_population&root=REF_TB_population/t_popula/t_pop/t_demo_gen/tps00112

[2] MET, <http://www.mec.md/Files/0/pnd%20partea%201.doc>

[3] International Organization for Migration, www.iom.md

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ADEPT's mission is to promote the democratic values and support citizen active participation in public affairs.

Strategic Objectives

- Contribute to the efficient implementation of the governmental strategies aimed at the socio-economic development and democratization of Moldova;
- Promote and consolidate the democratic institutions and procedures;
- Encourage and facilitate citizen participation in the decision-making and governance processes.