

on the implementation of the National Development Strategy of the Republic of Moldova for 2008-2011.

At the same time with the review of the progress in implementing the Strategy priorities, there will be a monitoring of the Action Plan for Strategy implementation. The given Plan will include specific actions supporting one of the two key conditions and five priorities of the Strategy. Actions will be developed by the public administration authorities responsible for their onwards implementation, in line with the Guidelines for developing, evaluation and selection of proposals for the Strategy Action Plan. Each action will be accompanied by data on implementation costs, indicators and targets for monitoring and evaluation purposes. The annual Action Plan for the Strategy will be updated and adjusted pursuant to the current situation, and endorsed by the Government before December 31st.

The Ministry of Economy and Trade will follow up on the implementation of the Strategy Action Plan, and jointly with the respective public administration authorities, will develop semi-annual reports on the implementation of planned actions.

Findings and conclusions of semi-annual and annual reports will lay the foundation for further improving and annual updating of the Strategy Action Plan, contributing to the harmonization of strategic planning with the budgeting process (MTEF).

Each year the results of Strategy implementation will be debated at national forums to inform the public at large, get feedback, suggestions and recommendations on how to improve the policies and action plans in order to fulfill the Strategy objectives and targets. These suggestions and recommendation will be taken into account when finalizing the annual reports on the Strategy implementation. Following their finalization based on public debate and suggestions, the Government will approve the annual reports.

Risks Associated with National Development Strategy Implementation

The implementation of the Strategy is, to a great extent, contingent on the Government's capacity to fully commit to the proposed policy agenda and ensure its consistent implementation by all relevant institutions. The implementation of previous strategic papers, EGPRSP and MEUAP in particular, provides eloquent experience in terms of possible risks that may affect the implementation of Government programs.

Hence, considering the previous experience with strategic program implementation, as well as the recent macroeconomic trends, one could conclude that the Strategy implementation is associated with the following risks:

- i) the emergence of certain external shocks that may endanger the accomplishment of macroeconomic objectives, also resulting in subduing the work at microeconomic level;
- ii) an eventual cessation or reduction in allocations previously endorsed and agreed for the financing of certain programs and policies;
- iii) poor supervision over the use of resources earmarked for action implementation;
- iv) the country's low absorption capacity for funds endorsed under the action plan; and
- v) an eventual change in policy, contrary to the reforms set under the Strategy

Besides these major risks, the Government is aware of a possible emergence of other issues that might undermine the consistent implementation of the National Development Strategy. Therefore, the broad range of issues that the Government is trying to address through the National Development Strategy will require the full commitment of all stakeholders (civil society, academia, private sector, donors, etc.) in implementing and monitoring the Strategy. The participatory process is also associated with certain risks, such as authorities lacking capacity to reach consensus with third parties, unjustified actions etc., which could be minimized by building the capacity of public authorities.

The Government will bend every necessary effort to avert the emergence of these risks, yet should those occur – it will take up measures to reduce the negative impact on the country, in general, and on the population, in particular. In this vein, the Government will build its capacity for efficient management and use of resources to implement the Strategy actions.

ANNEXES

ANNEX 1: Indicators for monitoring and evaluation of the National Development Strategy implementation

| Monitoring indicators | Source | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007, sem.I |
|--|--------|-------|-------|-------|-------|-------|-------|-------------------|-------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Main objective: Ensure a better quality of people's life by consolidating the basis for a robust, sustainable and inclusive economic growth | | | | | | | | | |
| GDP per capita, USD | NBS | 354 | 408 | 459 | 548 | 721 | 831 | 936 | ... |
| Share of population under the absolute poverty line, % | NBS | 67.8 | 54.6 | 40.4 | 29 | 26.5 | 29.1 | 30.2 ¹ | X |
| Prerequisite I. Ensure macroeconomic stability | | | | | | | | | |
| Nominal GDP, million MDL | NBS | 16020 | 19052 | 22556 | 27619 | 32032 | 37652 | 44069 | 23843 |
| GDP growth rate, % vs. previous year | NBS | 2.1 | 6.1 | 7.8 | 6.6 | 7.4 | 7.5 | 4 | 8.0 |

¹ Starting with 2006 the HBS sample was completely changed. Main changes were made to: a) the sampling frame; b) improvement of the data collection tools (questionnaires) and c) the establishment of a unified data collection network for surveys in the social sector. The new survey, unlike the old one, does not use the method of substitution of households in case of non-response. Such practice showed that in case of refusal of the household to take part in the survey, it was replaced with another household from the back-up list, while elderly persons or those without an occupation were most willing to participate in the survey. As a result there was an overrepresentation of households with elderly persons in the sample, which lead to errors in the final estimations of the survey. The substantial increase in the number of PSU where households are selected from for the HBS ensures a much better coverage of all the settlements of the Republic of Moldova. Thus, for 2006 the absolute poverty line was 747 MDL, as compared with 353 MDL in 2005.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----|-------|-------|-------|-------|-------|-------|-------------------|-------------------|
| Inflation rate (annual average), % | NBS | 31.1 | 9.6 | 5.2 | 11.6 | 12.4 | 11.9 | 12.7 | 11.3 |
| Inflation rate at the end of year, % | NBS | 18.4 | 6.3 | 4.4 | 15.7 | 12.5 | 10.0 | 14.1 | 3.9 ¹ |
| Official exchange rate of the national currency versus US dollar, annual average, MDL / USD | NBM | 12.43 | 12.87 | 13.57 | 13.94 | 12.33 | 12.6 | 13.13 | 12.6 |
| Dollarisation of deposits, % | NBM | 48.8 | 44.8 | 47.2 | 50.1 | 44.7 | 41.8 | 49.1 | 47.3 |
| Total external debt as a share of GDP, % | NBM | 133.1 | 113.5 | 109.6 | 97.7 | 73.0 | 69.6 | 74.0 | 77.4 ² |
| Public and publicly guaranteed external debt as a share of GDP, % | MF | 60.4 | 48.1 | 44.4 | 36.0 | 25.7 | 22.4 | 21.0 ³ | X |
| Foreign debt servicing in relation to the fiscal revenues of the state budget, % | MF | 30.4 | 48.2 | 27.7 | 18.1 | 24.0 | 9.5 | 10.0 | 6.7 |
| National public budget deficit (-) / surplus (+) as a share of GDP, % | MF | -2.5 | 0.6 | -1.7 | 1.0 | 0.2 | 1.5 | -0.3 | -0.2 |
| Balance of trade with goods (FOB prices) and services as a share of GDP, % | NBM | -25.7 | -23.8 | -25.2 | -33.8 | -30.0 | -40.6 | -47.6 | -54.2 * |
| Current account balance as a share of GDP, % | NBM | -7.6 | -1.8 | -1.2 | -6.8 | -2.2 | -8.1 | -11.9 | -21.1 * |
| Official foreign exchange reserves, in months of import | NBM | 2.75 | 2.52 | 2.49 | 2.10 | 2.67 | 2.63 | 2.97 | 2.58 |
| Income of Moldovan residents working abroad and transfers from abroad of wage-earners as a share of GDP (inputs), % | NBM | 13.8 | 16.4 | 19.4 | 24.4 | 27.0 | 30.6 | 35 | 34 * |

¹ As compared to December 2006.

² Trimestrul II al anului 2007.

³ Starting 2005, the structure of foreign debt also includes active guarantees to adjust the keeping of public debt according to the legislation in effect.

* Quarter I of 2007.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----|-------|-------|-------|--------|--------|--------|-------|----------|
| Prerequisite II. Strengthen capacities of public administration | | | | | | | | | |
| Number of civil servants at central level ¹ (at the end of year), persons | NBS | 9232 | 9716 | 12450 | 11706 | 12401 | 12634 | 13140 | 13203 |
| Number of civil servants at local level ¹ (at the end of year), persons | NBS | 5077 | 6767 | 7950 | 7881 | 7928 | 8015 | 8012 | 7988 |
| Ratio of the number of civil servants at central level to the total number of wage-earners (at the beginning of year), % | NBS | 1.2 | 1.3 | 1.6 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 |
| Ratio of the number of civil servants at local level to the total number of wage-earners (at the beginning of year), % | NBS | 0.6 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 |
| Ratio of average monthly salary in public administration to the average nominal monthly salary in the economy, % | NBS | 126.9 | 136.5 | 142.9 | 117.9 | 109.2 | 103.4 | 127.5 | 121.5 |
| Priority I. Strengthen a modern democratic state, based on the principle of rule of law | | | | | | | | | |
| Number of recourse to ECHR, including recourse that were communicated to the Government, including cases won by applicants | MJ | | 44 | 253 | 357 | 441 | 632 | 621 | ... |
| Number of recourse to ECHR lodged by detainees | MJ | | 7 | 4 | 64 | 53 | 46 | 99 | 15 |
| Number of court decisions submitted for enforcement including those that were not enforced | MJ | | 1 | 0 | 0 | 10 | 13 | 19 | 20 |
| Number of court decisions submitted for enforcement including those that were not enforced | MJ | | | | 106041 | 116840 | 106597 | 43866 | 24499... |
| Number of court decisions submitted for enforcement including those that were not enforced | MJ | | | | 32661 | 44587 | 41547 | 11268 | 12814 |

¹ The indicator includes the civil servants comprised under the Law on civil servants #433-XIII from May 4th 1995, with the exception of military employees. Note that teachers, doctors and cultural employees are not public servants.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of recourse to courts (civil and administrative cases) (except economic courts) | MJ | 50674 | 56214 | 55512 | 58138 | 56402 | 56264 | 62179 | 34312 |
| Number of recourse for alternative procedures | MJ | | | | | | | | |
| Corruption Perception Index ¹ | Transparency International | 2.6 | 3.1 | 2.1 | 2.4 | 2.3 | 2.9 | 3.2 | X |
| Level of confidence in police, % of interviewed persons who do not have confidence in police | Barometer of public opinion | - | - | - | 63.1 | 63.1 | 58.6 | 60.0 | |
| Number of crimes related to human trafficking | Prosecutor's office /MIA | | | 91 | 260 | 382 | 397 | 468 | 287 |
| Number of cases of domestic violence which lead to murders and severe injuries | MIA | 177 | 85 | 133 | 100 | 63 | 39 | 50 | 13 |
| Number of minutes drafted for light injuries | MIA | 3673 | 3454 | 3028 | 3204 | 3440 | 2551 | 2121 | 824 |
| Priority II. Settle the Transnistrian conflict and country reintegration | | | | | | | | | |
| Number of persons assisted through programmes implemented by public authorities of the Republic of Moldova | MR | | | | | | | | |
| Number of projects designed for the rehabilitation, upgrade and development of infrastructure in areas affected by the | MR | | | | | | | | |

¹ The index is compiled by Transparency International on the basis of annual surveys measuring the degree to which corruption is perceived to exist among a country's public officials and politicians. It is a composite index, drawing on 12 different polls and surveys from 9 independent institutions. The scores range from 10 to 0 with the latter signifying a highly corrupt environment. The CPI 2006 ranks 163 countries. In 2005, the CPI included 159 countries. Surveys are carried out among business people and country analysts. The surveys used in the CPI use two types of samples, both non-resident and resident.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----|-------|-------|-------|-------|-------|-------|-------|---------------------|
| conflict | | | | | | | | | |
| Number of projects implemented or under implementation for the rehabilitation, upgrade and development of infrastructure in areas affected by the conflict | MR | | | | | | | | |
| Priority III. Enhancing the competitiveness of the national economy | | | | | | | | | |
| Gross value added, million MDL, current prices | NBS | 14022 | 16773 | 19689 | 23523 | 27518 | 31616 | 36669 | 19885.1 |
| <i>agriculture, hunting and forestry; fishing</i> | | 4071 | 4271 | 4742 | 5062 | 5633 | 6175 | 6636 | 1567.3 |
| <i>industry</i> | | 2614 | 3564 | 3901 | 4860 | 5468 | 5936 | 6327 | 3526.6 |
| <i>services</i> | | 7717 | 9370 | 11510 | 14248 | 17146 | 20262 | 24699 | 15536.4 |
| Population employed in economy, thousand persons | NBS | 1515 | 1499 | 1505 | 1356 | 1316 | 1319 | 1271 | 1326.1 ¹ |
| <i>agriculture, hunting and forestry; fishing</i> | | 766 | 764 | 747 | 583 | 533 | 537 | 415 | 485.9 |
| <i>industry</i> | | 161 | 165 | 171 | 164 | 162 | 159 | 160 | 161.5 |
| <i>services</i> | | 588 | 570 | 587 | 609 | 621 | 623 | 696 | 678.7 |
| Export of goods as a share of GDP, % | NBM | 36.6 | 38.2 | 38.7 | 39.9 | 37.9 | 36.5 | 31.3 | 33.4 * |
| Share of exports in the total amount: % | NBS | | | | | | | | |
| <i>CIS countries</i> | | 58.6 | 60.9 | 54.4 | 53.6 | 51.0 | 50.5 | 40.3 | 38.8 |
| <i>EU countries</i> ² | | 26.3 | 24.9 | 26.6 | 26.7 | 26.8 | 29.7 | 35.0 | 50.4 |
| <i>other countries</i> | | 1.7 | 3.3 | 5.2 | 4.0 | 8.2 | 8.7 | 8.2 | 10.0 |

¹ Quarter II of 2007.

² In 2000-2004 the European Union consisted of 15 countries, in 2005-2006 – 25 countries, since 01.01.2007 - 27 countries.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----|-------|-------|-------|-------|-------|-------|-------|--------------------|
| Share of food exports in total amount of exports, % | NBS | 63.2 | 64.0 | 65.6 | 63.3 | 60.4 | 59.0 | 45.1 | 38.1 |
| Foreign direct investments (net), million USD | NBM | 127.5 | 103.4 | 84.1 | 73.8 | 148.9 | 198.7 | 222.3 | 70.4* |
| Foreign direct investments per capita (stock), USD | NBM | 123.5 | 151.4 | 176.7 | 198.4 | 241.5 | 295.4 | 358.6 | 384.6 ¹ |
| Fixed capital investments as a share of GDP, % | NBS | 11 | 12.2 | 12.4 | 13.1 | 16 | 20.7 | 24.7 | 17.7 |
| Ratio of the number of revealed product non-conformities in the total number of controls | SMS | 58 | 55 | 61 | 56 | 52 | 64 | 62 | 68 |
| Number of approved national standards, identical to international and European standards, annual | SMS | 45 | 62 | 117 | 255 | 162 | 235 | 175 | 172 |
| Number of technical regulations developed based on EU Directives, annual | SSM | | | | | | 10 | 31 | 14 |
| Number of enterprises that took ISO 9000 and ISO 22000 certificates, annual | SSM | 6 | 13 | 13 | 25 | 14 | 17 | 12 | 8 |
| Number of reference measurement standards /national measurement standards of the Republic of Moldova traceable to the international measurement standards | SSM | 63 | 63 | 63/1 | 63/1 | 63/1 | 63/1 | 60/1 | 60/2 |
| Credits provided by commercial banks in the economy as a share of GDP, % | NBM | 14.3 | 16.3 | 18.5 | 21.9 | 23.1 | 26.5 | 31.2 | |

¹ At the end of quarter I of 2007.

* Quarter I of 2007.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|----------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Share of unfavourable credits in total banking credits provided by commercial banks in Moldova, % | NBM | 20.6 | 10.4 | 7.6 | 6.4 | 6.9 | 5.3 | 4.4 | 3.8 |
| Real effective exchange rate, % (Dec. 2000 = 100%) | NBM | 100 | 94.4 | 85.5 | 89.1 | 92.5 | 94.7 | 91.5 | 95.4 |
| Interest rate of credits in MDL (annual average), % | NBM | 33.29 | 28.46 | 23.14 | 19.18 | 20.96 | 18.93 | 18.18 | 18.69 |
| Interest rate spread (annual average), % | NBM | 8.7 | 7.9 | 8.8 | 6.5 | 5.8 | 5.9 | 6.3 | 3.9 |
| Share of insurance premiums in GDP, % | NCFM | 0.83 | 0.84 | 1.02 | 1.05 | 1.18 | 1.1 | 1.27 | 1.35 |
| Credit portfolio of micro crediting companies as a share of GDP, % | NCFM | | | | | | 1.16 | 1.75 | 3.88 |
| Credit portfolio of savings and loan associations as a share of GDP, % | NCFM | | | | | 0.36 | 0.47 | 0.57 | 1.93 |
| Expenditure on research and development as a share of GDP, % | MF | 0.22 | 0.21 | 0.24 | 0.24 | 0.26 | 0.37 | 0.5 | 0.41 |
| Share of expenditure for applied scientific researches conducted by the ASM in total expenditure for research and development, % | ASM | | | 47.2 | 21.7 | 28.4 | 26.7 | 41.4 | 48.5 |
| Funds invested by companies in implementation of domestic innovations in real sector of economy, million MDL | ASM | | | | | | | 4.6 | 5.5 |
| Patents total/implemented | ASM | | | | | | | | |
| Exports of high-technologies as a share of total exports, % | World Bank GDI | | 3.05 | 5.46 | 3.23 | 3.71 | 2.70 | ... | ... |
| Length of roads, km | MTRM | 9378 | 9433 | 9461 | 9462 | 9464 | 9467 | 9467 | ... |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----|-------|-------|-------|-------|-------|-------|-------|------|
| - rehabilitated | | | | | | | | | |
| - constructed | | | | | | | | | |
| Energy resources per capita, thousand kg conventional units | NBS | 0.727 | 0.683 | 0.746 | 0.782 | 0.851 | 0.905 | 0.904 | X |
| Consumption of energy as a share of GDP, %, kg conventional units for 1 MDL | NBS | 0.165 | 0.130 | 0.120 | 0.102 | 0.096 | 0.087 | 0.074 | X |
| Share of electric power losses in total energy consumption, % | NBS | 26.8 | 25.9 | 10.9 | 8.0 | 12.5 | 12.7 | 12.7 | X |
| Volume of domestic electric energy as a share of total consumption, % | NBS | 26.7 | 37.1 | 31.1 | 22.6 | 23.3 | 29.2 | 29.2 | X |
| Share of investments in the transport sector in the total public investments, % | MF | | | | | | | | |
| Share of investments in the development of air and naval transport in the total public transport investments, % | MF | | | | | | | | |
| Number of land telephone lines per 100 residents | MID | ... | 17.7 | 19.9 | 21.9 | 25.2 | 27.4 | 29.7 | ... |
| Number of subscribers to the mobile telephone network per 100 residents | MID | ... | 6.6 | 10.0 | 13.9 | 23.2 | 32.3 | 39.6 | |
| Number of Personal Computers per 100 residents | MID | ... | 2.0 | 3.3 | 8.0 | 12.0 | 16.2 | 21.2 | ... |
| Number of Internet users per 100 residents | MID | ... | 1.5 | 1.8 | 2.6 | 3.4 | 10.3 | 15.3 | ... |
| Competitiveness Index for domestic goods ¹ | NBM | | | | | | | | |
| - CIS countries | | 107.3 | 100.7 | 83.9 | 69.9 | 64.2 | 59.1 | 40.1 | 37.3 |

¹ The Competitiveness Index is drawn by the NBM and incorporated in the balance of payments. The index is computed as the ratio of exports of goods and services of the Republic of Moldova to the countries of the respective region to imports of goods and services from the countries of the same region. The analyzed countries are CIS, EU and Central and Eastern Europe and other countries.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------------------|-------|-------|------|------|------|------|------|------|
| - EU ¹ | | 46.3 | 49.7 | 55.3 | 51.7 | 62.8 | 48.7 | 45.9 | 46.8 |
| - Central and Eastern Europe ² | | 28.5 | 26.4 | 34.0 | 35.0 | 30.8 | 31.4 | 35.0 | 32.2 |
| Duration of import customs procedures, days | Cost of Doing Business Survey, WB | | | 4.3 | 2.7 | 3 | 3 | 1.8 | 1.9 |
| Duration of customs procedures for imported goods, minutes | SV | | | | | | | | |
| - border customs points | | 107.3 | 100.7 | 83.9 | 69.9 | 64.2 | 59.1 | 40.1 | 37.3 |
| - in-land customs points | | 107.3 | 100.7 | 83.9 | 69.9 | 64.2 | 59.1 | 40.1 | 37.3 |
| VAT refund received 0-100% of the requested amount, (share of interviewed, %) | Cost of Doing Business Survey, WB | | | | 95 | 78 | 13 | 37 | 43 |

Priority IV. Develop human resources, increasing employment and promoting social inclusion

| | | | | | | | | | |
|---|-----|------|------|------|------|------|------|------|---|
| Net rate of enrolment in primary education, % total | NBS | 93.5 | 92.4 | 92.7 | 92.4 | 91.0 | 87.8 | 87.6 | X |
| Gross rate of enrolment in primary education, % total | NBS | 99.4 | 99.5 | 99.5 | 99.8 | 97.9 | 96.7 | 94.4 | X |
| Net rate of enrolment in secondary education, % total | NBS | 87.0 | 86.8 | 87.9 | 87.5 | 88.5 | 86.8 | 86.1 | X |
| Gross rate of enrolment in secondary education, % total | NBS | 90.2 | 91.1 | 92.3 | 92.2 | 92.5 | 93.0 | 90.5 | X |
| Net rate of enrolment in preschool education, % | NBS | 38.5 | 42.4 | 52.4 | 58.7 | 63.7 | 68.6 | 68.5 | X |

¹ In 2000-2004 the European Union consisted of 15 countries, in 2005-2006 - 25 countries, since 01.01.2007 - 27 countries.

² In 2000-2004 the Central and Eastern Europe consisted of 15 countries, in 2005-2006 - 7 countries, since 01.01.2007 - 5 countries.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------|------|------|------|------|-----------|-----------|-------|-------|
| Gross rate of enrolment in preschool education, % | NBS | 44.1 | 47.6 | 57.0 | 61.1 | 66.1 | 70.7 | 70.1 | X |
| Rate of enrolment in preschool education of 3-6 year-old children, % | NBS | 37.9 | 39.3 | 41.3 | 43.1 | 45.8 | 49.2 | 53.0 | ... |
| Rate of enrolment in preschool education of 6-7 year-old children, % | NBS | 56.8 | 68.8 | 66.5 | 78.8 | 69.1 | 75.6 | 81.7 | ... |
| Rate of early drop-out of education among youth, % | NBS | - | - | - | - | 21.8 | 22.6 | 23.6 | 22.1 |
| Rate of enrolment in education of 15-24 year old persons, (gymnasium, lyceum, secondary vocational, secondary special, higher; all types of education: day, evening and part-time), % | NBS | 34.2 | 35.4 | 37.5 | 38.7 | 40.5 | 42.1 | 42.6 | X |
| Pupil/Teacher ratio in education (daytime schools, gymnasiums, lyceums) | NBS | 15 | 15 | 14 | 14 | 13 | 13 | 12 | X |
| Teaching/Non-teaching staff ratio in education (schools, gymnasiums, lyceums) | BNS | | | | | | | | |
| Literacy rate for 15-24 year-old persons, % | NBS | | | | | | | 99.5 | |
| Rate of population covered by the mandatory health insurance, % | NBS | | | | | 70 | 75 | 75 | 77 |
| Share of expenditures for primary care in total health care expenditures and health insurance fund, % | MH/NHIC | | 18.6 | 16.7 | 17.0 | 18.0/25.0 | 20.8/30.0 | /31.0 | /31.0 |
| Infant mortality rate, per 1000 live born | MH | 18.3 | 16.3 | 14.7 | 14.4 | 12.2 | 12.4 | 11.8 | 12.3 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------------------------------------|------|------|-------|-------|------------------|-------|-------|------|
| Under five mortality rate, per 1000 live born | MH | 23.2 | 20.4 | 18.2 | 17.8 | 15.3 | 15.6 | 14.0 | 15.6 |
| Share of 2 year-old children vaccinated against measles, % | NBS (based on data provided by MH) | 98.6 | 99.4 | 98.6 | 98.6 | 99.2 | 99.1 | 99.4 | ... |
| Maternal mortality rate, per 100000 live born | MH | 27.1 | 43.9 | 28.0 | 21.9 | 23.5 | 18.6 | 16.0 | 27.4 |
| Share of births assisted by qualified medical staff, % | MH | 98 | 99 | 99 | | 98.2 | | | |
| HIV/AIDS incidence per 100,000 persons, % | MH | 4.06 | 5.46 | 4.66 | 4.73 | 6.2 ¹ | 8.53 | 9.95 | - |
| HIV/AIDS incidence among 15-24 year-old people per 100,000 persons | MH | 11.9 | 10.9 | 9.7 | 6.1 | 9.7 | 11.7 | 13.3 | |
| Overall incidence of active tuberculosis (per 100000 persons) | MH | 73.0 | 93.2 | 101.3 | 111.2 | 119.0 | 130.9 | 128.4 | 65.9 |
| TB-associated mortality rate per 100000 persons | MH | 16.9 | 15.0 | 15.9 | 16.4 | 16.8 | 18.9 | 18.6 | ... |
| Unemployment rate, ILO, %: | NBS | 8.5 | 7.3 | 6.8 | 7.9 | 8.1 | 7.3 | 5.6 | 4.2 |
| -- in urban areas | NBS | 15.7 | 13.8 | 12.1 | 12.2 | 11.9 | 11.2 | 9.2 | 5.9 |
| -- in rural areas | NBS | 3.4 | 2.7 | 3.0 | 4.5 | 5.0 | 4.0 | 5.8 | 2.8 |
| Long term unemployment rate, ILO, % | NBS | 60.4 | 58 | 59.6 | 48.3 | 44.8 | 48.9 | 38.1 | 38.4 |
| Unemployment rate among the young (15-24 years), ILO, % | NBS | 15.8 | 16.3 | 15.2 | 18.1 | 19.7 | 18.7 | 17.1 | 10.6 |
| Labour migrants as a share of active population, % | NBS | 8.3 | 10.6 | 14.3 | 19.7 | 24.1 | 27.7 | 22.8 | 24.9 |

¹ As of 2003, the HIV/AIDS incidence indicator is set only for the right banks of Nistru river.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------|-------|-------|-------|-------|--------|--------|------------------|--------------------|
| Distribution of social benefits (without pensions) for consumption quintiles I and V per adult equivalent (%) | NBS | | | | | | | | |
| – <i>Quintile I</i> | | | | 8.0 | 13.1 | 13.7 | 19.7 | ... | ... |
| – <i>Quintile V</i> | | | | 37.3 | 24.8 | 24.8 | 23.9 | ... | ... |
| Average nominal monthly salary in the economy, MDL | NBS | 407.9 | 543.7 | 691.5 | 890.8 | 1103.1 | 1319.0 | 1697.0 | 1926.0 |
| Average monthly pension (at the end of year), MDL | NSIH | 85.1 | 135.8 | 161 | 210.6 | 325.3 | 383.2 | 442.3 | 532.9 ¹ |
| Contributions/benefits of agricultural workers as a share of total revenues and expenditures of the social insurance budget, % | NSIH | | | | | | | | |
| – <i>Contributions</i> | | | | 12.2 | 7.3 | 6.8 | 6.6 | 7.7 | 7.4 |
| – <i>Benefits</i> | | | | 45.6 | 45.0 | 53.3 | 49.6 | 48.2 | 42.9 |
| Share of population under the food poverty line (total per country), % | NBS | 52.2 | 38.0 | 26.2 | 15.0 | 14.7 | 16.1 | 4.5 ² | X |
| Gini coefficient by consumption expenditures | NBS | 0.37 | 0.38 | 0.37 | 0.35 | 0.36 | 0.37 | 0.32 | X |
| Extreme poverty gap, % | NBS | 17.6 | 11.6 | 6.6 | 3.1 | 3.2 | 4.0 | 1.0 | X |
| Extreme poverty severity, % | NBS | 8.2 | 5.1 | 2.4 | 1.0 | 1.1 | 1.5 | 0.4 | X |
| Share of people below the poverty line of 4.3 USD/day at PPP (consumption expenditures per capita), % | NBS | | | | | | | 34.5 | |

¹ As of July 1.

² Poverty indicators for 2006 are not comparable to the ones from previous years.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------------------------------|-------|-------|-------|-------|-------|------|------|------|
| Share of the poorest quintile in the national consumption, % | NBS | 6.8 | 6.5 | 6.8 | 7.5 | 7.2 | 6.7 | 8.2 | |
| Human Development Index ¹ | UN, Human Development Report | 0.679 | 0.707 | 0.709 | 0.671 | 0.694 | ... | ... | ... |
| Share of mandates held by women, %: | NBS | | | | | | | | 22 |
| Members of the Parliament in local councils | | | | | | | | | 26.5 |
| in rayon councils | | | | | | | | | 13.2 |
| as mayors | | | | | | | | | 18.0 |
| Ratio of the average women's salary to the average men's salary, % | | | | | | | | 68.1 | |
| Priority V. Regional development² | | | | | | | | | |
| Share of urban population in the total population of the region, % | NBS | | | | | | | | |
| <i>North</i> | | | | 34.8 | 34.9 | 34.7 | 34.9 | 34.8 | 34.9 |
| <i>Centre</i> | | | | 19.7 | 19.7 | 19.7 | 19.7 | 19.7 | 19.2 |
| <i>South</i> | | | | 25.8 | 25.8 | 25.7 | 25.7 | 25.6 | 25.2 |
| <i>Chisinau</i> | | | | 91.3 | 91.3 | 91.5 | 91.4 | 91.2 | 91.3 |
| <i>TAU Gagauzia</i> | | | | 40.3 | 40.8 | 40.7 | 40.6 | 40.6 | 40.9 |

¹ The Human Development Index (HDI), published annually by the UN, ranks nations according to their citizens' quality of life rather than strictly by a nation's traditional economic figures. The criteria for calculating rankings include life expectancy, educational attainment, and adjusted real income

² Indicators are disaggregated by development regions, with the exception of Transnistria region

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----|---|---|---|------|------|------|------|----|
| Share of housing with sewerage, (average per region) % | NBS | | | | | | | | |
| <i>North</i> | | | | | 19.1 | 19.3 | 19.5 | 19.7 | X |
| - urban | | | | | 65.8 | 65.7 | 65.7 | 65.8 | X |
| - rural | | | | | 2.5 | 2.7 | 2.9 | 3.1 | X |
| <i>Centre</i> | | | | | 14.1 | 14.0 | 14.2 | 14.4 | X |
| - urban | | | | | 62.0 | 61.8 | 62.7 | 63.1 | X |
| - rural | | | | | 4.4 | 4.4 | 4.4 | 4.5 | X |
| <i>South</i> | | | | | 19.1 | 20.7 | 21.0 | 21.2 | X |
| - urban | | | | | 57.5 | 57.7 | 58.1 | 58.2 | X |
| - rural | | | | | 9.0 | 11.0 | 11.2 | 11.3 | X |
| <i>Chisinau</i> | | | | | 89.4 | 89.3 | 89.1 | 88.9 | X |
| - urban | | | | | 96.9 | 96.9 | 96.9 | 96.7 | X |
| - rural | | | | | 15.8 | 16.8 | 18.2 | 19.6 | X |
| <i>TAU Gagauzia</i> | | | | | 26.4 | 26.5 | 26.5 | 27.5 | X |
| - urban | | | | | 38.9 | 38.7 | 38.9 | 39.0 | X |
| - rural | | | | | 19.6 | 19.6 | 19.6 | 21.1 | X |
| Share of housing with water supply, (average per region) % | NBS | | | | | | | | |
| <i>North</i> | | | | | 20.2 | 20.4 | 20.5 | 20.7 | X |
| - urban | | | | | 66.8 | 66.9 | 66.7 | 66.8 | X |
| - rural | | | | | 3.7 | 3.9 | 3.9 | 4.1 | X |
| <i>Centre</i> | | | | | 19.5 | 19.7 | 20.2 | 20.5 | X |
| - urban | | | | | 63.7 | 64.9 | 65.8 | 66.0 | X |
| - rural | | | | | 10.5 | 10.6 | 10.9 | 11.1 | X |

| I | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----|--------|---------|---------|---------|---------|---------|---------|---------------------|
| <i>South</i> | | | | | 23.4 | 25.1 | 25.6 | 26.1 | X |
| – urban | | | | | 58.6 | 58.9 | 59.2 | 59.4 | X |
| – rural | | | | | 14.2 | 16.2 | 16.7 | 17.2 | X |
| <i>Chisinau</i> | | | | | 94.0 | 94.3 | 94.1 | 94.0 | X |
| – urban | | | | | 97.5 | 97.5 | 97.5 | 97.4 | X |
| – rural | | | | | 59.6 | 63.3 | 63.0 | 63.2 | X |
| <i>TAU Gagauzia</i> | | | | | 26.6 | 26.5 | 26.7 | 27.8 | X |
| – urban | | | | | 39.3 | 39.1 | 39.4 | 39.6 | X |
| – rural | | | | | 19.7 | 19.7 | 19.7 | 21.2 | X |
| Fixed capital investments, million MDL | NBS | 1759.3 | 2315.1 | 2804.2 | 3621.7 | 5140.0 | 7796.6 | 10906.8 | 4223.8 ¹ |
| <i>North</i> | | | | | 743.6 | 883.6 | 1269.7 | 1889.1 | 645.0 |
| <i>Centre</i> | | | | | 465.9 | 709.6 | 1126.8 | 1579.2 | 637.0 |
| <i>South</i> | | | | | 373.8 | 559.2 | 793.1 | 866.6 | 309.2 |
| <i>Chisinau</i> | | | | | 1889.7 | 2822.2 | 4289.0 | 6312.1 | 2195.6 |
| <i>TAU Gagauzia</i> | | | | | 148.7 | 165.4 | 318.0 | 259.8 | 58.7 |
| Industrial output ² , million MDL | NBS | 8167.7 | 10427.6 | 12624.1 | 15963.1 | 17591.1 | 20770.2 | 22370.7 | 11770.9 |
| <i>North</i> | | | | | 3240.8 | 3472.0 | 4221.0 | 5008.6 | 1951.5 |
| <i>Centre</i> | | | | | 1977.2 | 2240.6 | 3082.1 | 3320.6 | 1312.8 |
| <i>South</i> | | | | | 1117.5 | 1187.4 | 1171.5 | 924.5 | 230 |
| <i>Chisinau</i> | | | | | 8555.6 | 9314.8 | 10807.7 | 11488.0 | 4867.2 |
| <i>TAU Gagauzia</i> | | | | | 536.8 | 725.5 | 865.8 | 777.9 | 226.1 |
| Fixed capital investments per capita, thousand MDL | NBS | 483.5 | 637.6 | 774.1 | 1002.6 | 1426.4 | 2169.0 | 3042.2 | 1179.5 |

¹ Conform calculelor suplimentare fără repartizarea pe zone.

² This indicator includes the industrial output, calculated for individual enterprises

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----|-------|-------|-------|--------|--------|--------|--------|--------|
| <i>North</i> | | | | | 716.0 | 855.5 | 1235.5 | 1844.9 | 630.4 |
| <i>Centre</i> | | | | | 430.7 | 657.2 | 1045.9 | 1471.4 | 595.1 |
| <i>South</i> | | | | | 675.7 | 1013.2 | 1439.4 | 1578.5 | 564.7 |
| <i>Chisinau</i> | | | | | 2422.8 | 3618.2 | 5502.2 | 8096.6 | 2813.8 |
| <i>TAU Gagauzia</i> | | | | | 936.7 | 1041.6 | 2000.0 | 1629.9 | 367.3 |
| Industrial output per capita, thousand MDL | NBS | 2.2 | 2.9 | 3.5 | 4.3 | 4.7 | 5.6 | 6.0 | 2.4 |
| <i>North</i> | | | | | 3.1 | 3.4 | 4.1 | 4.9 | 1.9 |
| <i>Centre</i> | | | | | 1.8 | 2.1 | 2.9 | 3.1 | 1.2 |
| <i>South</i> | | | | | 2.0 | 2.2 | 2.1 | 1.7 | 0.4 |
| <i>Chisinau</i> | | | | | 11.0 | 11.9 | 13.9 | 14.7 | 6.2 |
| <i>TAU Gagauzia</i> | | | | | 3.4 | 4.6 | 5.4 | 4.9 | 1.4 |
| Number of reporting enterprises | NBS | 21423 | 22962 | 24685 | 25667 | 30355 | 33141 | 36158 | 37444 |
| <i>North, including</i> | | | | | 3280 | 4159 | 4489 | 4909 | 4972 |
| – profit | | | | | 1540 | 2161 | 2401 | 2537 | 2385 |
| – losses | | | | | 1543 | 1822 | 1876 | 2127 | 2225 |
| <i>South, including</i> | | | | | 1350 | 1662 | 1749 | 1905 | 1912 |
| – profit | | | | | 588 | 767 | 779 | 816 | 785 |
| – losses | | | | | 637 | 766 | 822 | 919 | 911 |
| <i>Centre, including</i> | | | | | 3024 | 4010 | 4362 | 4766 | 4829 |
| – profit | | | | | 1266 | 1753 | 1872 | 1983 | 1961 |
| – losses | | | | | 1287 | 1673 | 1858 | 2131 | 2014 |
| <i>Chisinau, including</i> | | | | | 17323 | 19672 | 21640 | 23594 | 24718 |
| – profit | | | | | 6808 | 7453 | 8137 | 8751 | 8544 |
| – losses | | | | | 8115 | 9403 | 10373 | 11511 | 12103 |
| <i>TAU Gagauzia, including</i> | | | | | 690 | 852 | 901 | 984 | 1013 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------|-------|-------|-------|-------|-------|-------|-------|-------|
| - profit | | | | | 281 | 384 | 400 | 416 | 421 |
| - losses | | | | | 365 | 423 | 448 | 507 | 488 |
| Number of wage-earners ¹ , thousand: | NBS | 713.9 | 704.5 | 690.4 | 667.4 | 667.2 | 662.8 | 648.7 | 623.2 |
| <i>North</i> | | | | | 178.1 | 170.4 | 165.3 | 156.8 | 146.1 |
| <i>Centre</i> | | | | | 131.0 | 124.9 | 123.4 | 117.8 | 112.7 |
| <i>South</i> | | | | | 88.8 | 84.8 | 82.4 | 77.2 | 72.0 |
| <i>Chisinau</i> | | | | | 233.9 | 243.6 | 250.8 | 257.3 | 255.5 |
| <i>TAU Gagauzia</i> | | | | | 34.7 | 32.3 | 30.8 | 29.2 | 26.9 |
| Regional average monthly salary as a share of national average monthly salary ² , % | NBS | | | | | | | | |
| <i>North</i> | | | | | 80.5 | 80.7 | 81.4 | 81.9 | 81.3 |
| <i>Centre</i> | | | | | 71.6 | 72.8 | 74.3 | 75.2 | 74.6 |
| <i>South</i> | | | | | 73.2 | 72.6 | 70.7 | 70.4 | 68.6 |
| <i>Chisinau</i> | | | | | 138.9 | 136.3 | 134.7 | 130.8 | 130.2 |
| <i>TAU Gagauzia</i> | | | | | 69.6 | 72.6 | 72.3 | 70.7 | 68.8 |
| Share of irrigated land in total agricultural land, (average per region) % | ALRC | | | | | | | | |
| <i>North</i> | | | | | | | 2.64 | 2.65 | X |
| <i>Centre</i> | | | | | | | 8.24 | 8.29 | X |
| <i>South</i> | | | | | | | 8.8 | 8.9 | X |
| <i>Chisinau</i> | | | | | | | 3.4 | 3.5 | X |
| <i>TAU Gagauzia</i> | | | | | | | 4.29 | 4.31 | X |
| Share of eroded land in total land, (average per region)% | ALRC | | | | | | | | |

¹ Economic and social units with 20 and more employees

² Data per region do not include power ministries

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----|--------|--------|--------|--------|--------|--------|--------|----|
| <i>North</i> | | | | | | | 29.08 | 30.38 | X |
| <i>Centre</i> | | | | | | | 41.11 | 41.57 | X |
| <i>South</i> | | | | | | | 37.14 | 38.8 | X |
| <i>Chisinau</i> | | | | | | | 37.17 | 38.33 | X |
| <i>TAU Gagauzia</i> | | | | | | | 38.8 | 39.0 | X |
| Total local public roads at the end of year, km | NBS | 6565.6 | 6105.0 | 6137.0 | 6136.7 | 6138.1 | 6138.1 | 6138.1 | X |
| including with rigid surface | | 5970.2 | 5511.6 | 5558.4 | 5558.5 | 5560.4 | 5559.3 | 5563.3 | X |
| <i>North, total local public roads, including with rigid surface</i> | | | | 2418.5 | 2418.4 | 2418.5 | 2418.5 | 2418.5 | X |
| <i>Centre, total local public roads, including with rigid surface</i> | | | | 2268.5 | 2268.5 | 2269.1 | 2269.0 | 2269.0 | X |
| <i>South, total local public roads, including with rigid surface</i> | | | | 2146.9 | 2146.8 | 2148.1 | 2148.1 | 2148.1 | X |
| <i>North, total local public roads, including with rigid surface</i> | | | | 1983.6 | 1983.7 | 1985.0 | 1984.0 | 1988.0 | X |
| <i>South, total local public roads, including with rigid surface</i> | | | | 1316.4 | 1316.3 | 1316.3 | 1316.3 | 1316.3 | X |
| <i>Chisinau, total local public roads, including with rigid surface</i> | | | | 1101.4 | 1101.4 | 1101.4 | 1101.4 | 1101.4 | X |
| <i>TAU Gagauzia, total local roads, including with rigid surface</i> | | | | 32.2 | 32.2 | 32.2 | 32.2 | 32.2 | X |
| Waste generation, thousand tons | NBS | 2226.4 | 2039.8 | 2753.4 | 2537.2 | 3142.2 | 2995.4 | ... | X |
| <i>North</i> | | | | 174.1 | 174.1 | 174.1 | 174.1 | 174.1 | X |
| <i>Centre</i> | | | | 804.0 | 804.0 | 1328.0 | 1644.4 | ... | X |
| <i>South</i> | | | | 373.4 | 373.4 | 545.6 | 759.7 | ... | X |
| <i>Chisinau</i> | | | | 187.6 | 187.6 | 223.4 | 113.3 | ... | X |
| <i>TAU Gagauzia</i> | | | | 1131.3 | 1131.3 | 975.8 | 447.1 | ... | X |
| Waste utilisation, thousand tons | NBS | 1117.4 | 836.9 | 1746.0 | 455.0 | 745.1 | 926.2 | ... | X |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|--------|------|------|------|-------|-------|-------|------|-----|
| <i>North</i> | | | | | 157.6 | 240.8 | 325.9 | ... | X |
| <i>Centre</i> | | | | | 150.9 | 265.3 | 326.4 | ... | X |
| <i>South</i> | | | | | 62.2 | 72.6 | 100.4 | ... | X |
| <i>Chisinau</i> | | | | | 77.8 | 154.2 | 166.0 | ... | X |
| <i>TAU Gagauzia</i> | | | | | 6.5 | 12.2 | 7.5 | ... | X |
| Share of protected areas to preserve biodiversity, % | MENR | 9.9 | 10.1 | 10.3 | 10.5 | 10.6 | 10.7 | 10.8 | ... |
| Share of people with sustainable access to improved water sources, % | NSPCPM | 1.96 | 1.96 | 1.96 | 1.96 | 1.96 | 1.96 | 4.65 | ... |
| Share of protected areas to preserve biodiversity, % | MENR | 37.8 | 38.1 | 38.5 | 39.7 | 44.5 | 45.0 | 46.0 | ... |
| Share of people with access to improved sanitation, % | ACTD | 41.4 | 40.0 | 41.7 | 41.5 | 43.6 | 44.0 | 45.0 | ... |
| Share of people with access to improved sewerage, % | NBS | 31.8 | 32.4 | 31.1 | 31.7 | 32.8 | 43.8 | 44.0 | ... |

... - data are missing

X - indicator is not calculated for this period

ANNEX 2: Millenium Development Goals: revised targets and indicators

| Revised target (RT) | Revised indicator (RI) |
|---|---|
| Revised Goal 1. Eradicate extreme poverty and hunger | |
| <p>RT1. Reduce the proportion of people whose consumption is under \$4.3 a day/person (in PPP terms) from 34.5% in 2006 down to 29% in 2010 and 23% in 2015.</p> <p>RT2. Reduce the proportion of people under the absolute poverty line from 30.2% in 2006 down to 25% in 2010 and 20% in 2015.</p> | <p>RI1. Proportion of people under the \$4.3 a day in PPP terms (consumption expenditure per person).</p> <p>RI2. Proportion of people under the national absolute poverty line (absolute poverty rate).</p> <p>RI3. Poverty depth index.</p> <p>RI4. Proportion of the poorest quintile in national consumption.</p> |
| <p>RT3. Reduce the proportion of people under the extreme poverty line from 4.5% in 2006 down to 4% in 2010 and 3.5% in 2015.</p> | <p>RI1. Malnutrition incidence for under-5 children.</p> <p>RI2. Proportion of people living under the minimal food consumption basket, expressed in energy value (2,282 kcal/day) (extreme poverty rate).</p> |
| Revised Goal 2. Achieve universal access to general secondary education (grades 1-9) | |
| <p>RG1. Ensure opportunities for all children to attend general secondary education</p> <p>RT1. Increase the gross enrolment rate for general secondary education from 94.1% in 2002 up to 95% in 2010 and 98% in 2015.</p> <p>RT2. Increase the enrolment rate for pre-school programs for 3-6 year-old children from 41.3% in 2002 up to 75% in 2010 and 78% in 2015, and for 6-7 year-old children from 66.5% in 2002 up to 95% in 2010 and 98% in 2015, as well as reduce by less than 5% the discrepancies between rural and urban areas, between disadvantaged and middle-income groups.</p> | <p>RI1. Gross enrolment rate for general secondary education.</p> <p>RI2. School drop-out rate.</p> <p>RI3. Proportion of children who are enrolled in the first grade and complete the general secondary education cycle.</p> <p>RI4. Degree of children's participation in pre-school institutions.</p> <p>RI5. Rate of children enrolled in the first grade with previous participation in pre-school education programs.</p> |
| <p>RG2. Maintain the literacy rate for the 15-24 year-old population at 99.5%.</p> | <p>RI1. Literacy rate</p> |
| Revised Goal 3. Promote gender equality and empower women | |
| <p>RG1. Increase women's representation in decision-making positions.</p> <p>RT1. Increase women's representation in decisionmaking positions. Increase women's representation at the decisionmaking level from 26.5% in local councils in 2007 up to 40% in 2015, from 13.2% in raional councils in 2007 up to 25% in 2015, from 18% women-mayors in 2007 up to 25% in 2015, and from 22% women-Parliament members in 2005 up to 30% in 2015.</p> | <p>RI1. Share of mandates held by women in the Parliament.</p> <p>RI2. Number of women elected to local public administration bodies.</p> <p>RI3. Share of women's representation at the decision making level.</p> |
| <p>RG2. Reduce gender inequality in employment.</p> <p>RT2. Reduce gender inequality in employment. Reduce gender inequality on the labor market by reducing the discrepancy between salaries of women and men by at least 10% until 2015 (women's average salary representing 68.1% of men's salary in 2006).</p> | <p>RI1. Proportion of women employed in economy by types of economic activity.</p> <p>RI2. Share of the average salary of women in the average salary of men.</p> |

| Revised target (RT) | Revised indicator (RI) |
|--|---|
| <i>Revised Goal 4. Reduce child mortality</i> | |
| <p>RT1. Reduce infant mortality from 18.5 (per 1,000 live births) in 2006 down to 16.3 in 2010 and 13.2 in 2015.</p> <p>RT3. Reduce the under-5 mortality rate from 20.7 (per 1,000 live births) in 2006 down to 18.6 in 2010 and 15.3 in 2015.</p> <p>RT5. Maintain the proportion of under-2 children vaccinated against measles at least at 96% by 2010 and 2015.</p> | <p>RI1. Under-5 mortality rate.</p> <p>RI2. Infant mortality rate.</p> <p>RI3. Proportion of 2 year-old children vaccinated against measles.</p> |
| <i>Revised Goal 5. Improve maternal health</i> | |
| <p>RT1. Reduce the maternal mortality rate from 28 (per 1,000 live births) in 2002 down to 15.5 in 2010 and 13.3 in 2015.</p> <p>RT2. Maintain the number of births assisted by qualified medical staff during 2010 and 2015 at 99%.</p> | <p>RI1. Maternal mortality rate.</p> <p>RI2. Rate of births assisted by qualified medical staff.</p> |
| <i>Revised Goal 6. Combat HIV/AIDS, tuberculosis and other diseases</i> | |
| <p>RG1. Stabilize the spread of HIV/AIDS by 2015</p> <p>RT1. Reduce HIV/AIDS incidence per 100 thousand population from 10 in 2006 down to 9.6 by 2010 and 8 by 2015.</p> <p>RT2. Reduce HIV/AIDS incidence from 13.3 in 2006 down to 11.2 cases per 100 thousand population by 2010 and 11 cases by 2015 in the 15-24-year age group.</p> | <p>RI1. HIV/AIDS incidence.</p> <p>RI2. HIV/AIDS incidence among the 15-24-year age group.</p> |
| <p>RG1. Have halted by 2015 and begun to reduce tuberculosis.</p> <p>RT1. Reduce the rate of mortality associated with tuberculosis from 15.9 (per 100,000 population) in 2002 down to 15 in 2010 and 10 in 2015.</p> | <p>RI1. Mortality rate associated with tuberculosis.</p> |
| <i>Revised Goal 7. Ensure environmental sustainability</i> | |
| <p>RG1. Integrate the principles of sustainable development in country policies and programs and reverse the loss of environmental resources.</p> <p>RT1. Increase afforestation from 10.3% in 2002 up to 11% in 2006, 12.1% in 2010, and 13.2% in 2015.</p> <p>RT2. Increase the share of protected areas to preserve biological diversity from 1.96% in 2002 to 4.65% in 2010 and maintain it at 4.65% in 2015.</p> | <p>RI1. Share of afforested land.</p> <p>RI2. Share of protected areas to preserve biodiversity.</p> <p>RI3. GDP per one kg of domestically consumed conventional fuel, MDL, current prices.</p> <p>RI4. Carbon dioxide emissions from fixed and mobile stations, tons, per capita.</p> <p>RI5. Emissions of chlorofluorocarbons, tons per capita.</p> |

| Revised target (RT) | Revised indicator (RI) |
|---|--|
| RT1. Increase the share of population with permanent access to safe water sources from 38.5% in 2002 up to 59% in 2010 and 65% in 2015. | RI1. Share of people with sustainable access to improved water sources. |
| RG2. Halve by 2015 the number of people without access to improved sewerage systems. RT2. Increase the share of population with access to improved sewerage from 31.3% in 2002 up to 50.3% in 2010 and 65% in 2015. Increase the share of population with access to sanitation systems from 41.7% in 2002 up to 51.3% in 2010 and 71.8% in 2015. | RI1. Share of people with access to improved sanitation. RI2. Share of people with access to improved sewerage. |
| <i>Revised Goal 8. Develop a global partnership for development</i> | |
| RG1. Further develop a transparent, predictable and non-discriminatory trade and financial system based on rules through promoting exports and attracting investments. | RI1. High added value exports. RI2. Imports of machinery, technologies and equipment. RI3. Share of international trade transactions based on free-trade agreements. RI4. Share of trade balance deficit in GDP. RI5. Share of foreign enterprises in the local business environment. RI6. Stock of foreign direct investments. RI7. Turnaround of enterprises established „de novo” with foreign capital. RI8. Share of direct official assistance for main social services. |
| RG2. Settle the issues of land lock of the Republic of Moldova through upgrading the transport and customs infrastructure. | RI1. Traffic capacity of international road arteries. RI2. Share of investments in the transport sector out of the total public investments. RI3. Share of investments in air and naval transport development. RI4. Traffic capacity of customs points. |
| RG3. Monitor the external debt issue. | RI1. Foreign state debt. RI2. Foreign state debt servicing in relation to the state budget's fiscal revenues. |
| RG4. Develop and implement youth strategies. | RI1. Unemployment rate among the 15-24-year age group. |
| RG5. Ensure access to major drugs at reasonable prices to the population | RI1. Number of settlements with primary health care institutions, but without pharmaceutical services. |
| RG6. Build and information society. | RI1. Fixed telephony lines and subscribers of mobile networks per 100 population. RI2. Personal computers per 100 population. RI3. Internet users per 100 population. |

ANNEX 3: Poverty Measurement Note

Introduction

This note describes in detail the methodology for poverty measurement, adopted by the National Bureau of Statistics in consultation with the Ministry of Economy and Trade. For a more detailed note, including technical annexes, see the Informative Note on poverty measurement in 2006, on www.statistica.md.

Previously, poverty measurement and analysis were both carried out by the Ministry of Economy and Trade, however, since 2006 these responsibilities were migrated to the NBS, which has the responsibility to calculate the poverty line and the main welfare indicators. This methodology was revised in light of international best practices, taking into consideration national specifics, in particular changes in the HBS.

Poverty indicators and the HBS database are to be provided annually to the Ministry of Economy and Trade, which in turn will concentrate its efforts on poverty analysis and provision of explanations on poverty trends.

Poverty measurement can be divided in three main stages:

- 1) Modelling the main welfare indicator: consumption aggregate for welfare analysis;
- 2) Determining the poverty line, and
- 3) Calculation of poverty indicators.

The present Note follows the above algorithm and provides four tables.

(i) I. Consumption aggregate for welfare analysis

Poverty in Moldova is measured using a 'basic needs' approach and uses consumption expenditure as an indicator of life standards (see, for example, the Ministry of Economy and Trade report on "Poverty and Policy Impact"). The same approach was also applied by the World Bank, and the same broad approach is consequently used in the present methodology⁶¹.

However, consumption expenditure can be calculated using different methods depending on the purpose and use of the aggregate. It is important to be aware of the difference between the consumption aggregate of the national accounts and the one used for welfare analysis. Indeed, when using consumption expenditure for poverty measurement the objective is to make inter-household comparisons, which requires the following adjustments:

- 1) For items which are purchased infrequently, but more often than once a year, data collected through the appropriate retrospective module shall be used. For example, apparel expenditure is both recorded during the month of the interview (in the household diary), as well as the six months preceding the interview. The six month retrospective expenditure should be used and adjusted on a monthly basis;
- 2) Expenses for items generally purchased within intervals longer than one year (namely durable items) shall be excluded from the consumption aggregate. If possible, include the annual consumption flow derived from the use of durable items;
- 3) Rental costs shall be excluded, or otherwise include the attributed rent of the dwelling for all households;
- 4) Adjust services-related expenditure, taking into account the compensations received by the households;
- 5) Adjust for price differences over time and across different regions of the country (namely urban and rural areas);
- 6) Household expenditure shall be calculated at the household level to determine individual consumption level.

⁶¹ The estimation of basic needs cost is one of the objective approaches in poverty measurement. Objective approaches try to determine the poverty threshold by taking into account normative criteria, which guarantee the achievement of some basic requirements. These approaches differ in terms of the degree of normative criteria used in determining basic needs. There are also subjective approaches to poverty measurement. These do not imply the identification of some objective minimum living standards, but consider people's perception of the minimum income levels (minimum spending or minimum social needs) necessary to conduct a decent life.

1. Expenditure adjustment for items purchased infrequently

Households were asked to recall their expenditure at the first interview for a number of items⁶² (clothes, footwear, textile items, seasonal expenditure for utilities, education, etc.). This information was transformed in monthly figures and factored in the consumption aggregate. Whereas, there are cases when households can indicate expenditure for the same goods both in the household register and the retrospective module, only expenditure recorded in the module was used.

2. Durable items and imputed rents

Both the computation of the consumption flow from durable items and the calculation of imputed rents involve certain difficulties related to the complex calculation of these indicators. In particular, given that the housing rental market is basically inexistent in rural areas of the country, estimates appear to be very arbitrary. Therefore, both expenditure for durable items and actual rent payments have been excluded from the consumption aggregate.

3. Compensations

Since August 2006 households connected to central gas received a subsidy for gas consumption equivalent to 50% of the price increase in gas for the first 30 cubic metres of consumption (the Government paid directly the utility companies, whereas households saw their bills reduced). However, those households which use bottled gas paid the full price. Similarly, municipalities providing central heating also introduced a compensation. In Chisinau, households paid only half of the central heating bill. These price distortions were corrected to account for the actual benefit that the household received.

4. Price difference adjustment

Nominal expenditure has been adjusted against inflation and regional price differences through the Paasche price index, constructed using data collected in the survey, as well as data from the official Consumer Price Index. The index is modelled at the level of primary sampling unit for each month, and implies a time and region-based price difference.

5. Equivalence scale

In adjusting household expenditure to individual expenditure it is important to take into consideration the different needs of household members. It is natural to expect that there are economies of size that make consumption 'cheaper' for large households, and some 'quasi public goods', whose costs tend to be very similar regardless of the number of members in the household (such goods are generally durable items and housing related services). For instance, heating costs for an apartment of a fixed size are the same regardless of the number of people living in it. Therefore, simply adjusting household expenditure to the number of household members is inappropriate. Although these arguments are widely accepted, it is more complicated to establish what should be the parameters used in making correct adjustments. For international comparisons in OECD countries there are some established equivalence scales, and such scales have been adopted also for poverty analysis in Moldova⁶³. These scales take into account both the economies of size, as well as different needs of children and adults. The same scales were used in the past by the Ministry of Economy and Trade.

II. Determining the poverty line

If the 2006 HBS data was comparable with previous HBS data (see the "Informative note on the 2006 Household Budget Survey", available on the NBS website www.statistica.md for explanations on comparability issues), we could have used the poverty line computed in 2005 and simply adjust it to inflation. However, since we have a new dataset which is not fully comparable with the previous one, it is essential to compute a new poverty line, which would correspond to the collected data.

The method used to determine the poverty line is the 'cost of basic needs' methodology, which is widely recognised and used in many countries (see Ravallion M. (1998): "Poverty lines in theory and practice", LSMS Working Paper 133). This methodology should identify a poverty line that is linked to a notion of "minimum necessity" consistent with the standards existing in Moldova. This approach identifies the consumption bundle believed to be adequate for basic consumption needs based on nutritional requirements. In particular, according to this methodology, the poverty line is calculated in two stages: 1) first we estimate the food component and 2) the non-food component is calculated based on the cost of meeting food requirements.

⁶² Trials were performed in previous HBS surveys to identify appropriate recall periods.

⁶³ To be precise we use the old OECD scales: 1 for the first household member, 0.7 for any other adult and 0.5 for children less than 15 years of age. The modified and currently applied scales in OECD countries are respectively 1, 0.5 and 0.3. However, old equivalence scales do adapt better than the modified ones to the situation of Moldova, since food consumption still accounts for a relatively high share of total consumption.

The food component of the poverty line is based on the need to meet certain minimum nutritional requirements. The Academy of Sciences provides some recommendations on what should be the calorie intake for people of different age, sex and type of performed activity. These calorie-intake levels were used to set a minimum **per capita average** requirement of 2282 calories per day (this was the requirement used by the Ministry of Economy and Trade in previous calculations). However, if instead of considering average per capita requirement we consider the average **per adult equivalent** requirement, the minimum calorie requirement per adult equivalent would be 3004 calories per day.

Recommended daily calorie intake (Kcal)

| age group | Minimum calorie intake | | Population breakdown | | Calories |
|-----------|------------------------|--------|----------------------|--------|-------------|
| | male | female | male | female | |
| 0 | | 593 | | 0.01 | 5 |
| 1-6 | | 1536 | | 0.07 | 107 |
| 7-16 | | 2201 | | 0.18 | 390 |
| 17-54 | 2721 | 2334 | 0.24 | 0.27 | 1276 |
| 55-59 | 2721 | 2042 | 0.03 | 0.03 | 143 |
| 60+ | | 2042 | | 0.18 | 362 |
| Overall | | | | 1 | 2282 |

Source: Academy of Sciences and 2006 HBS.

However, calories intake per person is not a criterion for people's welfare assesment, instead such nutritional requirements are used to set the minimum expenditure that would allow people to reach the respective nutritional intake. In other words what is relevant is the cost of buying such calories. It would also be possible to follow further the recommendations of the Academy of Sciences and consider the recommended food bundle that people should consume in order to guarantee the minimum calorie intake, although such normative approach is often too different from actual consumption habits. Indeed, an infinite variety of food baskets, differing in price, could be consistent with attaining a certain level of calories, but choosing which items to include in the basket would be extremely arbitrary.

Therefore, we use the HBS data and include all the items consumed in the food basket by a specific population group. Their relative weights are also based on actual consumption patterns observed in the data.

We consider the reference population to be the lower layer of the distribution, **from the second to the fourth deciles**. In fact, focusing on the population located at the lower end of the welfare distribution, we are more likely to reflect the preferences of the poor as well as the costs/prices they must bear.

HBS data contains information on both quantity and cost of about 100 different food items, thus making it possible to calculate the implicit prices by dividing costs to quantity. Quantities consumed were used to compute the per capita average food basket (total quantities consumed by the reference population have been divided by the respective population) and the cost of such basket was obtained by multiplying quantities with median implicit prices observed in the reference population (as recommended by Bidani B. and Ravallion M. (1994): How robust is a poverty profile?; *The World Bank Economic Review*, Vol. 8, No. 1, pp. 75-102). Afterwards, caloric conversion factors were used to transform the identified food bundle into calorie-intake⁶⁴. Cost and calorie intake were then adjusted to meet the per adult equivalent requirement implicit in the recommendations of table 3.1.

The **extreme poverty line was 404 Lei per month** per adult equivalent. Table 3.2 shows the composition of the food basket that ensures the minimum per capita calorie intake as well as the cost of this basket, which in fact represents the extreme poverty line⁶⁵.

Composition of extreme poverty line (value and calories of the minimum per adult food basket equivalent)

⁶⁴ Alcoholic drinks and tobacco as well as meals in restaurants were excluded from this calculation, but expenditure for food consumed outside of home was later included as food expenditure that can provide the required calorie intake.

⁶⁵ A more detailed table with all the food items is provided in the statistical annex.

| | quantities | calories | | expenditure | |
|---------------------------------------|---------------------|---------------------|---------------|------------------|--------------|
| | Monthly (Kg, Lt) | Calories per day | % calories | Lei per month | % |
| Cereals and cereal-based products | 15.4 | 1510 | 50.3 | 78 | 19.2 |
| Meat and meat products | 2.8 | 182 | 6.1 | 92 | 22.6 |
| Fish | 1.0 | 22 | 0.7 | 18 | 4.5 |
| Milk and milk products | 4.5 | 150 | 5.0 | 43 | 10.6 |
| Eggs | 0.3 | 6 | 0.2 | 2 | 0.5 |
| Fats and oils | 18.9 | 473 | 15.7 | 39 | 9.7 |
| Fruits | 1.9 | 94 | 3.1 | 14 | 3.5 |
| Vegetables | 18.6 | 324 | 10.8 | 86 | 21.4 |
| Sugar and sugar products | 1.7 | 201 | 6.7 | 23 | 5.6 |
| Seasonings, coffee, tea and beverages | 21.9 | 42 | 1.4 | 10 | 2.4 |
| Total | | 3004 | 100.0 | 404 | 100.0 |

The costs for meeting nutritional needs alone cannot constitute the poverty line since it would ignore other fundamental basic needs: being healthy and able to participate in society requires spending on shelter, clothing, health care, recreation, etc. This is why it is essential to consider a non-food component in determining the poverty line. However, identifying the non-food items to be included in the minimum consumption basket and their amount is generally a controversial issue. One way to avoid the appreciation of the non-food items is to link the non-food component with the normative judgment involved in the extreme poverty line. The advantage of this method is that the non-food component can be based on the actual consumption behaviour of a reference group and not by a pre-determined non-food and services bundle.

Common practice is to determine the absolute poverty line by dividing the extreme poverty line to the proportion of total consumption devoted to food expenditure by those households that spend for food consumption an amount approximately equivalent to the extreme poverty line. The argument is that, if these households do not spend more on food consumption, it is because also the non-food expenditure must be an essential part of their consumption.

A more strict approach is to consider the food share of households, whose total expenditure is equal to the extreme poverty line, arguing that in such case people substitute basic food needs in order to satisfy some non-food needs. This second approach was used in the past by the Ministry of Economy and Trade and will be applied in the present methodology by the NBS.

We used the non-parametric method proposed by Ravallion (1998 already quoted) to compute the relevant multiplier (the inverse of the food share expenditure). The method requires computing **the mean multiplier among households whose total expenditure lies within a close interval of the extreme poverty line.**

The method is the following: it calculates the average multiplier among households whose expenditure varies between plus and minus one percent of the extreme poverty line, plus and minus two percent, three percent, up to ten percent, and then it takes the average of the ten mean multipliers. Such method identifies a multiplier of 1.85, equivalent to a food share of 54%. Therefore the **overall poverty line is 747 Lei per month.**

The calculation of the poverty line has been conducted in **per adult equivalent** terms, but it can also be expressed in per capita terms. Per capita poverty lines would be respectively 310 and 574 for the extreme poverty line and the absolute poverty line⁶⁶. However, we need to remember that per capita medium poverty lines are more relevant for households of average size and composition, whereas they tend to underestimate the poverty line for small households and to overestimate the needs of large households. For instance, the average calorie intake is lower than the actual requirements in the case of an adult, whereas it is overestimated for those households with many children since individual calorie requirements vary by age and sex. Therefore, per adult equivalent adjustments provide a better assessment of people's needs.

Using the OECD equivalence scales it is possible to express household size as a number of 'equivalent adult members'. For instance, a household of four members made up of a husband, a wife and two children, is made of 2.7 equivalent members ($1+0.7+2*0.5$). Table 3.3 shows poverty lines for different household members and provides some examples of overall poverty lines for households with different compositions.

Poverty lines in 2006 (Lei per month, at January 2006 prices)

⁶⁶ Considering these lines and per capita consumption levels would generate approximately the same poverty measures, but a different poverty profile.

| | Extreme poverty line | Poverty line | Member equivalent size |
|-----------------------------|-------------------------|--------------|---------------------------|
| One adult | 404 | 747 | 1 |
| Other adult | 283 | 523 | 0.7 |
| Child (<15) | 202 | 374 | 0.5 |
| Average per capita | 310 | 574 | |
| <i>Examples</i> | | | |
| Two adult household | 687 | 1270 | 1.7 |
| Two adults and one child | 889 | 1643 | 2.2 |
| Four adult household | 1252 | 2316 | 3.1 |
| Two adults and two children | 1091 | 2017 | 2.7 |

III. Calculation of poverty indicators

The poverty line is an instrument of poverty measurement, and is used to determine the poor categories as well as various poverty measures. People's poverty status is judged on whether they have the means that would have allowed them to consume the minimum consumption basket. Therefore, poor people are considered those who, regardless of how they spend their money, have consumption expenditure below the poverty line.

A set of poverty measurements often used in the specialised literature are those proposed by Foster, Greer and Thorbecke (1984)⁶⁷. This set of measures is summarized by the following formula:

$$P_{\alpha} = (1/n) \sum_{i=1}^q \left(\frac{z - y_i}{z} \right)^{\alpha}$$

where α is a positive number, z - the poverty line, y - consumption, i - individual persons, n - total number of individual persons, and q - number of individuals with consumption below the poverty line.

The most common poverty measures are three, where α takes the value of zero, one or two. When $\alpha=0$, we get the poverty rate, or the percentage of population whose consumption is below the poverty line. This is the most widely used poverty indicator, mainly because it is very simple to understand and easy to interpret. However, it has some limitations. It does not take into account how close or far the consumption levels of the poor are with respect to the poverty line or the distribution among the poor.

The poverty depth ($\alpha=1$) is the average consumption deficit of the population relative to the poverty line. The greater the deficit, the deeper the poverty, thus accounting for the limitations of poverty rates.

The severity of poverty ($\alpha=2$) represents the distribution of consumption among the poor, thus transfers among the poor will not affect the poverty rate or poverty depth.

Note: Only the aggregate use of these three indices can offer an adequate description of poverty and satisfy two famous axioms of poverty measurement (Sen 1976):

1. even if the number of poor is the same, but there is a welfare reduction in one poor household, an indicator of poverty should reflect an increase of poverty (this increase would be captured by the poverty depth index);
2. even if the average welfare of the poor is the same, if there is a transfer from one poor household to another poor household, relatively better off, a measure of poverty should reflect an increase of poverty (this would be captured by an increase of the severity of poverty).

Furthermore, these poverty measures satisfy two convenient features necessary for aggregation and decomposition. In fact, it is possible to generate the absolute poverty indicators by summing up individual poverty indicators, therefore it is possible to decompose these indicators for various subgroups of population and obtaining the overall indicator by aggregating the poverty indicators of the subgroups under analysis. For instance, it is possible to compute the poverty depth in different areas of the country (North, South and Centre) and the sum of these weighted indicators will be equal to the poverty depth for Moldova.

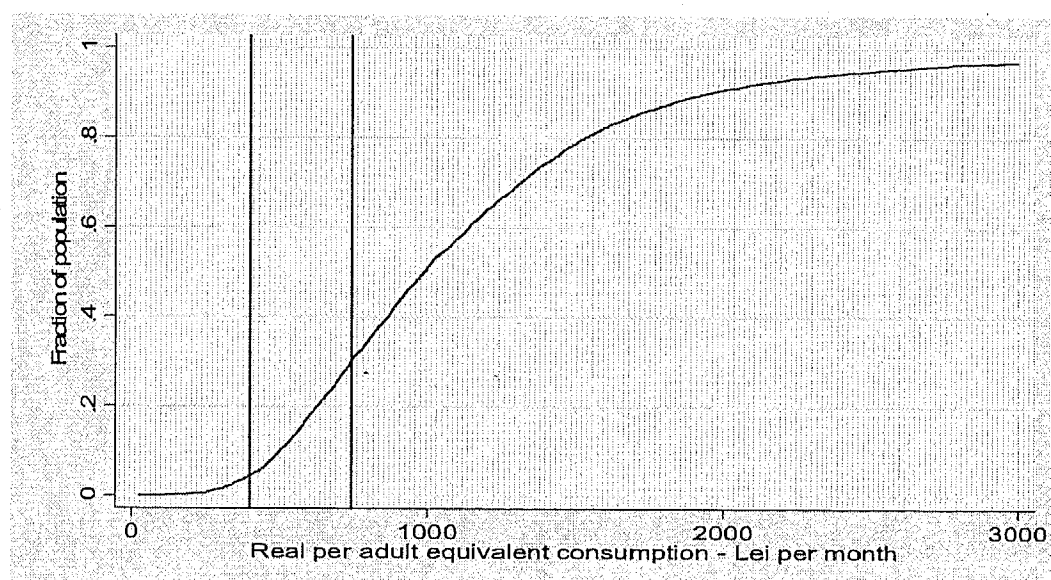
⁶⁷ Foster J, Greer J., and Thorbecke E. (1984): "A class of decomposable poverty measures"; *Econometrica*, Vol. 52, pp. 761-765.

Table 4.3 displays the poverty indicators for 2006, taking into account the extreme and absolute poverty lines. **Poverty indicators, 2006**

| | Absolute poverty | | | Extreme poverty | | |
|----------|-------------------|--------------------|--------------------------|-------------------|--------------------|---------------------|
| | Poverty rate (P0) | Poverty depth (P1) | Severity of poverty (P2) | Poverty rate (P0) | Poverty depth (P1) | Severity of poverty |
| Cities | 20.6 | 5.6 | 2.2 | 3.5 | 0.8 | 0.3 |
| Towns | 30.1 | 7.9 | 3.1 | 5.0 | 1.2 | 0.5 |
| Villages | 34.1 | 8.8 | 3.3 | 4.7 | 1.1 | 0.4 |
| Total | 30.2 | 7.9 | 3.0 | 4.5 | 1.0 | 0.4 |

To determine the extent to which poverty measurements are sensitive to the level of poverty line, we produced the cumulative distribution function of monthly consumption per equivalent adult (see figure). For a given consumption level on the horizontal axis, the curve indicates the percent of the population with an equal or lower level of consumption on the vertical axis. If one thinks of the chosen consumption level as the poverty line, the curve will show the associated poverty rate (headcount), and hence it can be seen as a “poverty incidence curve”. It is then simple to assess how much the poverty rate will change when the poverty line is shifted upwards or downwards. The vertical lines in the figure represent the value of the extreme poverty line and the absolute poverty line. The steeper is the curve where the poverty line intersects the cumulative distribution function the more sensitive are poverty measurements to the level of the poverty line.

Cumulative distribution consumption function and poverty line, 2006



ANNEX 4: Forecast of Macroeconomic Indicators for 2008-2010 (basic scenario)

| Indicators | M.U. | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|-------------|----------|-------|-------|-------|-----------|------------|-------|-------|
| | | De facto | | | | Estimated | Forecasted | | |
| Nominal Gross domestic product | bln. MDL | 27.6 | 32.0 | 37.7 | 44.1 | 50.0 | 56.8 | 62.7 | 68.5 |
| vs. previous year in comparable prices | % | 106.6 | 107.4 | 107.5 | 104.0 | 105 | 106 | 105 | 105 |
| Consumer Price Index | | | | | | | | | |
| annual average | % | 111.6 | 112.4 | 111.9 | 112.7 | 110.6 | 109.3 | 107.5 | 105.5 |
| end of year | % | 115.7 | 112.5 | 110.0 | 114.1 | 110.0 | 108.0 | 107.0 | 105.0 |
| Foreign trade | | | | | | | | | |
| Export | million USD | 790 | 985 | 1091 | 1052 | 1250 | 1440 | 1595 | 1755 |
| vs. previous year | % | 122.7 | 124.7 | 110.8 | 96.4 | 119 | 115 | 111 | 110 |
| Import | million USD | 1402 | 1769 | 2292 | 2693 | 3150 | 3620 | 3990 | 4320 |
| vs. previous year | % | 135.1 | 126.1 | 129.6 | 117.5 | 117 | 115 | 110 | 108 |
| Trade balance | million USD | -612 | -784 | -1201 | -1641 | -1900 | -2180 | -2395 | -2565 |
| Industrial Production in current prices | bln. MDL | 16.0 | 17.6 | 20.8 | 22.2 | 25.3 | 27.6 | 29.5 | 31.6 |
| vs. previous year in comparable prices | % | 115.6 | 108.2 | 107 | 93.1 | 108.5 | 107.5 | 107.5 | 107 |
| Agricultural Production in current prices | bln. MDL | 10.4 | 11.8 | 12.7 | 13.7 | 12.8 | 14.7 | 15.6 | 16.3 |
| vs. previous year in comparable prices | % | 86.4 | 120.8 | 100.8 | 98.9 | 91 | 115 | 104 | 103 |
| Fixed capital investments | bln. MDL | 3.6 | 5.1 | 7.8 | 10.9 | 13.5 | 15.4 | 18.0 | 20.6 |
| vs. previous year in comparable prices | % | 107 | 108 | 121 | 123 | 115 | 112 | 111 | 110 |

ANNEX 5: Trends in the National Public Budget, 2004-2010, % of GDP

| 1 | Executed | | | Approved | Estimated | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| A. Revenues, total | 35.3 | 38.6 | 40.5 | 41.6 | 41.4 | 40.4 | 39.9 |
| <i>Revenues, total, no grants</i> | <i>35.0</i> | <i>37.4</i> | <i>39.8</i> | <i>39.8</i> | <i>39.3</i> | <i>39.8</i> | <i>39.4</i> |
| <i>Revenues, total (no grants, transfers, funds and special proceeds)</i> | <i>31.7</i> | <i>34.1</i> | <i>36.4</i> | <i>37.2</i> | <i>37.0</i> | <i>37.8</i> | <i>37.5</i> |
| <i>except for SSIB and MHIF</i> | <i>22.9</i> | <i>25.0</i> | <i>26.8</i> | <i>26.7</i> | <i>25.7</i> | <i>26.0</i> | <i>25.5</i> |
| <i>I. Current revenues</i> | <i>35.0</i> | <i>37.4</i> | <i>39.8</i> | <i>39.8</i> | <i>39.3</i> | <i>39.8</i> | <i>39.4</i> |
| 1.1 Tax revenues | 29.4 | 31.2 | 33.4 | 34.6 | 34.5 | 35.2 | 35.0 |
| 1.1.1 Direct taxes | 14.3 | 14.0 | 15.0 | 15.5 | 14.9 | 15.2 | 15.2 |
| <i>except for SSIB and MHIF</i> | <i>5.6</i> | <i>5.1</i> | <i>5.5</i> | <i>5.1</i> | <i>3.5</i> | <i>3.4</i> | <i>3.2</i> |
| 1.1.1.1 Income tax for entrepreneur activity | 2.4 | 2.1 | 2.4 | 2.2 | 0.8 | 0.7 | 0.7 |
| 1.1.1.2 Income tax for natural persons | 2.5 | 2.3 | 2.6 | 2.4 | 2.3 | 2.3 | 2.2 |
| 1.1.1.3 Land tax | 0.6 | 0.5 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 |
| 1.1.1.4 Real estate tax | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 1.1.1.5 Insurance premiums MHIF | 1.0 | 1.1 | 1.2 | 1.6 | 2.1 | 2.4 | 2.5 |
| 1.1.1.6 Contributions to SSIB | 7.7 | 7.8 | 8.3 | 8.9 | 9.3 | 9.4 | 9.4 |
| 1.1.2 Indirect taxes | 15.1 | 17.2 | 18.4 | 19.1 | 19.6 | 20.0 | 19.8 |
| 1.1.2.1 VAT | 10.7 | 12.3 | 14.1 | 14.9 | 15.6 | 16.2 | 16.2 |
| 1.1.2.1.1 levied on the territory of the republic | 4.5 | 4.2 | 4.7 | 4.8 | 5.3 | 5.5 | 5.5 |
| 1.1.2.1.2 refunded | -3.1 | -2.7 | -2.5 | -2.4 | -2.6 | -2.3 | -2.3 |
| 1.1.2.1.3 levied by customs | 9.3 | 10.8 | 11.8 | 12.4 | 12.9 | 13.0 | 12.9 |
| 1.1.2.2 Excise tax | 2.8 | 3.1 | 2.4 | 2.6 | 2.4 | 2.4 | 2.3 |
| 1.1.2.2.1 levied | 3.2 | 3.4 | 2.6 | 2.9 | 2.6 | 2.6 | 2.5 |
| 1.1.2.2.2 refunded | -0.3 | -0.3 | -0.2 | -0.3 | -0.2 | -0.2 | -0.2 |
| 1.1.2.3 Taxes on foreign trade | 1.5 | 1.8 | 1.9 | 1.6 | 1.6 | 1.4 | 1.4 |
| 1.2 Non-tax Revenues | 2.3 | 2.8 | 3.0 | 2.6 | 2.6 | 2.6 | 2.5 |
| 1.2.1 Net revenue of the National Bank | 0.0 | 0.5 | 0.4 | 0.3 | 0.0 | 0.3 | 0.3 |
| 1.2.2 Other revenues of the state budget | 1.2 | 1.3 | 1.7 | 1.7 | 1.9 | 1.7 | 1.7 |
| 1.2.3 Other revenues of UAT budgets | 1.0 | 0.9 | 0.9 | 0.6 | 0.6 | 0.5 | 0.5 |
| 1.2.4 Other revenues -SSIB | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2.5 Other revenues - MHIF | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.3 Special funds and proceeds | 3.2 | 3.3 | 3.4 | 2.6 | 2.3 | 2.0 | 1.9 |
| 1.3.1. Special funds | 0.3 | 0.4 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| 1.3.2. Special proceeds | 2.9 | 2.9 | 2.9 | 2.3 | 2.0 | 1.7 | 1.6 |
| 2. Grants | 0.4 | 1.2 | 0.7 | 1.8 | 2.1 | 0.6 | 0.5 |
| 2.1 Budget support grants | 0.1 | 0.8 | 0.1 | 1.1 | 1.3 | 0.2 | 0.2 |
| 2.2 Grants for externally-funded projects | 0.3 | 0.5 | 0.6 | 0.7 | 0.8 | 0.4 | 0.4 |

| | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| B. Expenditures, total | 35.1 | 37.0 | 40.8 | 42.1 | 41.9 | 40.9 | 40.4 |
| <i>Expenditures, except for net lending</i> | <i>35.3</i> | <i>37.2</i> | <i>40.9</i> | <i>42.3</i> | <i>42.0</i> | <i>41.0</i> | <i>40.5</i> |
| <i>Expenditures, except for state debt servicing</i> | <i>32.7</i> | <i>35.8</i> | <i>39.8</i> | <i>40.9</i> | <i>40.7</i> | <i>39.8</i> | <i>39.5</i> |
| 1. General state services | 2.3 | 2.4 | 2.4 | 2.5 | 2.4 | 2.3 | 2.1 |
| <i>of which Customs Service</i> | <i>0.4</i> | <i>0.4</i> | <i>0.3</i> | <i>0.4</i> | <i>0.5</i> | <i>0.4</i> | <i>0.4</i> |
| 2. External activity | 0.5 | 0.7 | 0.5 | 0.6 | 0.5 | 0.4 | 0.4 |
| 3. Justice system and constitutional justice | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.4 | 0.5 |
| 4. Maintaining public order, defence and state security | 2.5 | 2.4 | 2.7 | 2.9 | 2.6 | 2.8 | 2.8 |
| National defence | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Maintaining public order and state security | 2.0 | 2.0 | 2.2 | 2.5 | 2.1 | 2.3 | 2.2 |
| 5. Social expenditures | 22.0 | 23.4 | 25.8 | 27.6 | 28.7 | 28.0 | 28.1 |
| Education | 6.8 | 7.2 | 8.2 | 8.5 | 8.7 | 7.9 | 7.7 |
| Culture, art, sports and youth actions | 0.8 | 0.8 | 1.1 | 0.9 | 0.9 | 0.9 | 0.8 |
| Healthcare | 4.2 | 4.2 | 4.8 | 5.4 | 5.8 | 6.1 | 6.0 |
| Social assistance and insurance | 10.2 | 11.3 | 11.7 | 12.8 | 13.2 | 13.1 | 13.5 |
| 6. Science and innovation * | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.5 | 0.5 |
| 7. Economic expenditures | 4.2 | 5.2 | 6.2 | 5.5 | 4.9 | 4.5 | 4.2 |
| Agriculture, forestry, pisciculture and water management | 0.8 | 1.5 | 1.5 | 1.7 | 1.5 | 1.3 | 1.5 |
| <i>including the Fund for the establishment of wine plantations</i> | <i>0.1</i> | <i>0.2</i> | <i>0.1</i> | <i>0.2</i> | <i>0.2</i> | <i>0.1</i> | <i>0.3</i> |
| Industry and constructions | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Transportation, road management, communications and information technology | 0.6 | 0.6 | 1.2 | 1.0 | 1.3 | 1.4 | 1.2 |
| <i>including Road Fund</i> | <i>0.4</i> | <i>0.4</i> | <i>0.4</i> | <i>0.4</i> | <i>0.4</i> | <i>0.4</i> | <i>0.4</i> |
| Utilities and housing | 1.6 | 1.8 | 2.3 | 1.7 | 1.3 | 1.3 | 1.1 |
| Fuel and energy sector | 0.7 | 0.9 | 0.9 | 0.7 | 0.4 | 0.2 | 0.1 |
| Other economic activity related services | 0.4 | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 | 0.1 |
| 8. Environmental protection and hydro-meteorology | 0.2 | 0.1 | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 |
| 9. Public debt servicing | 2.4 | 1.2 | 1.0 | 1.3 | 1.1 | 1.1 | 0.9 |
| - domestic | 1.2 | 0.5 | 0.4 | 0.7 | 0.8 | 0.6 | 0.5 |
| - foreign | 1.2 | 0.7 | 0.5 | 0.5 | 0.3 | 0.5 | 0.4 |
| 10. Other areas | 0.7 | 0.8 | 1.2 | 0.6 | 0.4 | 0.7 | 0.9 |
| Supplementing state reserves | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Expenditures not distributed to main groups of expenditure | 0.5 | 0.7 | 1.1 | 0.5 | 0.3 | 0.6 | 0.9 |
| 11. Net lending | -0.2 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| | | | | | | | |
| C. General balance (deficit - ; surplus +) | 0.2 | 1.5 | -0.3 | -0.5 | -0.5 | -0.5 | -0.5 |
| | | | | | | | |
| D. Primary (cash) surplus | 2.6 | 2.8 | 0.7 | 0.8 | 0.7 | 0.6 | 0.4 |
| | | | | | | | |
| D. Public sector financing | -0.2 | -1.5 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| | | | | | | | |
| Net internal | 2.6 | 0.4 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| NBM | 1.9 | -0.3 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 |

| | | | | | | | |
|--|-------------|-------------|-------------|------------|-------------|------------|-------------|
| Net commercial banks | 0.8 | 0.7 | 0.4 | 0.4 | 0.3 | 0.2 | 0.1 |
| Direct lending | 0.2 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| State securities | 0.6 | 0.5 | 0.3 | 0.4 | 0.3 | 0.2 | 0.1 |
| Net non-banking | -0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | |
| <i>Net external</i> | -1.9 | -0.1 | -0.5 | 0.7 | 0.6 | 0.6 | 0.0 |
| Disbursements | 0.9 | 0.9 | 0.9 | 1.8 | 1.4 | 1.7 | 0.9 |
| to investment projects | 0.9 | 0.9 | 0.9 | 1.5 | 1.2 | 1.5 | 0.9 |
| budget support | 0.0 | 0.0 | 0.0 | 0.3 | 0.2 | 0.2 | 0.0 |
| Amortization | 2.7 | 1.0 | 1.5 | 1.2 | 0.8 | 1.1 | 0.9 |
| | | | | | | | |
| <i>Funds from selling and privatizing public property</i> | 0.3 | 0.5 | 0.9 | 0.4 | 0.2 | 0.2 | 0.2 |
| Privatization according to individual projects | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenues from privatization and sale | 0.2 | 0.5 | 0.9 | 0.4 | 0.2 | 0.2 | 0.2 |
| | | | | | | | |
| Changes in account balances | 1.2 | 2.3 | 0.2 | 0.7 | -0.4 | 0.2 | -0.4 |

* Expenditures for science and innovation will be updated annually in the State Budget Law to reach the following shares of GDP: 0.7% in 2008, 0.8% in 2009, and 0.9 in 2010.

Source: MTEF (2008-2010), except for 2008, the source of which is the draft state budget for 2008.

ANNEX 6: Participation in the Design of the National Development Strategy

Due to the importance of the National Development Strategy – a medium-term strategic planning document, and to the participation experience of the stakeholders in the development and completion of other documents important for the whole society, the Participation Council developed and approved the Strategy Development Participation Concept.

1. OBJECTIVES AND PRINCIPLES OF THE PARTICIPATION PROCESS

The Government of the Republic of Moldova and the civil society established the following objectives in the process of Strategy development:

- 1) reaching an agreement on the country's development priorities for the immediately following period;
- 2) ownership by the whole society regarding the medium-term objectives and priorities of the country's development through an open and continuous dialogue;
- 3) permanent and timely notification of stakeholders about the document development progress;
- 4) establishment of participatory conditions for all stakeholders during document completion for increased cohesiveness within the society.

While implementing these objectives, the Government of the Republic of Moldova and the civil society were guided by the following principles:

1) **Transparency** of all document development stages – the stakeholders will have the possibility to monitor and/or participate in the paper's development;

3.1.1.1. **Institutional and informational accessibility** – the stakeholders will have access to the institutions, commissions, work groups in charge of document development. The public authorities will provide to stakeholders information of public interest (draft laws, strategies, analysis reports, statistical data, etc.).

3.1.1.2. **Equidistance / Impartiality** – all participants in the process will benefit from equal, non-discriminatory treatment, observing the right to opinion, access to information, etc.

3.1.1.3. **Responsibility**. The Government, together with the civil society, will show maximum responsibility for the decisions taken, actions and recommendations, as well as for the quality of performed work.

3.1.1.4. **Continuity**. The joint actions of the Government and civil society will ensure the continuity of the initial reforms and will contribute to their efficient implementation.

2. INSTITUTIONAL FRAMEWORK

Given the experience acquired in the development and implementation of EGPRSP (Economic Growth and Poverty Reduction Strategy Paper) and MEUAP (Moldova-EU Action Plan), the establishment of the Participation Council was proposed to ensure the continuity and guarantee the observance of principles mentioned above.

Thus, the Government Resolution No. 1495, of 12.28.2006 provides that „the Participation Council shall ensure the involvement of the civil society in the process of development, monitoring and evaluation of the National Development Strategy of the Republic of Moldova for 2008-2011. In order to improve the dialogue with the stakeholders, the central public authorities will strengthen partnership by areas, including by appointing within policy analysis, monitoring and evaluation units a person in charge of participation”. The Council is

composed of representatives of the Government, Presidency, Parliament, civil society, academia, business environment, and development partners.

3. STAGES OF THE PARTICIPATION PROCESS

The participation of stakeholders in the process of NDS development was structured under two distinct stages.

Stage I. Identification and coordination of priorities and overall vision of the Strategy with stakeholders (June 26 - July 30).

The aim of the first stage was to collect the contributions of stakeholders to the draft NDS (strategy document) through:

- 1) Organizing the launching event – NDS National Forum;
- 2) Organizing 15 public discussions at national level in order to identify the stakeholders' understanding of the strategic vision, medium-term development priorities and the primary conditions for the realization of the Strategy;
- 3) Organization of 9 public discussions at regional level, involving the stakeholders, in order to emphasize their understanding of the priorities proposed for the national level and ensure the linkage to the regional problems and priorities.

The 25 public discussions involved the participation of representatives of CPA, LPA, academia, private sector, NGOs, mass media, development partners, embassies, other public institutions, altogether accounting for 1,486 participants. The highest level of activity was manifested by NGOs operating in relevant fields (27%), followed by central public administration authorities – 24.6%, local public administration authorities – 12.4%, development partners – 11.3%, various public institutions – 7.8%, private sector representatives – 6.8%, mass media – 4.6%, academia – 4.5%, and representatives of the legislative authority – 1%.

Of the 25 public discussions organized during June 26 – July 30, 2007, 11 events took place in the country (the towns of Basarabasca, Floresti, Soldanesti, Rezina, Comrat, Ungheni, Cahul, Balti, Causeni, Nisporeni and Criuleni). Approximately 485 persons from 27 districts of the country participated in the regional public discussions.

During the first stage, the NDS strategy document benefited of a significant number of comments and recommendations, altogether 82 contributions⁶⁸, from NGOs, development partners, academia, private sector, and citizens. The degree of particularization and consistency of the recommendations is heterogeneous, some of these having a general character, others referring to particular provisions from the draft document. All the contributions were placed on the official site www.pnd.md, thus each stakeholder can visualize his/her own contribution, as well as the contributions sent by other stakeholders. The Ministry of Economy and Trade, jointly with the relevant central public administration authorities, analyzed the contributions received during the first stage and will submit a detailed report, specifying the accepted proposals and providing arguments for non-acceptance of others.

Communication in the process of NDS development was a key element for ensuring the participation of stakeholders. Therefore, the communication strategy for the NDS

⁶⁸ Contributions – written comments and/or proposals regarding the draft NDS were received by the Ministry of Economy and Trade and to the Secretariat of the Participation Council following the public discussions and dissemination of the draft document.

development was designed and approved by the Inter-ministerial Committee and the Participation Council. The objectives of the strategy are:

- Promotion of the Strategy as the leading medium-term strategic document;
- Increasing the interest towards the Strategy and raising the level of awareness;
- Encouraging the debate process and creating a framework for an efficient dialogue between the stakeholders;
- Ensuring the collection of proposals through communication within the process of NDS development.

The public discussions form the first stage of the NDS were continuously monitored by the mass media through press-releases, publication of articles and interviews with civil servants responsible for document development and independent experts. In the context of the above-mentioned strategy, the identity of the NDS was determined by organizing a qualitative study and developing the website www.pnd.md.

Stage II. Development and consultation of the NDS Action Plan (September – November, 2007)”

The aim of the second stage was to collect the contributions to the draft action plan, the analysis of these, ways of stakeholder participation in the implementation of the Strategy. In this vein, the following actions were proposed:

- 1) Organization of the process of consultation of stakeholders on the draft NDS action plan under *7 Committees for evaluation and selection of proposals*, entitled to provide recommendations on the proposals presented by line ministries. The committees were created in line with the number of priorities and prerequisites.
- 2) Organization and realization of public discussions at both national and regional level for the discussion of the draft action plan in view of implementing the following primary conditions and priorities: i) Macroeconomic stability; ii) Public administration capacity building; iii) Consolidation of a modern democratic state based on the rule of law; iv) Regulation of the Transnistrian conflict and reintegration of the country; v) Increasing the competitiveness of the national economy; vi) Development of human resources, reducing the unemployment rate and promotion of social integration; and vii) Regional development.
- 3) Organization of a public debate on the initiative of adjusting the indicators of the Millennium Development Goals and setting (revising) the intermediate and final targets, involving the active participation of academia, development partners and civil society.
- 4) Organization of the summary event of the process of NDS development and completion at national level, involving the active participation of stakeholders and decision makers.

In order to ensure the participation of the representatives of civil society in the meetings of the Analysis Committees, the Participation Council submitted to the Ministry of Economy and Trade a list of experts from the civil society, relevant for the 2 prerequisites and the 5 priorities.

The communication within the second stage ended with the launching of a set of 5 TV broadcasts according to the number of priorities, on Moldova 1, involving the participation of official decision makers, relevant experts, local public administration representatives, etc.

Another communication tool is the set of radio broadcasts dedicated to the process of NDS development and EGPRSP implementation. The broadcasts take place weekly on 100.5 FM or 873 AM at Radio Moldova. For dissemination at national and regional levels, information is published in the NDS newsletter, which informs the public about the provisions of the strategic document, treats issues of critical importance, and presents opinions of the civil society, private sector, etc.



DECISION
Regarding the State Programme for Supporting
Small and Medium Enterprises Development
during 2009-2011

no. 123 of 10.02.2009

Official Monitor no. 37-40/170 of 20.02.2009

* * *

For the purpose of creating favorable environment for small and medium enterprises' development, increasing this sector's share in the growth of the national economy and recovering the social situation of the country, the Government DECIDES:

1. To approve the State Programme for Supporting Small and Medium Enterprises Development during 2009-2011 (here annexed).
2. The magnitude of the state budget allocations for funding the actions envisaged in the Programme is established when drafting the state budget for the respective years.
3. The ministries, other central administrative authorities and local public administration authorities involved in the implementation of the Programme shall annually (till January 31) submit to the Ministry of Economy and Trade the information regarding the implementation of the State Program for Supporting Small and Medium Enterprises Development during 2009-2011.
4. The Ministry of Economy and Trade shall annually (till March 31) submit to the Government the Report on implementation of the State Programme for Supporting Small and Medium Enterprises Development during 2009-2011.
5. The local public administration bodies shall develop and approve regional programmes for supporting small and medium enterprises development during 2009-2011, taking into account the legislation in force and the development fields of the small and medium enterprises in the region.
6. The monitoring and coordination of the implementation process of the State Programme for Supporting Small and Medium Enterprises Development during 2009-2011 is to be performed by the Ministry of Economy and Trade.

Prim-Minister

ZINAIDA GRECEANU