

[https://doi.org/10.52326/jss.utm.2022.5\(4\).09](https://doi.org/10.52326/jss.utm.2022.5(4).09)
UDC 336.14:364(478+498)



COMPARATIVE ASPECTS IN FINANCING OF SOCIAL INSURANCE BENEFITS IN ROMANIA AND THE REPUBLIC OF MOLDOVA

Ana Spînu *, ORCID: 0000-0002-9878-571X,
Ana-Maria Roman, ORCID: 0000-0001-9751-8938,
Ilie Dogotari, ORCID: 0000-0003-2788-8444

Free International University of Moldova, 52 Vlaicu Pârcălab Str., Chişinău, MD-2012, Republic of Moldova

*Corresponding author: Ana Spînu, aspinu@ulim.md

Received: 10. 27. 2022

Accepted: 12. 09. 2022

Abstract. The purpose of the article is to present some aspects of the public social security system in Romania and the Republic of Moldova, starting from the premise that each country has its own mechanism of operation of the economy, which depends on the way in which the economic processes are planned and governed, on the size of the material, the way they are managed and the way economic processes, human and other resources are carried out, the way these resources are assimilated into the economic cycle, the development of policies and the adoption of laws. This economic mechanism must be adapted to the needs and opportunities of the national economy, which change in a relatively short period of time and is a dynamic and coherent instrument. The research was based on bibliographic documentation, observation, induction supplemented with deduction, analysis with synthesis, as well as the logical method with the historical one. The results of the research lead to the existing similarities between Romania and the Republic of Moldova in terms of budget revenues and expenditures from the state social insurance budget by observing the same basic principles, rules and forecasts determined in the multiannual financial framework of both countries.

Keywords: *budget implementation, expenditure, financial system, income, social policies, social security.*

Rezumat. Scopul articolului este de a prezenta unele aspecte ale sistemul public de asigurări sociale din România și Republica Moldova, pornind de la premisa că fiecare țară are propriul mecanism de funcționare a economiei, care depinde de modul în care sunt planificate și guvernate procesele economice, de dimensiunea materialului, de modul în care sunt gestionate și de modul în care se desfășoară procesele economice, resursele umane și de altă natură, modul în care aceste resurse sunt asimilate în ciclul economic, elaborarea politicilor și adoptarea legilor. Acest mecanism economic trebuie adaptat nevoilor și oportunităților economiei naționale, care se schimbă într-o perioadă relativ scurtă de timp și este un instrument dinamic și coerent. La baza cercetării au stat documentările bibliografice, observarea, inducția completată cu deducția, analiza cu sinteza, precum și metoda logică cu

cea istorică. Rezultatele cercetării conduc la asemănările existente între România și Republica Moldova în ceea ce privesc veniturile și cheltuielile bugetare din bugetul asigurărilor sociale de stat prin respectarea aceluiași principii de bază, reguli și previziuni determinate în cadrul financiar multianual al ambelor țări.

Cuvinte-cheie: *execuție bugetară, cheltuieli, sistem financiar, venituri, politici sociale, asigurări sociale.*

1. Introduction

To ensure the proper functioning of the national economy, the State acts or engages in social economic life, directly or indirectly, through the state budget and local budgets, the tax system (taxation), economic programming, credit, financial control, etc., where the public authorities adopt and issue a diverse range of specific regulations.

The fundamental link of the financial system is the state budget in that the economic relations mediate the formation and distribution of the main fund of state resources, which together with the extra budgetary special funds and the local budgets make up the national public budget.

The need for citizens' protection has come together with the development of production factors in a variety of ways. The creation and development of social security was generated by the development of the industry, when the first legal measures were created to promote and protect it.

The first social security system was established in the late 19th century by German Chancellor Otto von Bismarck, which was financed from the contributions of employees and employers in general [1, p.24] providing at that time protection against the repercussions of old age and illness.

In Romania, on the initiative of factory workers, the first social security system was established by the Mining Act (1895), which resulted in the compulsory social insurance of miners and workers in the oil industry, where the resources were created by the equal contribution of the owners and employees [2, p.353].

Currently, according to the International Labor Convention No. 102 of 1952 on minimum social security standards, social insurance systems in the world are heterogeneous and provide protection against several types of risk, including: health care, sickness benefits, unemployment benefits, old-age benefits (pensions), benefits in the event of accidents at work and occupational diseases, family (childcare), maternity (pregnancy, birth), invalidity, survivors, etc. Social security is a broad concept that has a variety of interpretations, depending on the country's history and level of development [3].

In this article, the state social security budgets of both Romania and the Republic of Moldova for the period 2019-2021 have been analyzed in the light of budgetary implementation.

2. Materials and Methods

Social policy funding focuses on how income is shared and how it is managed, that is on the structure of expenditure. The optimization of the use of the social budget depends on the stage of collection of resources for social policies, on the part of income of the social budget, which are obtained from the contributions of the population in the form of social security quotas, employers' and state contributions, subsidies, social transfers, donations, etc.

from the funds of the social budget will be distributed, based on basic notes, amounts to central and local structures for insurance and social assistance services. Regarding the reflection of the objective reality of the state social security systems at the level of Romania and the Republic of Moldova, we have corroborated of the current legislation and the existing relations between them, we have deduced the consequences that can allow to predict new data and facts, together with their interpretation and knowledge of their theoretical and practical importance.

The knowledge processes used in the preparation of the Article were: Bibliographic documentation, logical and historical method, induction and deduction, analysis and synthesis, as well as observation. By consulting the scientific information works, the team investigated the problem in terms of existing knowledge and data, observing the practical reality. Through observation, various aspects of the studied economic phenomenon were observed, decomposed into its component parts for analyzing and synthesizing economic processes, creating from them a whole. Given that all evolution has a history and logic, the movement of economic actions focuses on its essence, rendering their configuration and realizing the concordance between theory and economic facts.

3. Results and Discussion

The public social security system is based on the collection of state social security contributions from employers and insured persons and the distribution of benefits to beneficiaries.

The social policies focus both on the distribution and management of public expenditure and on the collection of resources and budgetary revenues in order to optimize the social budget.

The Romanian legislation specifies that responsibility for the functioning of the national social assistance system lies on the State, which may delegate the provision of the necessary financial means to other central authorities, local authorities or public entities. Under the legislative provisions, access to social security benefits is influenced by the quality of the beneficiary who, in most cases, is compulsory [4].

State funding of non-contributory benefits helps citizens in need or at risk without such social benefits being due to their social security or contributions.

Within the article there are presented the budgetary executions of the state social insurance budgets of the last three years, respectively, the period 2019-2021, from Romania and the Republic of Moldova by collecting in full and at the dates stipulated by the law all taxes, levies and other public revenues, as well as the performance of public expenditure according to the targets set according to specific laws and annual budgetary laws.

Thus, in Romania and the Republic of Moldova, at this stage, the provisions of the budget law on incomes representing minimum mandatory levels and expenditures representing maximum levels that cannot be exceeded are implemented. The entire budgetary process also involves the exercise of control which is completed by the conclusion of the annual budget implementation account which is verified by the Court of Auditors, after which it is submitted annually to the Parliament for the exercise of a political control which follows the budgetary evolution, both in terms of revenue and in terms of budget expenditure [5, p.569]. The Parliament's approval of the annual budget implementation account represents a discharge for the Government, which until that date is responsible for the manner in which the budget was implemented.

The social security system in Romania is realized through the State Social Insurance Budget (SSIB) which includes the incomes and the ways of their formation, as well as the expenses appreciated to be obtained from the collected funds. The budget is elaborated taking into account the provisions of the Law on public finances no. 500/2002 [6], with subsequent amendments and completions, fiscal strategies, Law no. 263/2010 on the unitary system of public pensions, as amended and supplemented, macroeconomic indicators, governance programs social security legislation, as well as ensuring social protection measures in the context of the pandemic caused by SARS-Cov-2.

The state social security budget is part of the consolidated general budget which is adopted by separate law and is managed by itself on the basis of the principle of autonomy and is implemented by the Ministry of Labor and Social Solidarity through the National House of Public Pensions and the National Agency for Employment Work [7].

The financial system of the SSIB is based on its own budget, in which both revenues and expenditures are found, similar to the state budget.

The revenues of the state social security budget are made up of: social security contributions (from employers and insured), non-fiscal revenues, subsidies from the state budget and amounts received from the EU/other donors in the account of payments made and pre-financing related to the financial framework 2014-2020. This revenues of SSIB from 2019 to 2021 are shown in Figure 1.

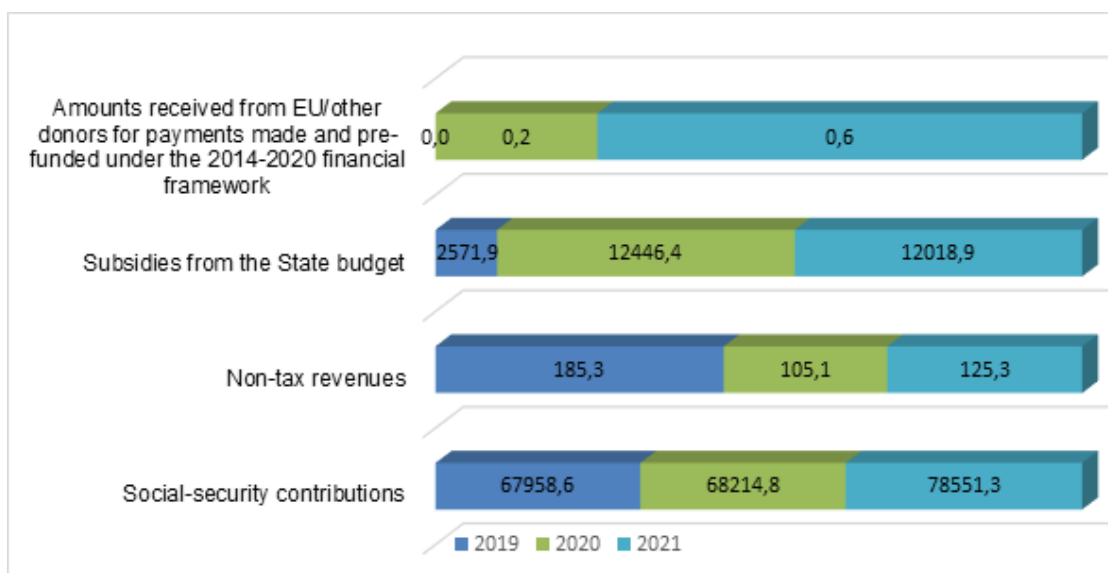


Figure 1. The achievements of SSIB in Romania during the period 2019-2021 (mil. RON).

Source: Developed by authors based on [8].

The state social security contribution means the individual contribution of natural persons who are employed and a contribution of natural or legal persons to which they are employed, contribution which is due separately, depending on the classification of the taxable subject in the provisions of the law.

The execution of SSIB, by sources of income and categories of expenditure, is formed from the budget execution of the public pension system and the insurance system for accidents at work and occupational diseases.

The financing of SSIB is provided in a major proportion by social security contributions, also called compulsory social contributions, as well as by partial contributions of employees

and pensioners to obtain treatment tickets, interest and late penalties, From the amounts allocated from the state budget to balance the state social security budget approved by annual budgetary laws.

Annually, up to 3% of the revenues of the state social insurance budget shall be retained for the formation of a reserve fund which shall not exceed, cumulatively, the expenses specified in the corresponding budgetary year [9]. This reserve fund is set up when there is a surplus with SSIB and can be used in the following year, according to the provisions approved by law, after its adjustment with the state budget, within the limits of the amounts allowed by it.

In the case of a possible current deficit of SSIB it is covered from the availability of the SSIB from previous years and, further, from the reserve fund, and after the depletion of the reserve fund, exceptionally, motivated, the income of SSIB shall be supplemented with amounts allocated from the State budget. The reserve fund shall be carried over to the following year and shall be completed up to the limit of 3% provided by law.

In Romania, in 2021, the revenues of the state social insurance budget amounted of 90,696.0 million RON. Compared to 2020, SSIB revenues in 2021 increased by 12.29 %.

For 2021, SSIB expenses in Romania were provided in the amount of 90,657.9 million RON. Compared to 2020, SSIB spending increased by 10.08 %.

The expenditures of the state social insurance budget cover the value of social security benefits from the public pension system, expenses related to the organization and functioning of the public pension system, the financing of own investments, and other expenses provided by law [10, p. 190].

These expenses are identified in the award of short- and long-term cash benefits and express the substitution benefit for the partial or total absence of professional income as a result of the impact of insured risks such as disability, old age and death. Also, here are the benefits for the prevention of diseases and the recovery of work capacity through spa treatment and professional rehabilitation, help for the purchase of prostheses, orthoses, and other orthopedic products, etc.

The implementation of the state social insurance budget consists in collecting the estimated revenues and achieving the planned expenditures of the public pension system.

In 2021, in Romania, there was a surplus of the state social insurance budget of 38.1 million RON due to the system of accidents at work and occupational diseases, compared to 2020 (-1,593.6 million RON) and 2021 (-191.5 million RON) when they ended with a deficit from the public pension system.

The public social security system of the Republic of Moldova is regulated by Law no. 489 of 08.07.1999 on the public social security system, Law on public finances and fiscal responsibility no.181/2014, as amended and supplemented, the law on the state social security budget for that year, as well as other legislative and normative acts governing the activity in the field of social security [11].

In the Republic of Moldova, in 2021, the revenues of the state social insurance budget were in the total amount of 21,748.3 million Moldovan lei (MDL), by 1.8% less than the annual provisions specified [12]. Compared to 2020, SSIB revenues in 2021 increased by 12.19 %.

Taking into account the data presented above, in Figure 2, we present the comparative evolution of the incomes of SSIB from Romania and the Republic of Moldova for the period 2019 – 2021.

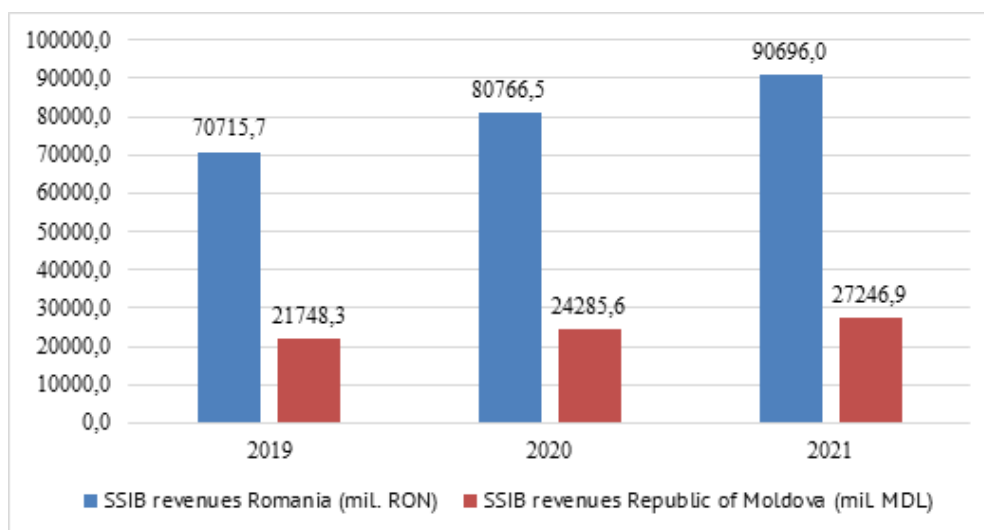


Figure 2. The comparative evolution of SSIB revenues in Romania (mil. RON) and the Republic of Moldova (mil. MDL) in the period 2019-2021.

Source: Developed by the authors based on [8, 13].

The revenues of the SSIB are formed from: general resources of the state social security budget (60.6%) and other transfers received within the national public budget (39.4%) (Figure 3). The general resources of SSIB are formed from compulsory state social security contributions and other income. State budget transfers to SSIB have been delimited in current transfers received for special and general purpose.

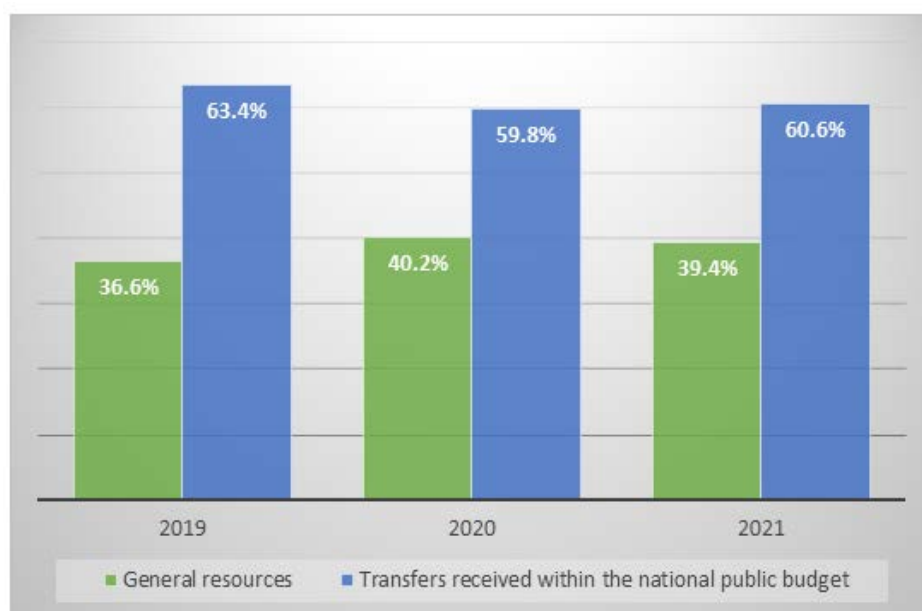


Figure 3. Structure of accumulated income for SSIB in the Republic of Moldova from 2019 to 2021 (%).

Source: Developed by authors based on [14].

The state social security contributions in 2021 amounted to 16,223.9 million MDL, or by 1,928.5 million MDL (13.5%) more than in 2020. For 2021, SSIB expenses were executed in the amount of 2,718.9 million MDL, by 442.1 million MDL less than the planned annual plan (98.4%) (Figure 4).

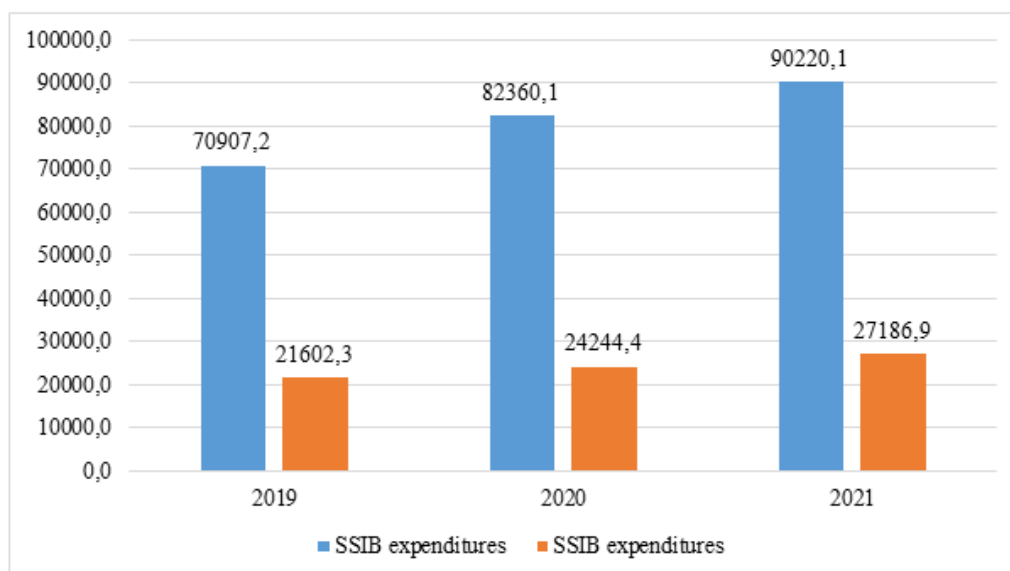


Figure 4. The comparative evolution of SSIB expenditures in Romania (mil. RON) and the Republic of Moldova (mil. MDL), in the period 2019-2021.

Source: Developed by authors based on [14 - 16].

According to the *Report on the implementation of the contingency plan, the beneficiaries of payments and their size from the state social insurance budget* drawn up on 01.01.2021 by the National Social Insurance Fund of the Republic of Moldova, from the amount of expenses for the payment of the “social protection”, mostly, respectively, 70.4% is due to pay for the protection of the elderly who are financed from the general income of SSIB and 34.94% are due to transfers from the state budget. The major share in the expenses for social security benefits is the expenses for the payment of social security pensions (70%) [17].

4. Conclusions

Following the analysis, we believe that the revenues and budget expenditures executed in 2021 from SSIB, both in Romania and in the Republic of Moldova are similar, respectively 37%, which shows that in both countries, the fundamental principles governing SSIB are respected, including: principle of unity, principle of universality, principle of annuality, principle of balance, specification of expenditure and financing through own resources. At the same time, in both countries, the rules on the performance of budgetary expenditure that have an exact and restrictive destination, as well as the rules on the achievement of budgetary revenues, which are determined by annual budgetary laws and specific laws, are fulfilled.

Thus, we believe that in the implementation of the annual budgets of both countries, the estimates provided in the long-term budgetary plan, specify the revenues and expenditures in each new budgetary year, within the limits set by a multiannual financial framework. Social security has evolved as the national economy develops, contributing both to the development of economic and social actions and to the encouragement of social reproduction.

Social security in Romania and the Republic of Moldova have developed and improved continuously, even today, citizens benefiting from a national public social security system through the unitary application of the legislative provisions in the field.

Conflicts of Interest: The authors declare no conflict of interest.

References

1. Crăciuneanu, V. *Asigurări și protecție socială*. Editura Universitară: București, România, 2013, pp. 24.
2. Coștaș, C. F. *Drept financiar*. Ed. a 3-a, rev. și adăug.; Editura Universul Juridic: București, România, 2021, pp.353.
3. *România: Convenția nr. 102 din 28 iunie 1952 a Organizației Internaționale a Muncii (OIM) privind normele minime de securitate socială, publicată în Monitorul Oficial, Partea I, nr. 325 din 15 mai 2009.*
4. *România: Legea nr. 47/2006, publicată în Monitorul Oficial nr.239 din 16 martie 2006, în prezent abrogată.*
5. Văcărel, I.; Bistriceanu, Gh. D.; Bercea, F. *Finanțe publice*. Ed. a 4-a, Editura Didactică și Pedagogică, R.A.: București, România, 2003, pp. 569.
6. *România: Legea nr.500/2002 privind finanțele publice, publicată în Monitorul Oficial nr. 597 din 13.08.2002, cu modificările și completările ulterioare.*
7. *România: Legea nr. 16 din 8 martie 2021 a bugetului asigurărilor sociale de stat pe anul 2021, publicată în Monitorul Oficial nr. 238 din 9 martie 2021, cu completările și modificările ulterioare.*
8. Bugetul general consolidat al României 2021. Disponibil online: <https://mfinante.gov.ro/domenii/bugetul-de-stat/informatii-executie-bugetara> (accesat pe 25 octombrie 2022).
9. *România: Legea nr. 263 din 16 decembrie 2010 privind sistemul unitar de pensii publice, publicată în Monitorul Oficial nr. 852 din 20 decembrie 2010, cu modificările și completările ulterioare.*
10. Lazăr, I. *Dreptul finanțelor publice*. Ed. a 2-a, rev. și adăug.; Editura Universul Juridic: București, România, 2016, vol. 1. Drept bugetar, pp.190.
11. *Republica Moldova: Legea nr. 489 din 08.07.1999 privind sistemul public de asigurări sociale, publicată în Monitorul Oficial nr. 1-4 din 06.01.2000, cu modificările și completările ulterioare.*
12. *Republica Moldova: Legea nr.255 din 16.12.2020 a bugetului asigurărilor sociale de stat pe anul 2021, publicată în Monitorul Oficial nr. 353-357 din 22.12.2020, cu modificările și completările ulterioare.*
13. *Republica Moldova: Raport privind execuția bugetului asigurărilor sociale de stat în perioada 2019-2021. Disponibil online: https://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-anuale. (accesat pe 26 octombrie 2022).*
14. *Republica Moldova: Raport privind executarea bugetelor componente ale bugetului public național pentru perioada 2019-2021. Disponibil online: https://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-lunare. (accesat pe 26 octombrie 2022).*
15. *România: Conturile de execuție din 2019 – 2021. Disponibil online: https://www.cnpp.ro/cont-de-executie-BASS. (accesat pe 25 octombrie 2022).*
16. *România: Raport anual de activitate pentru anul 2021 al Casei Naționale de Pensii Publice. Disponibil online: https://www.cnpp.ro/raport-de-activitate-cnpp. (accesat pe 25 octombrie 2022).*
17. *Republica Moldova: Rapoarte anuale privind execuția bugetului asigurărilor sociale de stat în anul 2021. Disponibil online:https://cnas.gov.md/doc.php?l=ro&idc=439&id=5727&t=/Rapoarte/Rapoarte-privind-executarea-BASS/Rapoarte-anuale-privind-executarea-bugetului-asigurarilor-sociale-de-stat/Raport-privind-indeplinirea-planului-de-contingente-beneficiarii-platilor-i-marimea-acestora-din-BASS-la-situatia-de-01012021-Formularul-nr5-CNAS. (accesat pe 26 octombrie 2022).*

Citation: Spînu, A.; Roman, A.-M.; Dogotari, I. Comparative aspects in financing of social insurance benefits in Romania and the Republic of Moldova. *Journal of Social Sciences* 2022, 5(4), pp. 75-82. [https://doi.org/10.52326/jss.utm.2022.5\(4\).09](https://doi.org/10.52326/jss.utm.2022.5(4).09).

Publisher's Note: JES stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



Copyright:© 2022 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

Submission of manuscripts: jes@meridian.utm.md