

ASSESSING THE LIVING STANDARDS OF THE UNEMPLOYED IN THE REPUBLIC OF MOLDOVA AND THE CONVERGENCE OF WELL-BEING INDICATORS WITH EUROPEAN UNION STANDARDS

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Abstract

The article explores the living conditions of the unemployed in the Republic of Moldova, emphasizing the need to harmonize welfare indicators with European standards. The analysis reveals multiple challenges such as low incomes, increased dependence on social benefits and high vulnerability to poverty. The study suggests that despite recent wage and social increases, these fall short of meeting the basic needs of the unemployed. The authors conclude by recommending the implementation of a more effective social protection system, supported by active employment policies, together with economic measures aimed at reducing inequality and improving social equity, in order to increase the living standards of the unemployed and facilitate their social and occupational integration.

Key words: *standard of living; unemployed; social protection; social insurance; at-risk-of-poverty.*

JEL Classification: *I31, I38, J64*

I. INTRODUCTION

The standard of living of the population is one of the most important social categories characterizing the well-being of a society. This concept was introduced into world practice in 1954 by the UN Committee of Experts and includes material and cultural living conditions, health, employment, working conditions, working conditions, and accumulation. Standard of living is therefore a concept that encompasses the real living conditions of the population.

There are various definitions of the standard of living in the literature, and we will discuss one of them below: The population's standard of living is an economic metric that describes how effectively the nation's socioeconomic growth corresponds to the degree of material and spiritual advantages provided to the populace as well as the degree to which socially recognized needs are met. (Colesnicova et al., 2021: p. 14). Therefore, the limits of the standard of living are dependent on the level of economic development of a country, the degree of participation in the creation of general welfare, the capabilities, skills and quality of work performed by each individual, as well as the extent of the availability of sources of income of each person.

The standard of living is a predominantly economic indicator and refers to the economic resources of the individual, the community, which allow a life in accordance with the norms considered acceptable at a given moment in society. Resources are the foundation of a quality life, during which people can satisfy their needs according to the standards of the society in which they live and make choices in accordance with their personal values and ideals in all areas of their lives: education, health, employment, housing, etc (Dragomir et al., 2019).

But it should be added that the standard of living should not only be related to a person's economic resources, which allow a life according to the accepted norms in a society. Of course, material conditions are the foundation of a good quality of life, but the individual's perceptions of the standard of living must also be taken into account.

While the authorities are declaring an increase in salaries and pensions, which is obviously an important factor, however, the increase in salaries and pensions is only one facet of the policy on the income of the population, and satisfaction with the standard of living should also increase. In this respect, purchasing power, income stability and the adequacy of incomes to the needs of modern society become important. Last but not least, the increase in wages and pensions must take into account the level of income inequality between different social groups and aim for fairness, because the perception of income inequality results in low satisfaction with living standards, regardless of income level. Fair income growth can further contribute to an improvement in social cohesion.

II. LIVING STANDARDS IN THE REPUBLIC OF MOLDOVA

The standard of living of the population of the Republic of Moldova lags far behind international standards designed to ensure that basic needs are met, thus constituting a major social problem that needs to be resolved as soon as possible. Among the most disadvantaged groups are the unemployed, people with disabilities, job-seekers, etc. At the same time, everyone has the right to an adequate standard of living, which is a fundamental human right deriving from the Universal Declaration of Human Rights adopted by the UN General Assembly on December 10, 1948. The right to an adequate standard of living is a fundamental human right, enshrined in Universal Declaration of Human Rights which was adopted by United Nations General Assembly on December 10, 1948. According to Article 25.1 of the *Declaration* "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical the codicare, and the right to security in the event of unemployment, sickness, disability, old age or other lack of livelihood" ([Universal Declaration of Human, Art. 25.1](#)) This right was also enshrined in Article 11 of the United Nations International Covenant on Economic, Social and Cultural Rights.

In light of the foregoing, the State has an obligation to ensure the right of individuals and their families to an adequate standard of living, if not a decent one, aligned with minimum living standards. Thus, the State's duty is to guarantee a sufficient level of well-being for each individual and family, meeting at least the minimum accepted standards of living.

The standard of living is analyzed on the basis of a system of indicators: population income, indicators of population consumption, indicators of housing conditions, indicators of working and leisure conditions, indicators of the level of education of the population and the educational process, indicators of the accessibility of the population to health care and indicators of the health status of the population ([Cosmulese et al., 2021](#)). Livelihoods in the Republic of Moldova could be improved by integrating artificial intelligence applications into public decision making, an aspect supported by experts ([Dragomir and Alexandrescu, 2017](#); [Rusnac, 2023](#)) that emphasizes the crucial role of artificial intelligence in optimizing strategic decisions, reducing uncertainty and allocating resources more efficiently."

Disposable income of the population. Statistical data on incomes are obtained on the basis of the Household *Budget Survey* (HBS). The main objective of the HBS is the multiaspectual determination of the living standards of the population in terms of income, expenditure, consumption, living conditions and other indicators. The information collected within the framework of the CGGC statistical survey allows the identification of categories of disadvantaged households and individuals, the analysis of the impact of various programs and policies on the socio-economic situation of the population. The CBGC also provides the necessary information for determining the weights used to calculate the CPI (Consumer Price Indices), assessing the final consumption of households and measuring poverty and social exclusion. The CBGC is carried out on a sample of dwellings and households, respectively, in urban and rural areas, randomly selected from all over the country, except for localities located on the left bank of the Dniester River and mun. Bender. All persons in the selected households are surveyed, including persons who are temporarily absent or away for a longer period of time, if they maintain family ties with the household and participate fully or partially in the household budget.

Thus, according to CBGC data, the average monthly disposable income per person in 2023 amounted to 4915.6 lei. The main source of income of the population comes from wage labor activity - 2581.5, followed by income from social benefits (pensions, social assistance, allowances) - 1015.5 lei, of which pensions - 809.4 lei; income from individual agricultural activity - 313.8 lei; income from individual non-agricultural activity - 309.1; Other income - 695.7 lei, which includes 544.8 lei transfers from abroad (remittances). Of the total monthly income, 4638.1 lei is disposable cash income, and 277.6 lei is income in kind ([NBS, 2024: p.16](#)).

Income from social benefits in 2023 amounted to 1464.2 lei on average per month, contributing 22.0% (21.5% in 2022) to money income. Pensions accounted for the largest share of this income (85.1%, up by 1.1 percentage points from 2022). Of these, the largest share, 76.8%, was accounted for by state old-age social insurance pensions. Unemployment fund benefits accounted for 0.1% of all social benefits, down 0.1 percentage points from 2022 ([NBS, 2024](#)).

The presented statistical data show that 52.5% of the average monthly disposable income comes from wage-earning activity, followed by income from social benefits (20.7%, of which 16.5% are pensions) and income from individual agricultural activity (6.4%). Transfers from abroad contribute to the formation of disposable income in the proportion of 11.1%.

If we compare the monthly disposable incomes of the population on average per person with those obtained in 2022, we see that this indicator is increasing by 15.6%, in real terms (with adjustment to the average annual consumer price index, the population's income increased by 1.9% ([Pecupețu, 2019](#))). As can be seen from Figure 1, wages and salaries are the most important source of income for the population, accounting for 52.5% of total income, an increase of 1.8 percentage points compared to 2022. Also, social benefits continue to account for a significant share of the population's average monthly disposable income, which accounted for 20.7% or 0.4 percentage points more than in 2022.

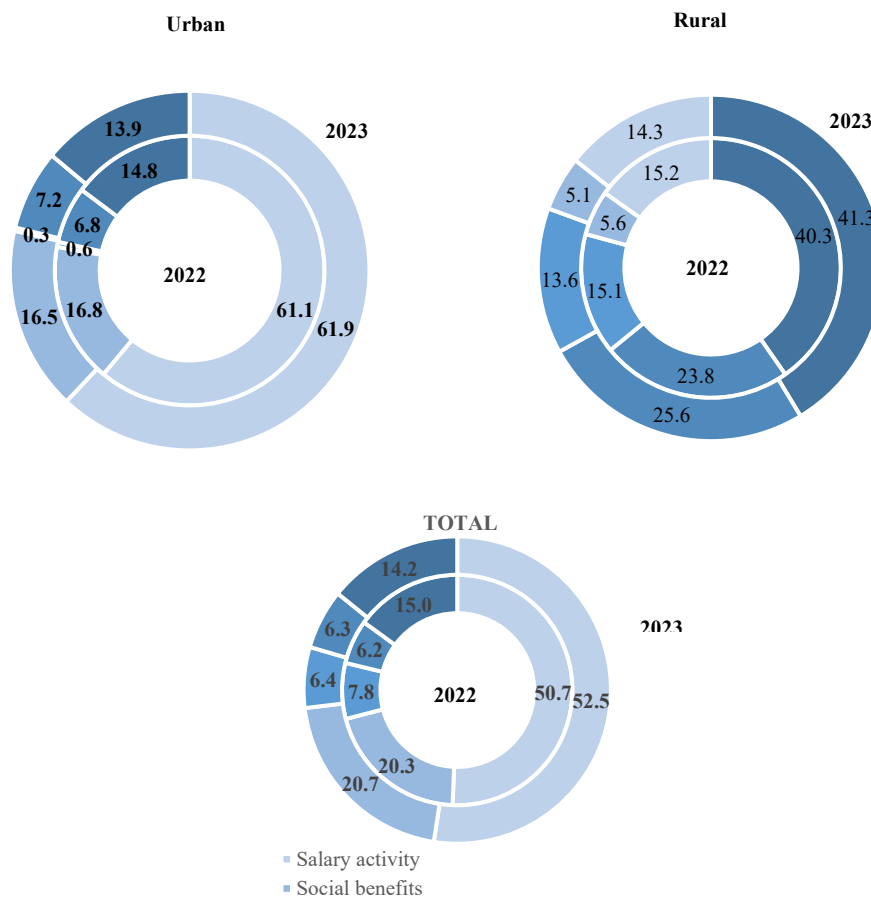


Figure 1. Structure of disposable income of the population, 2022-2023, %

Source: Population income and expenditure in 2023. https://statistica.gov.md/ro/veniturile-si-cheltuielile-populatiei-in-anul-2023-9442_61079.html

Self-employment contributed 12.7% of a person's average monthly income. Income from agricultural self-employment accounted for 6.4% of total disposable income, 6.3% of income from non-agricultural self-employment. Remittances from abroad remain a significant source for the household budget. On average in 2023 they accounted for 11.1% of total income, or 1.0 percentage point less than in 2022. The same trend is maintained according to the place of residence: the income of the urban population was on average 555.7 MDL higher or 1.3 times higher than the income of the rural population (Pecupețu, 2019). The problem of income inequality is a threat to human development, resulting in social and political instability, increased migration, or the differentiation of people by income and consumption levels, which ensures a very unequal standard of living.

Household consumption expenditure corresponds to expenditure in cash and in kind for the household's current consumption needs: food, procurement of non-food goods and payment for services. Consumption expenditures are coded according to the Household Expenditure Classification of Household Expenditures, which was developed by the NBS of the Republic of Moldova based on the European Classification of Individual Consumption by Purpose (COICOP 2013 5-Digit), which in turn was developed based on the Classification of Individual Consumption According to Purpose (COICOP) approved by the UN Statistical Commission at its 30th session in March 1999 and intended for use in different statistical domains. The Classification of Household Consumption Expenditure by Households (hereafter CC-Household Expenditure Classification - hereafter CC-HCE) is harmonized with COICOP 1999 at class level (4 digits) in Section A "Individual consumption expenditure by purpose" (Divisions 1- 12). Also, CC-GC is harmonized with COICOP 2013 5-Digit at class level (5 digits) in section A "Individual consumption expenditure by destination" (divisions 1-12). According to this classification we distinguish the following 12 major groups of goods and services: - Food and non-alcoholic beverages - Alcoholic beverages and tobacco - Clothing and footwear - Housing, water, electricity and gas - Furniture, furnishing and household maintenance - Health - Transport - Telecommunication - Recreation and culture - Education - Restaurants and hotels - Miscellaneous goods and services.

Living standards are reflected in the size and structure of consumer spending. Average monthly consumer spending per person in 2023 amounted to 4248.4 lei, 14.5% more than in the previous year. With a higher level of expenditures, urban areas stand out, where they amounted to 5391.8 lei per person on average per month, and in rural areas - 3388.8 lei per person. In real terms (with adjustment to the average annual consumer price index), the population spent on average 0.9% more compared to 2022.

The largest share of expenditures was spent on covering food consumption needs (39.7%), followed by expenditures on housing, water, electricity and gas (17.6%), clothing and footwear (7.8%), transportation (7.0%), while the remaining expenditures were for furniture, household furnishings and maintenance (5.3%), health (4.4%), telecommunications (4.3%), etc. (NBS, p.24). Compared to 2022, the share of expenditure on housing, water, electricity and gas increased by 1.3 percentage points, and the share of expenditure on restaurants and hotels - by 1.0 percentage point. At the same time, the share of expenditure on food (see Figure 2) and non-alcoholic beverages decreased by 1.4 percentage points, health - by 0.7 percentage points, clothing and footwear - by 0.6 percentage points (Pecupețu, 2019).

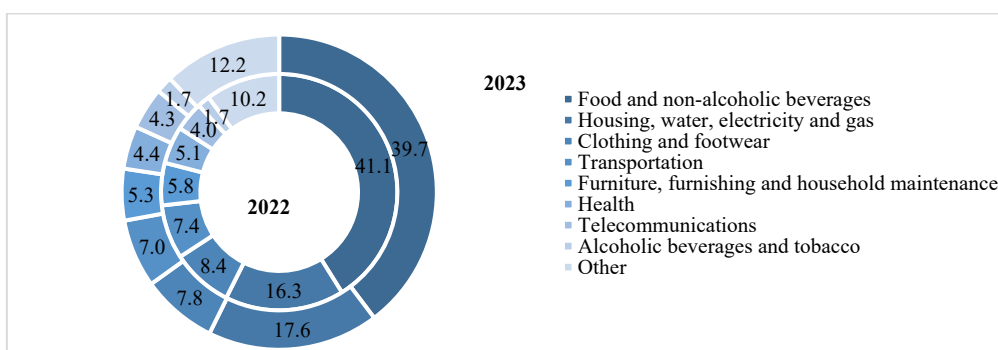


Figure 2. Structure of household consumption expenditure in 2022-2023, %

Source: Population income and expenditure in 2023. Statistica Moldovei. Retrieved 08 September, 2024 from: https://statistica.gov.md/ro/veniturile-si-cheltuielile-populatiei-in-anul-2023-9442_61079.html

To measure inequality in the distribution of disposable income and consumption expenditure of the population the NBS of the RM uses the Gini coefficient. It is an indicator of statistical dispersion in order to represent the distribution of income of people in a country, in particular it illustrates differences in how income or wealth is distributed, therefore it is an indicator of inequality.

The Gini coefficient ranges from 0 (or 0%) to 1 (or 100%), the closer this coefficient is to 1, the more unequal the income distribution. The Gini coefficient in the Republic of Moldova has been trending downward over the past ten years, with declining values for both total consumer spending and total disposable income of the populace. The Gini coefficients for consumption expenditure and total disposable income fell by 10.7% and 8.3%, respectively, between 2010 and 2020. Due to the more even distribution of consumption expenditure across quintile groups than income and the availability of specific stocks for households, the Gini Coefficient by disposable income in 2020 was 0.3226, or 0.0527, or 19.5%, higher than the inequality by consumption expenditure (Ivanov, 2017: 135). If we compare the values of the Gini coefficient by income in the Republic of Moldova with the values in the countries of Central and Eastern Europe, we can note that our country is at the average of the respective regions, only lagging behind Latvia, Lithuania, Romania and Bulgaria. An important role in reducing income inequality is played by social transfers - pensions, unemployment benefits, allowances for vulnerable groups, etc. Alongside social transfers are deductions from personal income tax.

In the Republic of Moldova, high income inequality, which directly influences the living standards of the population, is mainly caused by the low redistributive effect of the tax and social security system. Some measures that could be taken to reduce these inequalities would be to allocate more resources to social protection of the population. These could only be effective if a progressive system of personal income taxation were introduced, as the flat rate of 12% for individuals has no redistributive effect. More efficient collection of taxes and social contributions would also help to allocate more resources to social protection of the population. The Republic of Moldova's social protection spending as a percentage of GDP is low when compared to the rest of Europe; in 2019, it was 11.4%, whereas in the EU-27, it was 19.3%. In Ireland, it was 10%, while Finland and France had over 25% and 23.9% of GDP, respectively (Balan, 2021: 41).

The living conditions are an important index of the population's well-being, as they provide for the fulfillment of biological, psychological, social and family needs. Of all households, 95.2% have a private dwelling. In urban areas the share of households living in private dwellings amounted to 89.2%, while in rural areas 99.4% own a dwelling and only 0.4% rent (NBS, p. 26).

Food consumption. In the year 2023 the energy value of the average daily food consumption of a person was 2425 calories, with bread and bakery products dominating in the consumption of the population with a caloric

intake of 41.2%. Food consumption by quintile highlights the dependence between food consumption and the financial resources of the population. The most significant gaps in the consumption of the least insured and the best insured population are recorded in the consumption of milk and milk products, eggs, vegetables and pulses, fruits and berries, meat and fish (NBS, p. 27).

Living standards. In 2023, out of all households, 74.5% rated their standard of living as satisfactory, 14.9% - as good or very good, and the remaining households (10.6%) - unsatisfactory. An important role in determining the standard of living is played by the place of residence. Thus, the urban environment is characterized by a higher share of households that rate their standard of living as good or very good (21.5% compared to 10.2% in rural areas), while 9.2% of households rate their standard of living as bad, compared to 11.5% in rural areas (NBS, p.29).

In the process of determining the standard of living, one of the main indicators, in addition to the income level of the population, is the level of social insurance. Social insurance is a system of cash benefits to compensate for the main types of loss of working capacity and, consequently, of wages for objective reasons: sickness, unemployment, old age, childbirth, disability at work and other benefits provided for by legislation. Social insurance is based on the principle of participation, i.e. on the personal contributions of insured persons.

At the moment, the literature distinguishes two traditional types of social security: Bismarckian and Beveridgean. Bismarck-type social insurance is compulsory and is designed to protect people against a sudden drop in income, for example as a result of job loss. Bismarck-type social insurance is based on the principle of compulsory mutual assistance between employer and employee, which enables everyone to allocate their personal income according to the different circumstances of their life (fit for work, unable to work, loss of employment). The social insurance fund is independent from the state budget, and the size of the social payments is linked to the person's contributions to the fund. This model operates in France, Italy, Greece, Greece, Germany, Austria, Republic of Moldova. Beveridge-type insurance involves the provision of relatively constant benefits to the entire population, financed from the public budget, with the sole administrator of the scheme being the state, which sets both the type and level of income (Canada, Australia, UK, Ireland) (NBS, 2016).

In most countries, social insurance funds are made up of contributions from economic agents, employees and the state, in varying proportions, as well as from other sources. In the Republic of Moldova, this fund is called the State Social Insurance Budget (BASS), whose revenue comes from social insurance contributions. The Social Insurance Fund is used to pay allowances, pensions, benefits and income replacement income (wages) to maintain the standard of living of people who are unemployed.

At the individual and household level, financial resources are extremely low in the Republic of Moldova, which leads to a generally low standard of living and financial problems in meeting living needs (material, food, housing, etc.) We can highlight some of the most important factors that determine the decline in living standards (see Figure 3):

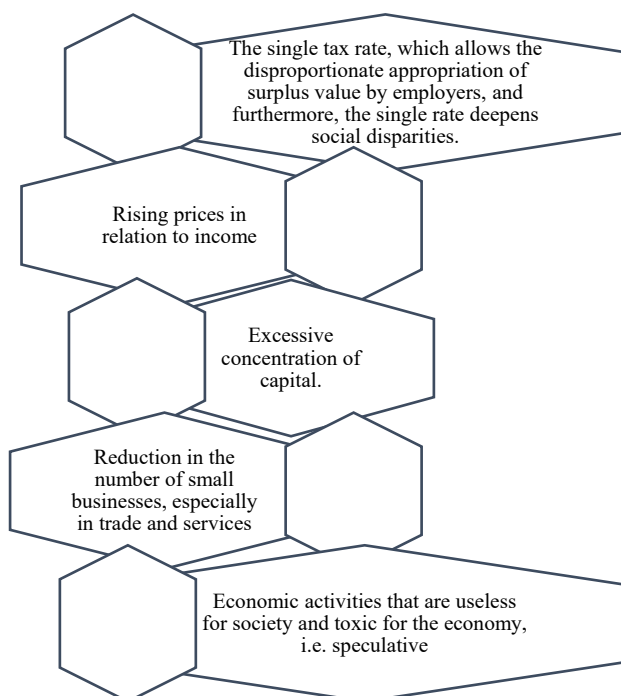


Figure 3. Factors that determine the decline in living standards

Source: World Bank Group, 2024

According to NBS data, wages in the Republic of Moldova have increased on average by about 17% in 2023, but purchasing power remains well below the European average. In this respect, European rankings place the Republic of Moldova in 39th place out of 42 countries analyzed, according to the study "GfK Purchasing Power Europe 2023". However, the ranking presented in the study highlights a significant discrepancy, as we can see, between the standard of living in the Republic of Moldova and that in most European countries, in principle, where we are tending and making great strides in recent times. The fact that we are in 39th place out of 42 countries surveyed indicates, in fact, the major economic challenges facing the population of our country. Even if wages have increased, this increase has not actually been enough to bring purchasing power in line with European standards.

Other indices such as life expectancy at birth, access to knowledge, gross national income per capita, etc. are also used to measure living standards internationally. For example, the Human Development Index (HDI) measures the progress of nations in health, education and income. Thus, the HDI reflects a higher standard of living in a country when gross national income per capita is higher, life expectancy is higher and there is a high level of education. The Human Development Report data (2020) places in the top 10 countries with the highest living standards according to the HDI the EU countries, with a top position in this report among 189 countries, the Nordic countries. The Republic of Moldova ranks 90th in this ranking.

The Social Progress Index (SPI) includes 3 groups of indicators: basic needs - quality and quantity of food, health services, living conditions; foundations of well-being - personal comfort, access to education, information; development opportunities - lack of discrimination, incorruptible justice, freedom of speech. According to the Index of Social Progress, Norway, Finland, Denmark, Iceland, Switzerland, Canada, Sweden, the Netherlands, Japan, Germany, the Netherlands are the ten countries with the ten best living conditions, recorded in 2021. The Republic of Moldova ranks 84th ([Social Progress Index, 2022](#)).

From what we have just reflected, we realize that the standard of living is a basic indicator that reflects the progress achieved by a society in the social field, therefore, ensuring a decent standard of living in a country depends not only on economic performance, but also on social aspects, social policies promoted by the government.

Living standards of the unemployed in the Republic of Moldova. With a low standard of living and few economic resources at their disposal, the unemployed, as well as the majority of the population, focus on satisfying basic needs. The unemployed are forced to resort to specific strategies to cover basic needs, cutting down on food, postponing the satisfaction of certain needs that they do not perceive as pressing or even forgoing them.

According to the ANOFM database, during 2023, 26.5 thousand job seekers were registered as unemployed. We are aware that not all registered unemployed persons benefit from the unemployment benefit, but only those, who according to the provisions of [Law no. 105/2018](#) on the promotion of employment and unemployment insurance, meet the conditions required by law: (a) do not realize income from work activities at the date of establishing the right to unemployment benefit, with the exception of the allowance for release from service, salary recalculations related to release from service and pensions other than old-age pension; b) have been working and have completed at least 12 months of contribution in the public state social insurance system in the last 24 calendar months preceding the date of registration; c) do not refuse suitable employment or participate in active employment measures offered by the territorial subdivision according to the individual employment plan for the unemployed.

The payout is equal to 40% of the insured person's average monthly income for the 12 months of the 24 calendar months prior to the date of unemployment registration. The insured income generated at all establishments during the last 12 months of the 24 calendar months prior to the date of registration as jobless, from which social insurance contributions have been computed and paid, is divided by 12 to find the average monthly insured income. The unemployment benefit amount cannot be greater than the average monthly earnings in the economy for the year prior to the date that eligibility for the benefit is determined. The unemployment benefit is calculated at the average monthly wage from the prior year if its amount is greater than that amount. The monthly unemployment benefit amount for unemployed individuals with special status is 700 lei.

Therefore, the unemployed are constrained in receiving unemployment benefits by two factors: the existence of a contribution period in the state social insurance system and the period for which the financial allowance is set, which limits the financial possibilities of the unemployed and their families to maintain a minimum subsistence level. Although the composition of the unemployed is not homogeneous, some of them are supported by their families or have accumulated income, most of them cannot provide themselves with the minimum food needs.

In the Republic of Moldova, the social protection system, despite having undergone major transformations, remains vulnerable. Despite a seemingly high share in total budgetary expenditure (39% in 2021, but still lower than in other European countries), protecting the population from the risks of poverty and ensuring a smooth transition through unproductive periods of life remains a major challenge. In the country, the largest share of spending on social security benefits goes to social insurance pensions. For example, in 2022, old-age pensions account for 73% of the value of social insurance benefits, disability pensions - 10%, child benefits - 10%,

temporary incapacity for work - 4%, compensation for loss of breadwinner - 2%, and unemployment benefits - only 0.2% (see <https://cnas.gov.md>)

The data from the CNAS report on the execution of expenditure subprograms of the state social insurance budget for the year 2023 shows that the total expenditure for the protection of the unemployed amounted to 70558.1 lei, while the total expenditure amounted to 38524679.6 lei, i.e. 0.18% (see <https://cnas.gov.md>)

In order to provide material support to the unemployed and other vulnerable groups, social shops are widespread in many European countries. The opening of social shops for people on low incomes, including the unemployed, is an effective financial support measure for these categories of people and their families. This social assistance model is widespread in Poland, Romania and Germany. In these shops people can buy products at symbolic prices. The Republic of Moldova also has experience of opening such shops. But they only serve pensioners, offering them discounts, such as the Linella chain of shops - 10% on the last Sunday of the month or the Green Hills Market chain, which offers all pensioners a 5% discount on all purchases.

For the category of registered unemployed persons who receive unemployment benefit, the health insurance policy is granted only for the period of benefit payment. It is obvious that against the background of the low standard of living of the population of the Republic of Moldova, the standard of living of the unemployed is plausible. At individual and household level, financial resources are extremely low in the Republic of Moldova, which results in a generally low standard of living, including for the unemployed, who receive rather modest means for a short period of time, as are the wages from which the benefit is calculated. Unemployment benefits do not allow individuals to meet their material needs for food and housing, while at the same time there are also needs that go beyond the material ones - security, social relations, social recognition, etc. The negative material conditions are felt differently depending on age, with difficulties increasing with age. From this point of view, the Republic of Moldova differs from more developed countries, where material problems tend to decrease with age. In developed societies, people accumulate material resources during their working lives.

In the Republic of Moldova, a large part of the population, including the unemployed, the unemployed and the unemployed are at high risk of poverty. Poverty is measured using the basic needs approach, and is based on consumption expenditure as an indicator of living standards (see Table 1).

Table 1. Key poverty indicators for the Republic of Moldova in 2023

Indicator/ Value	Poverty Rate by Place of Residence	Age Group Poverty Rate
Absolute Poverty Line 3336.8 MDL/person/month	Urban Areas 17.7%	18-29 years 23.2%
Absolute Poverty Rate 31.6%	Rural Areas 42.0%	60+ years 43.7%
Depth of Absolute Poverty 4.9%	Household Type Poverty Rate	
Severity of Absolute Poverty 1.4%	Households with 1 Child 26.6%	
Absolute Poverty Line 3336.8 MDL/person/month	Households with 3+ Children 40.9%	

Source: National Bureau of Statistics (NBS) of the Republic of Moldova, 2024

In the year 2023 the absolute poverty line amounted to 3336.8 lei per person per month on average, and the absolute poverty rate amounted to 31.6%. At the same time, the depth of absolute poverty amounted to 4.9% and severity - 1.4%. The place of residence is an important factor in determining the well-being of the population. The rural population is at much higher risk of poverty than the urban population. The poverty rate in 2023 in rural areas was 42.0% compared to 17.7% in urban areas. An important factor in the emergence and intensification of the state of poverty is the existence and number of children in the household, thus in 2023, the highest poverty rate was recorded in households with 3 children and more (40.9%), and the lowest - in households with one child (26.6%). Poverty also varies according to the age of people, the least at risk of poverty are people in the 18-29 age group - 23.2%, and the most vulnerable are people over 60 - 43.7% (NBS: p. 30).

Increasing the living standards of the unemployed, reducing poverty and social exclusion must incorporate measures to reform the social protection system, increase the size of social benefits, implement social support programs for the unemployed based on the assessment of each family's income, create jobs and increase employment opportunities for the unemployed. Finally, raising the standard of living of the population of the Republic of Moldova can be achieved by promoting sustainable and inclusive economic growth, full employment and ensuring decent jobs for all citizens.

III. SOCIAL PROTECTION STANDARDS IN EUROPEAN COUNTRIES

The system of social protection depends to a large extent on the level of economic development of the state and the socio-demographic specificity of the population, traditions, etc., and for these reasons in Europe there are different models of national social protection systems.

Thus, in Scandinavian countries such as Sweden, Denmark and Finland, the role of the state is decisive in the social protection of citizens, with social payments being paid by the state, and the right to social protection is only for citizens. In Ireland the state has less intervention in the labor market with very low state payments. In Belgium, France, Germany, Luxembourg, Italy, Italy, Netherlands, Austria social payments, such as unemployment benefits, are conditional on employment status and are financed exclusively by contributions from the employer and the employee. Benefits are closely linked to the person's previous earnings, in accordance with the social insurance system (Coțofan, 2021).

We highlight four European social models: the Nordic, Anglo-Saxon, Continental and Mediterranean models. The Nordic model is characterized by high levels of spending on social protection, and represents a generalized welfare system, extensive fiscal intervention in the labour market and strong trade unions, which ensure a relatively homogeneous level of wages and social payments. The Anglo-Saxon model is characterized by the importance of active measures to combat unemployment and by monetary transfers directed mainly to the working population. Trade unions are less powerful and wage disparities are greater. The continental model is based on social insurance and pension systems, and trade unions, although declining in importance, remain strong. The Mediterranean model is centered on high pension system expenditure, job protection, relatively homogeneous wage structure achieved through collective bargaining (Rosca: p. 65).

According to a recent study (Ioan et al., 2024), economic vulnerability in Moldova is considerably decreased by the financial aid that the European Union provides. This report claims that the Moldovan government has been able to carry out significant structural reforms, especially in the social and energy sectors, thanks to financial assistance in the form of grants. Additionally, the authors note that loans from global financial institutions have helped to stabilize the balance of payments and increase the financial system's resistance to shocks from the outside world.

The Republic of Moldova's many regions varies greatly in terms of access to food resources and living standards. Food deficits may therefore be more prevalent in specific areas, particularly in light of the current economic divide between the country's north and south. Food goods are largely available at the national level, yet there may be gaps in terms of purchasing power, making the right decision, and nutritional qualities (Mocanu & Stanciu, 2024; Dragomir, 2017).

On the social front, these models operate quite differently. While the Mediterranean model has strong employment protection legislation, the Nordic model offers generous unemployment benefits, but does not have an equally strong system of employee protection legislation. Employment rates are significantly higher in the Nordic model than in the Anglo-Saxon model, the difference being largely attributable to the maintenance of higher employment rates for older people and lower unemployment rates for young people. Efficiency is measured in this scheme by the ability to generate high levels of employment and equity by the ability to keep the risk of poverty low.

It can be seen from the above that there are different national models of social protection in the European countries, depending on the level of economic development and the way in which the state is involved in ensuring the welfare of the population and a decent standard of living for all social groups. We cannot speak of a single model of social protection throughout the EU, but there are standards with minimum requirements aimed at the well-being of the population. For example, the Council of Europe adopted the European Code of Social Security on April 16, 1964, revised in 1990. The Code sets standards for medical care, sickness benefits, unemployment benefits, old-age benefits, accidents and occupational diseases, family benefits, maternity benefits, invalidity benefits, survivors' benefits. For each social security benefit, the Code sets out the risk covered, the persons protected, the benefits granted, the eligibility conditions, the amount of the benefit, the period for which the benefit is granted, the duration of waiting periods, etc. (Nickless, 1964).

The need to move from a system of social protection based on minimizing negative social consequences to a modernization of the European social system by investing in human capital led to the adoption in 1994 of the White Paper on Social Policy, which is the normative basis of the European Social Model. The emphasis in this document is on political pluralism, non-discriminatory policy, tolerance, solidarity and equality between women and men, the highest possible level of employment, sustainable and non-inflationary growth, economic competitiveness, quality of life and the environment. The Charter provides extensive social protection and is regarded as Europe's Social Constitution.

The Revised European Social Charter (1996) is a Council of Europe treaty that guarantees social and economic human rights and establishes a mechanism for monitoring and enforcing them. Particular emphasis in the international treaty is placed on the protection of vulnerable persons, such as the elderly, children, unemployed,

disabled persons and migrants, and requires respect for their rights without discrimination, namely the rights to housing, health, education, movement, employment, legal and social protection, etc.

The Republic of Moldova ratified the revised European Social Charter on November 8, 2001, accepting 63 of its 98 paragraphs by Law No. 484-XV of 28.09.2001, with entry into force as of January 1, 2002. This was a first step towards our country's commitment to improve the welfare and living standards of all citizens. And in July 2024, the Parliament ratified additional articles of the revised European Social Charter to strengthen people's social and economic guarantees. We believe that the ratification of the document will boost the process of aligning national legislation with European standards in order to ensure respect for people's rights related to labor, including migration, social insurance, children's rights, etc. The amendments aim to respect workers' rights to an increased wage coefficient for overtime work; the right of children and young people to protection; the right to vocational training; the right of persons with disabilities to autonomy, social integration and participation in community life.

The fact that the Republic of Moldova has ratified the European Social Charter means that our country has made a political commitment to promote and adapt European social standards and to harmonize legislation with European standards and values. Following its accession to the aforementioned international treaty, the Republic of Moldova has undertaken to continue internal reforms in all social fields, with the aim of contributing to ensuring real social protection.

IV. CONCLUSION

The Republic of Moldova is facing unprecedented problems due to the spillover effects of Russia's invasion of Ukraine, which has led to an energy and refugee crisis, putting pressure on households, the economy and public finances. Despite significant efforts to mitigate these crises through fiscal measures and monetary policy, declining household incomes and persistent high risks continue to constrain private consumption and lower the living standards of the population. Moldova's medium-term prospects depend on structural reforms and progress towards EU accession. Despite two decades of sustained economic growth, poverty remains widespread, especially in rural areas with limited access to services and real economic opportunities. Traditional means of poverty alleviation, such as cash transfers and social assistance, are slowing down, while low participation and employment rates hamper the transition towards employment-led poverty reduction, underlining the urgency of structural reforms.

The standard of living of the country's population is a multi-aspectual category, which includes the entire population of the country: employed, unemployed, retired, families with many children, disadvantaged people, and to increase it, it is necessary to implement a variety of legal, social and economic instruments.

Thus, in order to increase incomes and ensure a decent living, it is necessary to create new jobs with decent wages; increase employment; reduce unemployment; increase the minimum wage guaranteed by the state; improve the pension system; introduce additional social benefits. Regrettably, we have to admit that the state is failing to provide the majority of the population in need of social protection with the real minimum subsistence level. This situation speaks clearly about the shortcomings of the Republic of Moldova's social policy.

ACKNOWLEDGEMENT: The article was developed within the framework of Subprogram 030101 "Strengthening the resilience, competitiveness, and sustainability of the economy of the Republic of Moldova in the context of the accession process to the European Union", institutional funding.

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