

Chapter 1

Quality of Life in The Republic of Moldova: Assessment, Challenges, and Solutions

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Introduction

The actuality of this work is determined by:

- the theme of the quality of life of the population has not been sufficiently researched in the Republic of Moldova,
- in recent years in the country, the main indicators of the population's quality of life have significantly decreased.

The main purpose of this research is to analyse the quality of life of the population of the Republic of Moldova, identify the challenges, and elaborate specific solutions and recommendations for improving the quality of life of the country's citizens.

At present, there are many different interpretations of the concept of "quality of life", but the "economic" interpretation prevails over the others because material needs are more universal and easily measurable and also because the term "quality

of life” first appeared in economics – it was introduced in the 60s by economist John Kenneth Galbraith.

The World Health Organization (WHO) explains *Quality of life* as a subjective evaluation of one’s perception of reality relative to one’s goals as observed through the lens of one’s culture and value system. *Quality of life* is explained by the WHO: «an individual’s perception of their position in life in the context of the culture and value systems in which they live and in relation to their goals, expectations, standards and concerns». Standard indicators of the quality of life include wealth, employment, environment, physical and mental health, education, recreation, leisure time, social belonging, religious beliefs, safety, security, and freedom. (WHOQOL, 2012)

Quality of life is a complex and multi-dimensional category covering almost all spheres of the population’s life activity. According to Encyclopedia Britannica: “*quality of life* is the degree to which an individual is healthy, comfortable, and able to participate in or enjoy life events. The term *quality of life* is inherently ambiguous, as it can refer both to the experience an individual has of his or her own life and to the living conditions in which individuals find themselves. Hence, quality of life is highly subjective. Whereas one person may define the quality of life according to wealth or satisfaction with life, another person may define it in terms of capabilities (e.g., having the ability to live a good life in terms of emotional and physical well-being). A disabled person may report a high quality of life, whereas a healthy person who recently lost a job may report a low quality of life. Within the arena of health care, quality of life is viewed as multidimensional, encompassing emotional, physical, material, and social well-being” (Encyclopaedia Britannica, update 2023).

The most comprehensive research in the country is performed in the framework of scientific projects. One such scientific project, in which the authors of this work participate today, is being elaborated at the National Institute for Economic Research under the auspices of the Academy of Economic Studies of Moldova. This Scientific Project for the period 2020-2023, is registered in the State Register of Projects in the Field of Science and Innovation of the Republic of Moldova with the code 20.80009.0807.29 Project State Programme "Improving the mechanisms for applying innovative instruments aimed at sustainably increasing the welfare of the population of the Republic of Moldova" / Proiect Program de Stat "Perfecționarea mecanismelor de aplicare a instrumentelor inovatoare orientate spre creșterea durabilă a bunăstării populației Republicii Moldova". The main results of this project are reflected in the authors' publications and placed in the References (Colesnicova et al., 2018a, 2018b, 2020, 2021a, 2021b; Rojco et al., 2021a, 2021b, 2022a, 2022b, 2022c, 2022d, 2022e, 2022f, 2023; Rojco, 2022s, 2022b; Stratan, 2022).

Methods and Techniques Applied

The analysis in this research was based on information from national and international scientific research, data from the National Bureau of Statistics of the Republic of Moldova, data from national and international Reports, such as *The Human Development Report 2021/2022*, *The Report of Legatum Prosperity Index 2023* (Legatum Prosperity Index, 2023), *The Social Progress Index 2022*, etc.

The following research methods were used in the presented work: synthesis, logical, monographic, comparative, economic

analysis of the statistical data, etc. The following Software applications were used for the practical implementation of the indicated methods: Microsoft Excel for spreadsheet manipulation, calculation, and elaboration of diagrams/figures, and Microsoft Word for text processing.

Obtained Results

Since independence, the Republic of Moldova has faced acute socio-economic problems, which in the 1990s caused an unprecedented decline in the living standards and conditions of the population. Subsequently, with the implementation of long-term fundamental reforms, certain results were achieved in socio-economic development, which led to some improvement in the people’s quality of life. However, in 2022, there was a radical change in this trend. The sharp increase in world energy prices, the war in neighbouring Ukraine, and several other factors led to a severe economic recession, resulting in a decrease in the volume of GDP by 5%. This hurt the main indicators characterising the quality of life of the country’s population.

Table 1. Main indicators of the quality of life of the Republic of Moldova, 2022

INDICATOR	VALUE
Average disposable income per capita	213.7 EUR/month
Real disposable income	-5.9%
Gini coefficient on disposable income	0.3208
Average consumer spending per capita	186.5 EUR/month
Real consumer spending	-5.1%

Level of absolute poverty – country as a whole, including:	31.1%
urban population	17.1%
rural population	40.3%
Number of population with usual residence	2512.8 thousand pers.
Reduction of population with usual residence	-2.0%
Population ageing coefficient	23.8%
city population	21.7%
rural population	25.7%
Birth rate level	10.6 children
Total fertility rate	1.69 live births
General mortality rate	14.4 deaths
Infant mortality level (2021)	8.5 children
Natural population increase	-9.2 pers.
Expected life expectancy at birth (2021)	69.1 years
The share of food costs in household consumer spending	41.1%
The share of housing and communal services in consumer spending of households	16.3%
Share of university graduates in economic and legal specialties	41.0%
Share of university graduates in engineering specialties	6.2%
Provision of housing stock with plumbing	63.9%
City area	90.2%
rural area	42.3%
Household access to the public sanitation system	

City area	78.6%
rural area	2.9%
Grow of total patients registered during the year	5.0%
Amount of pollutants emitted into the atmosphere from all sources (2021)	74.0 kg/per capita
Number of registered crimes per 10 thousand people	103

Source: elaborated by authors

Disposable incomes of the population. In 2022, the average monthly disposable income per capita amounted to 4252.6 MDL, having increased by 21.2% as compared with the previous year. However, their size exceeded the value of the subsistence minimum by only 61.8%. Because of the higher income growth rate of urban residents, the gap in the level of disposable income of urban and rural residents increased. In 2021, the average monthly disposable income of an urban dweller exceeded that of a rural dweller by 44.3%, while in 2022, it will be 51.8%. This led to an increase in the gap between villagers and city residents on the main indicators of quality of life.

There were significant differences in the structure of disposable income in the “urban-rural” context. Both urban and rural residents were dominated by income from hired labour, but their share in the disposable income of urban residents (61.1%) was 1.5 times higher than that of rural residents (40.3%). This indicates that wages and salaries played a significantly greater role in the formation of disposable income of urban residents than that of rural residents. The second position was occupied by social payments, the share of which in the structure of disposable income of citizens was 16.8%, while that of villagers

was 3.8%. Thus, if every sixth MDL of the townspeople's income was a social payment, then almost every fourth MDL of the villagers' income was a social payment.

For the rural population, remittances from abroad were more important in forming their disposable incomes (13.7%, or every seventh MDL, against 10.4%, or every tenth MDL, for the urban population). This explains the high dependence of villagers' incomes on remittances from their relatives working abroad.

The income differentiation of the population was high. In 2022, the average per capita disposable income of the wealthiest 20% of households was 5.3 times higher than that of the poorest 20%. At the same time, 20% of the poorest households accumulated only 7.4% of the total disposable income, while 20% of the wealthiest households accumulated 41.5%, i.e. 5.6 times more. The Gini coefficient, which characterises the degree of inequality in disposable income, was 0,3208, which is higher than in most European countries.

Due to the excess of the consumer price index (in 2022, compared with the previous year – 128.7%) over the growth rate of nominal income (121.1%), the real disposable income fell. It was 5.9% and was deeper than the decrease in the volume of GDP (5.0% in comparable prices). At the same time, the decline in real incomes of urban residents was 3.5%, and 8.2% for rural residents.

Thus, in 2022, for the first time in many years, there was a decrease in real disposable income, as a result of which the population of the Republic of Moldova was rolled back the years according to this indicator. At the same time, the reduction rate of real incomes in rural areas was 2.3 times higher than in

urban areas, which indicated a more rapid decline in the living standards of rural residents compared to urban residents.

A significant drop in the real incomes of the population had a negative impact on their financial behaviour. According to research performed by the National Bank of Moldova (Mybusiness, 2023), 8 out of 10 respondents could not make savings during the last six months. This was due to the fact that the vast majority of the population had very limited funds to finance only current consumption. For the respondents who made savings, the main purpose of savings was to protect themselves from unforeseen/emergency situations (36% of answers) and to compensate for a possible deterioration of their financial situation (32%). Thus, more than 2/3 of those who save did not feel financially secure and assumed to save money for a “rainy day”. At the same time, a significant part of them demonstrated low trust in the savings institutions – 62% of the respondents preferred to keep their money at home.

Consumer expenditures. In 2022, the average per capita consumer expenditures amounted to 3,711.9 MDL per month, which is 22.1% more than in the previous year. However, in real terms (adjusted to the consumer price index), the population spent 5.1% less than in 2021. Expenditures for food prevailed in the structure of consumer expenditures (41.1%), payments for housing and utilities (16.3%), and clothing and footwear (8.4%).

The poverty of the population. While in 2021, compared to the previous year, it decreased slightly, in 2022, there was a significant increase. Calculated using the national methodology, the absolute poverty rate for the country as a whole was 31.1%, which is 1.3 times higher than in 2021 (24.5).

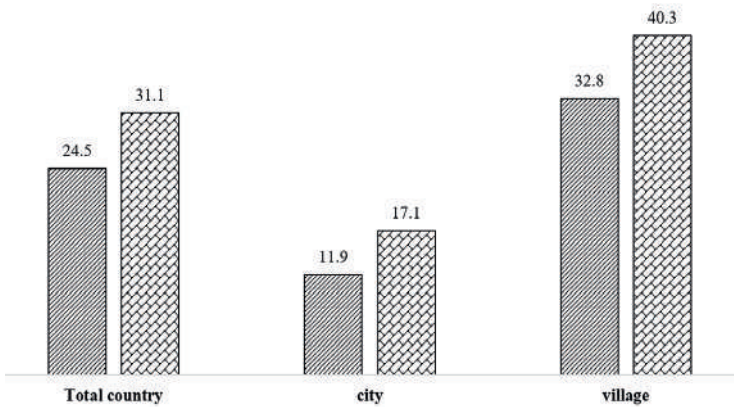


Figure 1. Absolute poverty level, 2021-2022, %

Source: elaborated by authors

The poverty risk has a pronounced territorial aspect. The absolute poverty rate in urban areas was 17.1%, or 1.4 times higher than in the previous year. The worst situation was in rural areas, where the absolute poverty rate reached 40.3% (1.2 times higher than in 2021).

Thus, whereas in 2021, every fourth resident of the country was poor, in 2022, every third person was poor. Forty people out of 100 villagers were poor, while only 17 people out of 100 city residents were poor.

The risk of being poor depended to a large extent on where people lived. Residents of Chisinau municipality had the lowest risk of falling below the poverty line. Chisinau. Their poverty rate was 10.0%, i.e., only one in ten Chisinau residents was poor. On the contrary, the highest risk of poverty was registered among the residents of the country's Southern. Their poverty rate was 49.0%, i.e., every second person was poor.

Apart from the territorial aspect, the higher risk of poverty was conditioned by the following factors: large size of house

holds; several generations of people living in households; presence of three or more children in households; female gender of heads of households; old age of heads of households; low level of education of heads of households.

The main sources of income for the heads of households are incomes from individual agricultural activity or pensions.

The demographic situation was characterised by several negative trends. The process of depopulation of the population intensified. At the beginning of 2023, the population with a usual place of residence was 2,512,800, which decreased by 12.4% compared to the beginning of 2014 and by 2.0% compared to 2021. At the same time, the rural population was decreasing at a higher rate. A significant loss of rural residents (for 2014-2022 – by 297.8 thousand people) was equivalent to the population of more than 200 average rural settlements, indicating the significant scale of this negative phenomenon.

The number of villages under the threat of complete disappearance was steadily increasing in the country. Many of them had a population of fewer than a few dozen people, and some of them had only a few people living in them at all. As a rule, these were elderly people who lived in abandoned houses. They were deprived of the most basic utilities, and due to the lack of a store, pharmacy, or medical centre, they were unable to buy the most basic food, buy medicine, or seek medical care. Because of the poor roads, these villages had limited transport accessibility, which created great problems for their residents in obtaining various services, including social services, provided in larger settlements (including emergency and ambulance services). Thus, the population of many rural settlements was in a situation of social exclusion, which led to an extremely low quality of life.

The process of population ageing has intensified. The coefficient of population ageing (the number of persons above working age per 100 inhabitants) increased from 17.5% in 2014 to 23.0% – in 2021 and to 23.8% – in 2022. Population ageing is especially pronounced in rural areas: the share of persons above working age reached 23.0% (in cities – 20.0%), and the ageing rate – 25.4% (in cities – 21.7%).

Large-scale migration abroad contributed to the deterioration of the demographic situation. Unemployment and low incomes (especially in rural areas) encouraged people to migrate abroad for work. These people, being of active working age and sending earned money to their families in Moldova, contributed to the improvement of their financial situation. However, this process was accompanied by the emergence of great social problems. The number of divorces was growing among migrants, families were breaking up, and if both parents left, children were left without parental care and control. These children were often prone to asocial behaviour, not going to school, and leading a promiscuous lifestyle. They did not strive to get an education, learn a profession, and put themselves in a position of social exclusion.

The birth rate declined. In 2022, 26,952 children were born in the country, 33.8% less than in 2014 and 8.1% less than in 2021, with 59.4% of children born in rural areas. The birth rate decreased significantly: the number of children born per 1,000 population decreased from 14.2 in 2014 to 11.2 in 2021 and 10.6 in 2022. Although this figure is relatively high, it does not reach the level of intergenerational reproduction (2.1 live births per woman of reproductive age).

A positive fact was the decrease in the number of children born out of wedlock. In 2022, their share in the total number

of children born was 18.3%, with every seventh child born out of wedlock to urban women and every fifth child born to rural women.

The drop in the birth rate was caused by several factors: the reduction in the number of women of fertile age; labour migration abroad; and the low standard of living of young families.

In addition, the reproductive attitudes of modern women have changed significantly. Many began to focus on having a child only after reaching a certain professional and career level. As a result, the birth calendar shifted to older ages. The maternal age at the birth of the first child increased to 25.3 years and at the birth of all children to 29.2 years (although they remained among the lowest in Europe). The number of families with few children increased, and women spent less time caring for and raising their children. As a consequence, they had more time for successful professional activities, to attend various cultural events, travel, recreation, entertainment, etc. This had a positive effect on improving the quality of women's lives.

Population mortality is characterised by an ambiguous trend. During 2014-2022, the population's mortality rate increased, and the total mortality rate (the number of deaths per 1,000 inhabitants) increased from 13.8 to 17.4. However, in 2022, this trend reversed and, compared to the previous year, the number of deaths decreased by 20.5%. The mortality rate decreased significantly, amounting to 14.2 deaths per 1,000 inhabitants.

The same trend was characteristic of infant mortality. Deaths per 1,000 live births declined from 9.1 in 2014 to 8.5 in 2021 but rose to 9.0 in 2022. Infant mortality rates remained higher in rural areas (10.0 vs. 7.6 in urban areas). Mortality rates in the Republic of Moldova significantly exceeded their values in the European Union countries.

The natural decrease of the population has considerably declined. It constituted 9,2 thousand persons against 16,1 thousand persons in 2021.

Life expectancy at birth was 69.1 years. In the Republic of Moldova, life expectancy is significantly lower than in many developed countries. In 2020, life expectancy at birth in the EU27 was 80.4 years, 10.6 years higher than in our country (69.8 years in 2020).

Life expectancy in old age reflects the impact of the quality of life on its duration. In 2021, life expectancy for men who reach the age of 65 is 10.6 years, and 13.8 years for women of the same age.

Food consumption. Achieving a high quality of life involves the consumption of products at a level that provides healthy and balanced nutrition for people, as well as the economic accessibility of these products.

The level of consumption of various food products is characterised by multidirectional dynamics.

In the period 2014-2021, the average per capita consumption of most types of foodstuffs showed a steady growth. The consumption of berries (3.9 times), nuts (2.4 times), legumes (33.3%), apples, and table grapes (25.0%) increased particularly significantly. At the same time, the average per capita consumption of beef (by 3.1%) and vegetables (by 4.0%) decreased. The consumption of milk and dairy products decreased especially significantly, by 14.3%.

There were certain differences in per capita food consumption depending on the place of residence of household members. Rural residents consumed more bread and bakery products, fish and fish products, sugar and confectionery, and vegetable oil than urban residents. At the same time, they were

significantly inferior to townspeople in the consumption of the most nutritionally valuable foodstuffs.

Rural residents' diets were dominated by home-produced foodstuffs. The rural residents' consumption of their production accounted for 68.7% of the total consumption of eggs, 51.1% of fruits and berries, 43.3% of meat and meat products, and 40.1% of vegetables and potatoes. Such a significant share of own-produced products, along with the positive ones, had negative consequences. The range of own-produced products is very limited and therefore could not fully satisfy the needs of household members for foodstuffs. This is especially true of children, whose diet is subject to higher requirements in terms of both assortment and quality of products. These requirements could be met by purchasing food products from retail food networks. However, there is underdevelopment in rural areas and a lack of money-oriented villagers for their own food production.

In the Republic of Moldova, the energy and nutritional value of rations, reflecting the quality of nutrition of the population, exceeded the levels of the food basket of subsistence minimum. However, this was characteristic only of the nutritional situation of the population as a whole. For low-income groups and families with children, nutrition quality was one of the acute problems. Families with many children were in the most vulnerable situation. Insufficient consumption of nutritionally valuable products and the lack of nutrients of animal origin in the diet harmed the mental and physical development of children and contributed to an increase in their morbidity.

The economic affordability of food assumes that all socio-demographic groups of the population have sufficient financial resources to purchase food products and provide nutritious food.

In wealthy countries, expenditures on food occupied a small share, while people in less affluent countries had to spend a much larger share of their money on food. For example, the share of expenditures for foodstuff and non-alcoholic beverages in Luxemburg, Great Britain, and the Netherlands was 8-10%, while in the Republic of Moldova, it was 41.1%. Thus, the population of our country, after covering food expenses, had fewer financial possibilities to satisfy other, not less important material and spiritual needs, to get various medical, educational, and recreational services.

In 2022, the consumer price index for food products (131.8%) outpaced the growth rate of costs for their purchase (119.7%), which resulted in a 9.2% decrease in actual spending on food compared with the previous year. This hurts the purchasing power of income when purchasing food and, consequently, the quality of people's lives.

Housing and utility services. In 2022, the share of expenditures on payment of housing and utilities in the total consumer expenditures increased by 1.1 p.p. and amounted to 16.3%. The ratio of expenditures for payment of housing and utility services to disposable incomes of households also increased from 13.1% in 2021 to 14.2% in 2022. Thus, the financial burden on households to pay for housing and utility services increased, and consequently, their economic affordability decreased.

On average, in EU countries (27 countries), the share of expenditures for payment of housing and communal services (minus imputed rent for a dwelling) in the total consumer expenditures amounted to 12.2%. In the Republic of Moldova, this indicator was 15.2% in 2021 (1.25 times higher than the EU average) and 16.3% in 2022 (1.33 times higher). This means that in the Republic of Moldova, the level of economic afforda-