PERFECTION OF THE METHODOLOGICAL APPROACHES FOR CALCULATING THE SUBSISTENCE MINIMUM VALUE

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The subsistence minimum value is essential to social standards, used for elaborating, implementing and monitoring the social policy of the country. The practical application of the subsistence minimum value imposes high demands on the accuracy of calculating the respective social standard. That is why the perfecting of the methodology used for calculating the subsistence minimum value and its implementation are objective necessities.

In the Republic of Moldova the subsistence minimum value has been calculated since 2011, according to Moldovan Government Order no. 902 of August 28, 2000 "On the approval of the Regulation regarding the computation method of the subsistence minimum value" [1]. However, in the process of computing this indicator by the National Statistics Office certain methodological problems occurred and required their in-depth scientific analysis. The requirement to improve the methodological approaches related to the computation of the subsistence minimum value was that these approaches did not fully take into consideration: ***a)*** the differentiation of the level and living conditions of the population of Chişinău and Bălţi, and in other cities and villages; ***b)*** seasonality of food product consumption, which is especially high in the rural population.

Moreover, it is necessary to consider: ***i)*** the significant improvement of the material living conditions of the Republic of Moldova, which conditions the revision towards growth of the quantitative parameters of the consumer basket of the subsistence minimum value; ***ii)*** the global experience and, first of all, of EU countries in designing the minimum standards for the living conditions of the population. Regarding the legislative framework for the development of the methodological approaches for the computation of the subsistence minimum value, we used the Law on the subsistence minimum value, article 2, which provides *" **subsistence minimum value** - indicator which represents the value of the minimum consumption volume of material goods and services for satisfying the main necessities, maintaining health and sustaining human viability"* [3]. Given the absence of an acknowledged method for the determination and computation of the subsistence minimum value, we used internationally acknowledged materials, among which:

- materials of the International Labor Organization, especially ILO Convention no. 117 "Social Policy (Basic Aims and Standards) Convention" [5];
- report of the special mixed committee of FAO/WHO experts "Energy and protein needs" (1974, series of technical reports of WHO no. 522) [9];
- other reports on balanced food, which allowed WHO to draft a "Guide on the individual needs in nutritious substances" [8]

The starting point of the study was the thesis that social norms reflect scientific ideas regarding people's needs in goods and services, namely personal needs. In this context, the subsistence minimum value, occupying the central place in the system of minimum social standards regarding living conditions, represents knowledge about minimum personal needs.

Considering the priority of satisfying physiological needs, the following aspects are necessary in the formation of the subsistence minimum value:

a) to consider only physiological needs. This is fully according to the requirements of section 2 of article 5 of ILO Convention no. 117 "Social Policy (Basic Aims and Standards) Convention":

"When setting the subsistence minimum value one must consider such basic needs... as food and its nutritious value, housing, clothing, medical services and education" [5]

b) to consider the hierarchy of physiological needs: first, the need for food, then clothing and services, the satisfaction of which ensures minimum conditions for vital activities.

The subsistence minimum value includes the necessary set of commodities and services, which satisfies the main material needs of the work-apt population, necessary for the reproduction of the workforce, children's and teenagers' physical and social development, and supporting pensioners' vital activities. In this set the central position is occupied by the food products which compose the content of the food basket of the subsistence minimum value.

Formation principles of the subsistence minimum value. The formation of the minimum food basket is reduced to resolving two tasks:

- determining the minimum requirements of the various population groups of the Republic of Moldova, expressed by the energy value and the main nutritious substances;
- creating sets of food products, which would satisfy those necessities.

When solving the **first task** we use fundamental scientific principles regarding balanced eating [7], and recommendations on this matter from global organizations and institutions. Among the authorities are FAO and WHO.

According to these recommendations, people's minimum requirements in energy and nutritious substances are calculated based on people' weight, gender and age, work, physiological state of the body (pregnant women and breastfeeding mothers), social conditions (rural or urban areas), climate.

Solving the **second task** – forming the sets of food products which satisfy the minimum needs of the population - is based on the following principles formulated by the authors:

a) satisfying the minimum needs of various social-demographic groups of the population, is ensured based on the energy value and nutritious composition of food products;
b) orientation to the real structure of the food of the population from the urban and rural areas;
c) considering the seasonal factor, which is characteristic for the consumption of various foods by the urban and rural population;
d) choosing products which allow healthy eating by minimum financial expenses.

The main characteristics of the food basket of the subsistence minimum value are the caloric value and the alimentary composition. The results of the calculations *(table 1)* show that, compared to the food basket, approved by Governmental Order no. 902 on the nutritious value of the minimum set of food; products for 24 hours increased from 2,282 kcal to 2,399.6 kcal, or by 117.6 kcal (by 5,1%). The protein content in the minimum portion for 24 hours increased from 75.0 g to 79.1 g, or by 4.1 g (by 5.5%), including animal proteins from 32.0 g to 33.3 g, or to 1.3 g (by 4.1%).

We would like to mention that we do not refer to a quantitative increase, but to qualitative changes in food portions. Thus, among the main food substances, the highest increase was for sugars (7.6%), while the quantity of lipids increased only by 1.0%. This corresponds to the current requirements for ensuring the opportunity of limiting the quantity of fats in people's food portions.

The main parameters of the food basket of the subsistence minimum value correspond to scientifically substantiated requirements. The energy value of the food basket of the minimum subsistence value, which satisfies people's minimum material and spiritual necessities, is in average for one person **2,399.6 kcal.** This corresponds to the recommendations of the World

Health Organization, according to which the caloric value of people's daily minimum food portion must be oriented towards 2,400 kcal [9; 8].

Table 8.1. Caloric value and alimentary composition of the food basket for 24 hours of the subsistence minimum value

	Caloric value, kcal	I. Alimentary composition, g			
		Proteins - total	including of animal origin	Lipids	Sugars
Sets of food products of the subsistence minimum value for:					
- work-apt man - city	2733.9	91.0	36.1	93.1	376.6
- work-apt man - village	2863.1	96.0	37.0	97.3	395.2
- work-apt woman - city	2330.4	77.5	31.1	78.6	323.1
- work-apt woman - village	2401.2	78.9	30.5	80.8	334.6
- pensioner - city	2054.8	67.5	26.8	69.4	285.1
- pensioner - village	2122.9	69.3	27.3	71.2	295.1
- child up to 1 year old	583.7	23.0	17.5	23.4	69.9
- child from 1 to 7 years old - city	1702.1	60.9	35.3	66.4	213.0
- child from 1 to 7 years old - village	1715.8	61.4	34.1	65.4	219.1
- child from 7 to 18 years old - city	2298.2	80.2	40.2	87.0	295.0
- child from 7 to 18 years old - village	2315.2	83.7	42.6	85.0	300.5
Average weighted value for one person	**2399.6**	**79.1**	**33.3**	**82.8**	**330.2**
Informative: in virtue of Governmental Order no. 902[1]					
- work-apt man - city	2605	84.0	32.0	93.0	353.0
- work-apt man - village	2820	92.0	33.0	99.0	384.0
- work-apt woman - city	2229	71.0	27.0	78.0	305.0
- work-apt woman - village	2426	78.0	30.0	84.0	333.0
- pensioner for age limit - city	1942	63.0	26.0	68.0	265.0
- pensioner for age limit - village	2092	68.0	27.0	71.0	289.0
- child up to 1 year old	593	22.0	17.0	26.0	73.0
- child from 1 to 7 years old	1536	54.0	33.0	68.0	186.0
- child from 7 to 16 years old	2201	75.0	38.0	82.0	285.0
Average weighted value for one person	**2282**	**75.0**	**32.0**	**82.0**	**307.0**

[1] [1]

The parameters of the food basket of the subsistence minimum value in the Republic of Moldova are very close to the indicators corresponding to other states *(table 2).*

Table 8.2. Energy value of the alimentary composition of the food basket related to the subsistence minimum value in some countries

	Energy value, kcal	I. Alimentary composition, g		
		Proteins	Lipids	Sugars
1	*2*	*3*	*4*	*5*
Entire population				
Azerbaijan	2258	68.0	71.0	331.0
Belarus	2444	...	...	...
Kazakhstan	2175	76.0	72.2	300.0
Kyrgyzstan	2431	78.6	73.1	...
Moldova[1]	**2282**	**75.0**	**82.0**	**307.0**

Table 2 – continue

1	*2*	*3*	*4*	*5*
Moldova[2]	**2499.6**	**79.1**	**82.8**	**330.2**
Russia	2275	...	...	...
Work-apt population - total				
Azerbaijan	2409	74.0	73.0	358.0
Belarus	...	...	...	...
Moldova[1]	**2529**	**82.6**	**88.6**	**345.2**
Moldova[2]	**2587.6**	**86.0**	**87.7**	**358.3**
Russia	...	...	...	...
Ukraine	2790.8	87.1	98.4	388.1
Work-apt men				
Belarus	2899	97.9	89.7	414.0
Kazakhstan	2646	91.7	86.5	369.0
Kyrgyzstan	2661	77.5	72.3	...
Moldova[1]	**2721**	**88.0**	**96.0**	**370.0**
Moldova[2]	**2807.8**	**93.8**	**95.5**	**387.2**
Russia	2730	86.9	83.5	405.0
Ukraine	...	...	...	...
Work-apt women				
Belarus	2242	77.8	72.5	311.0
Kazakhstan	2100	72.8	68.6	293.0
Kyrgyzstan	2440	71.5	68.4	...
Moldova[1]	**2334**	**75.0**	**81.0**	**320.0**
Moldova[2]	**2368.6**	**78.3**	**79.8**	**329.3**
Russia	2100	67.6	65.2	307.0
Ukraine	...	...	...	...
Pensioners				
Belarus	2050	70.3	64.4	289.6
Kazakhstan	2052	71.5	69.6	279.0
Moldova[1]	**2042**	**66.0**	**70.3**	**281.0**
Moldova[2]	**2096.3**	**68.6**	**70.5**	**291.2**
Russia	2000	65.1	62.8	293.0
Ukraine	2008.9	58.6	65.7	295.8
Children up to 7 years old				
Belarus (girl up to 7 years old)	2269	81.9	76.2	305.9
Kazakhstan (0-13 years old)	1521	55.5	51.2	205.0
Moldova[1]	**1536**	**54.0**	**68.0**	**186.0**
Moldova (up to 1 year old) [2]	**583.7**	**23.0**	**23.4**	**69.9**
Moldova (1 to 7 years old) [2]	**1710.8**	**61.3**	**65.7**	**216.4**
Russia	1610	52.3	54.2	228.0
Ukraine	...	...	...	...
Children 7 to 18 years old				
Belarus (3 to 16 years old)	2886	105.0	93.8	394.5
Kazakhstan: - boys (14-17 years old) - girls (14-17 years old)	 2755 2110	 96.7 74.1	 92.4 70.9	 378.0 289.0
Moldova[1]	**2201**	**75.0**	**82.0**	**285.0**
Moldova[2]	**2309.4**	**82.5**	**85.7**	**298.6**
Russia	2360	75.9	79.5	333.0
Ukraine	...	...	...	...

[1] [1] [2] [2] ***Source:*** *[6]*

The subsistence minimum value is calculated by summing up the value of the food basket and the expenses for procuring industrial commodities and services, and the values of premiums and mandatory contributions.

The value of the monthly food basket by quarters of the calendar year is estimated by multiplying the values of the monthly averages of the consumption of food products per person for the main social and demographic groups of the population differentiated based on profiles "Chisinau and Balti", „other cities", „villages" and by quarters of the calendar year for average consumer prices in the corresponding quarters. The average consumer prices, used for estimating the value of the food basket, are set based on registered prices, set by the National Bureau of Statistics.

Currently in Moldova, due to various reasons, the use of norming is rationally applied only regarding the food part of the subsistence minimum value. Regarding the non-food part, the value of the cost must be determined by applying the statistical method, by which we determine the ratio of the value of non-food products and services with the cost of food products. Thus, we apply to the calculation of the subsistence minimum value the **normative-statistical method**, which is currently more acceptable in Moldova.

The subsistence minimum value is estimated for the 1st quarter and the 2nd quarter by calculating the arithmetical means of the subsistence minimum value for the 1st quarter - the 2nd quarter and the 3rd quarter – the 4th quarter. The subsistence minimum value for the calendar year is calculated by calculating the arithmetical means of the subsistence minimum value for the 1st semester and the 2nd semester.

Based on the results of these researches, we drew up the draft of the Regulation on the order of calculation of the subsistence minimum value, which was provided to the Ministry of Labor, Social Protection and Family, and which was then ratified through the Moldovan Governmental Order no. 285 of April 30, 2013 [2]. In virtue of item 2 of the Governmental Order no. 285, was elaborated the Methodological guide on the calculation of the subsistence minimum value, ratified through the joint order of the Ministry of Labor, Social Protection and Family, the General Director of the National Bureau of Statistics, the President of the Science Academy of Moldova, the Director of the National Institute for Economic Research [4].

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