

COUNTRY PROFILE



**Moldova**

GLOBAL RANK: 83rd= of 104



Partly as a result of poor health indicators, and a lack of charitable giving, Moldova ranks 60th in Economic Competitiveness, but only 100th in Comparative Liveability, giving it an overall rank of 83rd (tied with Honduras).

● BACKGROUND

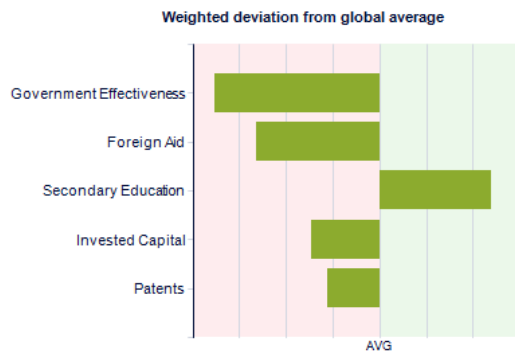
Since a brief civil war ended in 1992, Moldova has been de facto separated into two states. The majority Ukrainian and Russian region to the east of the Dniester River is occupied by Russian troops, and has close political ties to Russia. The rest of Moldova, while governed by the Communist party, looks to integration with the West and eventual EU membership. Moldova is one of the poorest countries in Europe, and an estimated 10% of the population has emigrated since the early 1990s. Its economy remains dependent on agriculture, and growth was affected by a catastrophic drought in 2007.

FAST FACTS

<b>Population:</b>	4.3 million (2008 est.)	<b>FDI (net inflow):</b>	3.87% (2006 est.)
<b>Life Today</b>	4.9 (2007 est.)	<b>Exports</b>	31.55% (2006 est.)
<b>GDP (PPP)</b>	\$9.8 billion (2007 est.)	<b>Imports</b>	80.66% (2006 est.)
<b>GDP (Growth)</b>	5% (2007 est.)	<b>Unemployment:</b>	2.1% (2007 est.)
<b>GDP (per Capita)</b>	\$2,900 (2007 est.)	<b>Life Expectancy</b>	70.5 years (2008 est.)
<b>Political System:</b>	Republic		
<b>Foreign Aid:</b>	6.73% (2006 est.)		

● KEY SCORE DRIVERS

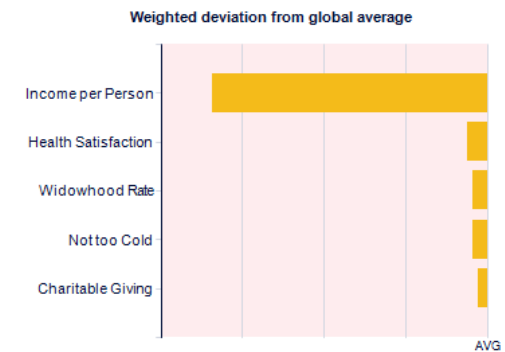
ECONOMIC COMPETITIVENESS



With an average income of less than \$3,000, Moldova is the poorest country in Europe and performs badly on almost every Economic Competitiveness indicator. Mass education is a relative strong point, in line with regional trends, although this does not appear to translate into highly-skilled human capital, as the number of patents remains low (it should be noted also that the value of educational attainment under non-market systems can be difficult to assess accurately). Political instability and poor government effectiveness keep investors away, hampering economic growth.

The public sector still plays a dominant role in the economy, and privatisation has been sluggish. It requires more than 20 procedures to start an enterprise, the non-salary cost of employing a worker is

COMPARATIVE LIVEABILITY



Moldova's Comparative Liveability indicators are as poor as its Economic Competitiveness indicators, including a low average income. Despite the existence of low unemployment (4.7%), citizens do not enjoy income levels that match their aspirations. This results in an outward migration rate of 34%, the highest in the region. The cold climate can only add to these problems, especially for people who cannot afford protection from the cold.

The state of public health is a key concern. Health expenditure per capita is below \$200 per year, and 43%<sup>9</sup> of the population say they are dissatisfied with their personal health, according to the Gallup World Poll. The prevalence of HIV is among the highest in the region. Almost 20% of citizens smoke, and more than 10% are

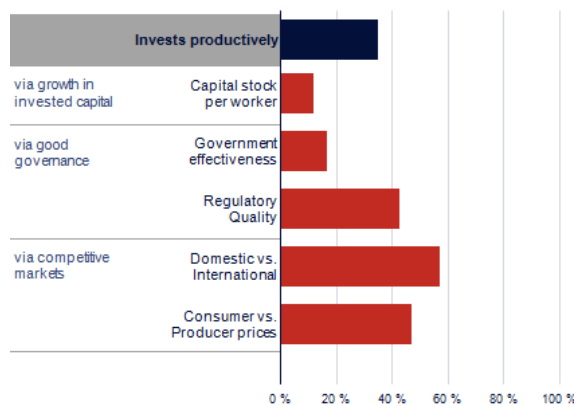
high, and restrictions on working hours are rigid. An overriding problem for Moldova is the lingering political dispute over the secessionist enclave of Transnistria, which undermines the government's legitimacy and distracts the focus from economic reforms. Partially as a result of these conditions, capital investment is lacking.

Foreign investment faces hurdles from bureaucratic inefficiency, corruption and weak public institutions. Consequently, total foreign direct investment stock barely exceeds \$1 billion. The development of a more open economy has been blocked by political tensions that, for example, have led to a drop in the country's main export good, wine, to Russia, which is its chief target market. , but The growth of a more open economy is also hindered by problems of smuggling in the disputed Transnistria region. At around 2% of GDP, foreign aid dependency is higher than for any other European country.

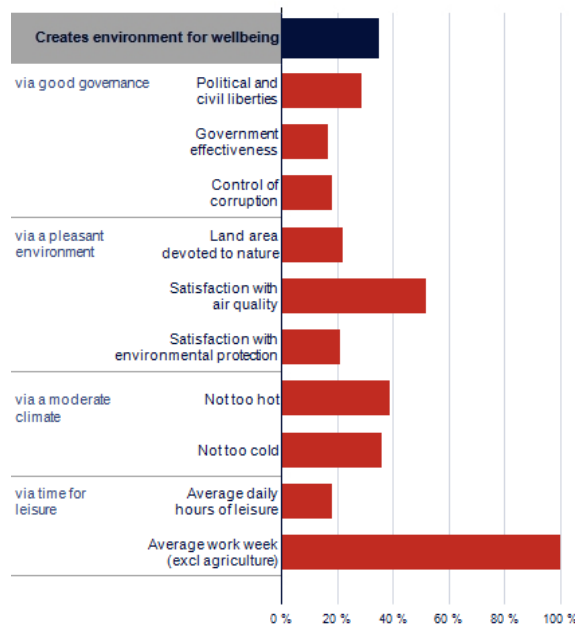
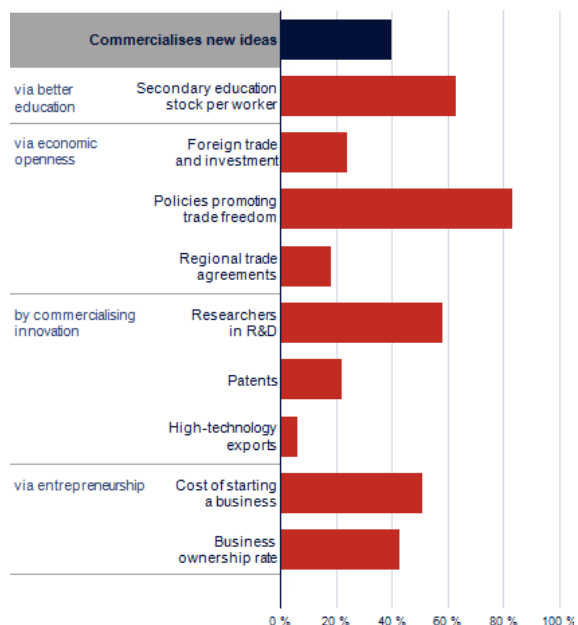
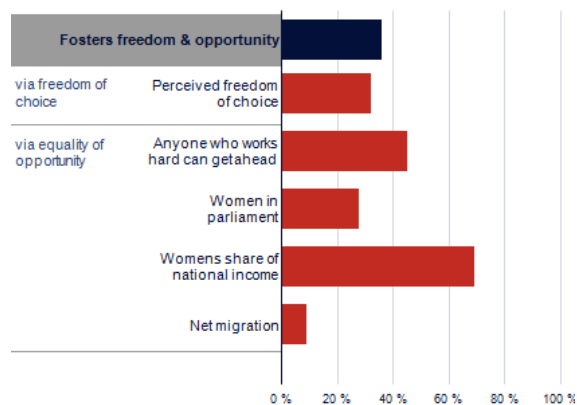
undernourished. Consequently, health-adjusted life expectancy is under 60 years, and the population is decreasing.

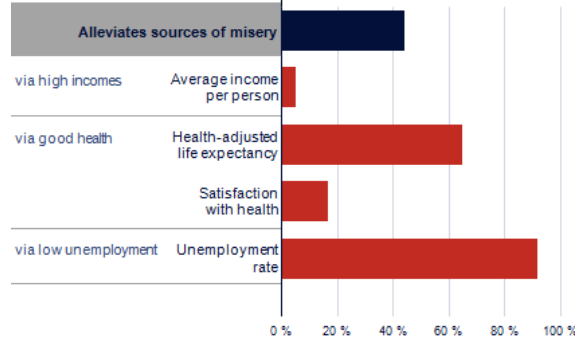
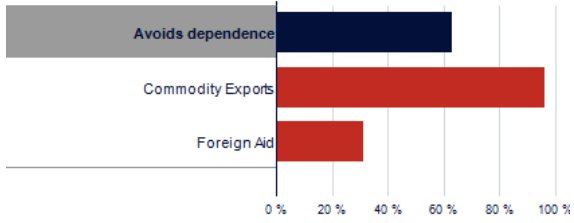
A long-term social reform programme and a poverty reduction strategy are in place, endorsed by the World Bank. Progress has been made, but there is far to go if Moldova is to achieve Comparative Liveability indicators comparable to its western neighbour, Romania. Widowhood in particular remains high, at 11.6%<sup>9</sup>. Working hours are short at an average 24.4 hours; however, in poor countries, this likely suggests underemployment rather than a choice to pursue more hours of leisure.

### ECONOMIC COMPETITIVENESS: SCORECARD

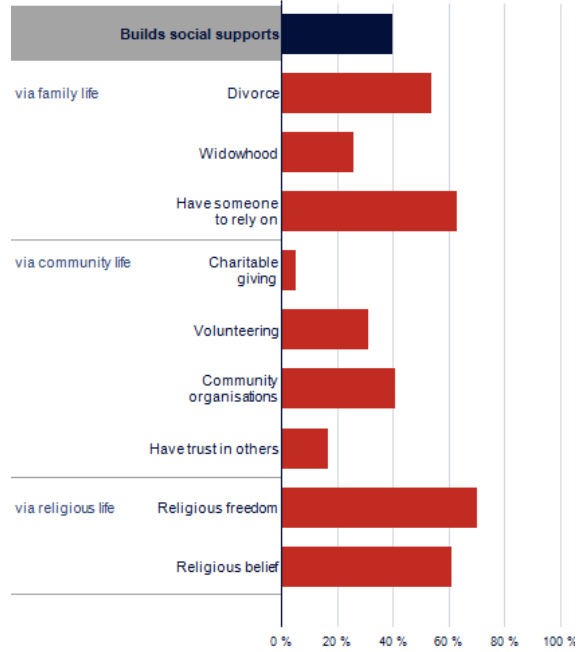


### COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.