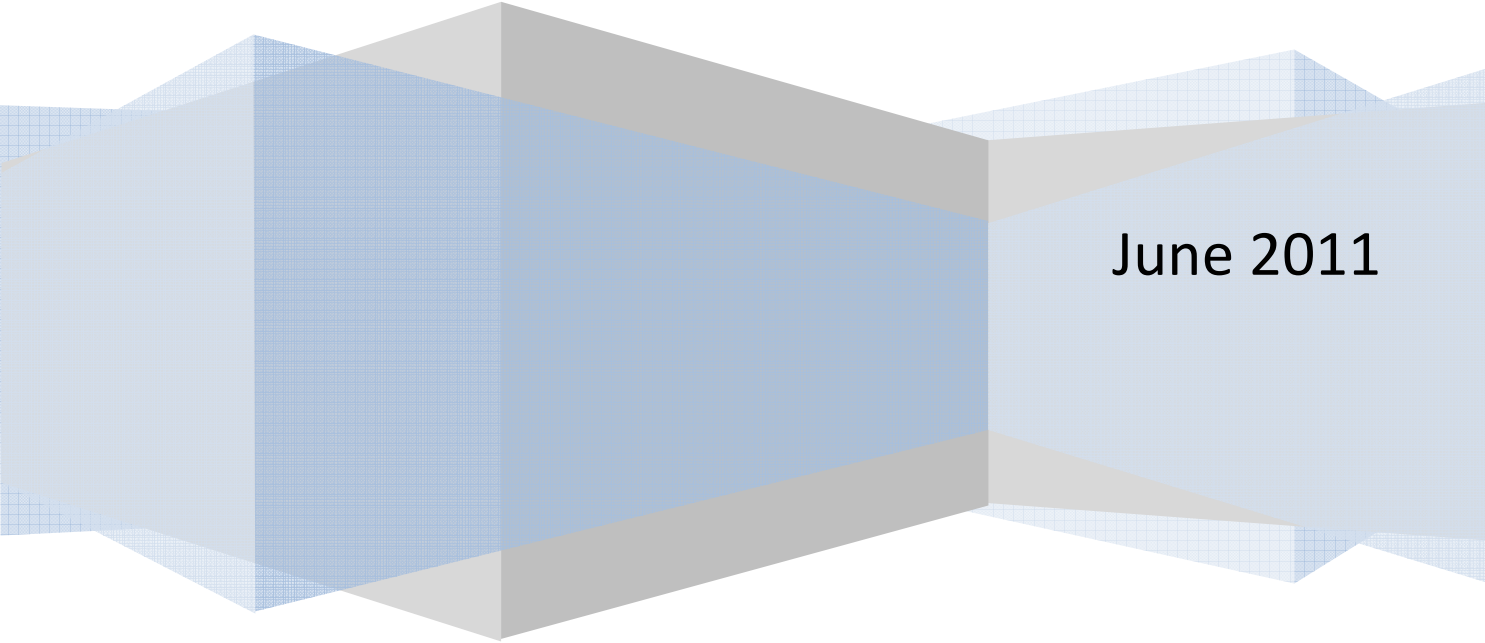


Country Analysis

United Nations - Moldova



June 2011

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INTRODUCTION

Extensive analytical work has been led by the Government within the past year, including the 2010 Millennium Development Goal (MDG) Report and two National Human Development Reports. In addition, UN has jointly conducted several analyses such as the UN submission to the Universal Periodic Review and the joint UN inputs to the European Neighbourhood Policy Reporting. A UN Joint Programme on Strengthening the Statistical System (ILO, UN Women, UNDP, UNFPA and UNICEF) supports the National Bureau of Statistics in improving availability, quality, and usage of disaggregated statistical data.

The UN Country Team therefore opted for conducting a light Country Analysis, which focuses on key development issues in a concise manner. The objective of the Country Analysis is to inform the UN's Strategic Planning and Prioritization process by identifying current priority problems related to development and human rights processes in Moldova. Its findings should further contribute to mapping the UN Country Team's work in the country and determining the UN's comparative advantages.

The country analysis builds on existing analytic works and inputs provided by 16 UN Agencies. The work was consolidated with the support of a consultant and reviewed by the UN Country Team and the Regional Peer Support Group.

1. NATIONAL DEVELOPMENT CONTEXT

Since its declaration of independence in 1991, the Republic of Moldova has gone through a series of difficult transitions at enormous social cost. The first decades of independence were also marked by political instability and a deep economic recession. In 2011, Moldova is a country still in transition and in the midst of numerous reforms of its public institutions,

Table 1: Development of economic and demographic indicators in Moldova and Transnistria 2001-2009

Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population, thousands (end of year)										
Moldova	3627.8	3618.3	3607.4	3600.4	3589.9	3581.1	3572.7	3567.5	3563.7	3560.4
Transnistria (estimates)	633.6	630.1	621.8	616.5	600	585	570	550	n.a.	n.a.
Nominal Gross Domestic Product (GDP), US\$ million										
Moldova	1481	1662	1981	2598	2988	3408	4402	6056	5438	5810 ¹
Transnistria	199	250	309	405	486	586	650	770	955	n.a.
GDP in real terms compared to the previous year, %										
Moldova	106.1	107.8	106.6	107.4	107.5	104.8	103	107.8	94.0	106.9
Transnistria	110.0	97.3	118.1	116.2	111.8	107.7	110.0	112.0	108.3	n.a.
Investments in fixed capital, compared to the previous year (%) in current prices										
Moldova	110.5	111.4	107.1	107.6	121.4	124	121.9	102.3	65.0	n.a.
Transnistria	115.6	90.8	85.3	122.2	97.5	104.3	93.6	98	67.7	n.a.

Source: National Bureau of Statistics, IDIS Viitorul, Expert-Grup

¹ IMF World Economic Outlook Database, April 2011

legislations, and policy agenda. Renewed economic growth in 2010 and potential opportunities related to European Union integration have created an environment conducive to modernization and positive change in Moldova.

1.1 POLITICS

The complexities of the continued democratic political transition are evident from the fact that Moldova had at least one electoral exercise every year from 2007 to 2011. At the same time the parliamentary elections since 2009 have failed to secure the nation's president, creating significant political uncertainty. Additionally, power rests on the shoulders of a multi-party coalition, which in its initial stage in office has shown still weak abilities to lead complex and difficult reforms. An element of stability comes to the political context throughout recent improvements in the management of electoral processes. Since 2009, Moldovan electoral processes have managed to maintain credibility despite frequent elections. This has helped reaffirm the democratic process and strengthen national stability at a time of frequent political transition.

1.2 ECONOMY

The country achieved relatively high economic growth rates between 2000 and 2005 but showed changing trends in recent years, mainly due to external factors. After the international crisis of 2008 and 2009 the Moldovan economy returned to growth in 2010. Throughout the last decade economic growth was mainly driven by remittances, which stimulate domestic consumption, and export. Both economic motors make the growth process vulnerable to external shocks, for example through the costs of energy, demand in export markets or the inflow of remittances. This vulnerability is reinforced by extreme weather events and natural disasters, which in recent years frequently hit the country. Apart from the need of adequate preventive mechanisms, efficiently counteracting the frequent unforeseeable external shocks requires financial resources, which have not been available lately. In 2011, sustained efforts are being made in agreement with the International Monetary Fund (IMF), and with external budgetary support, to reduce budget deficits and stabilize the economy. Due to these initiatives, economic growth resumed faster than expected in response to replenishment of business inventories, private consumption and net exports, while inflation has remained low. The IMF expects the growth momentum currently achieved to continue in 2011 and beyond in the range of 4 to 5 percent over the next few years, driven by (i) private domestic demand spurred by remittances and capital inflows, and (ii) strengthening exports supported by recovering trading partners' demand and a reform-generated supply response. However, the country has still not fully recovered from the negative impact of the 2008-2009 global financial and economic crisis, with severe budget constraints at the national and local levels. While the expected increases in global food and energy prices will provide an opportunity for agricultural exports, food and energy price inflation will continue to be a source of vulnerability.

Agriculture is traditionally the main branch of national economy of the Republic of Moldova. Its contribution to GDP was about 12 percent in 2010, and 17 percent together with the food processing industry. Half of the production is being exported. Agriculture production has a high growth potential (8 percent in 2010), but is vulnerable to climatic risks. The sector

provides roughly one third of existing jobs in the country. Agriculture still remains the basic source of livelihoods in rural area; the average of monthly salary of employees in the sector reaches only half of the mean wage of the economy. Frequent extreme weather conditions in recent years forced the sector to be re-oriented to a new level of production in agriculture, bearing in mind adaptation and mitigation measures.

Table 2: Main Macro Economic Indicators, Republic of Moldova 2000-2009

Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP growth rate, %	6.10	7.80	6.60	7.40	7.50	4.80	3.00	7.80	-6,0	6,9
Household consumption, % GDP	86.00	82.00	89.50	87.80	92.20	92.40	92.10	91.90	88,3	91,4
GDP, mil USD	1,481	1,662	1,981	2,598	2,988	3,408	4,402	6,056	5,438	5,810
Exports of goods and services, mil. USD	566	644	790	985	1091	1052	1342	1591	1288	1541
Imports of goods and services, mil. USD	892	1038	1402	1769	2292	2693	3690	4899	3278	3855
Balance of trade with goods (FOB prices) and services as a share of GDP, %	-22.07	-23.72	-30.92	-30.15	-40.19	-48.17	-53.33	-54.62	-36.61	-39.82
Total external debt as share of GDP	113.30	109.43	97.45	72.48	69.52	74.18	75.55	68.21	80.25	82.25
Remittances, mil. USD	242	323	484	701	915	1176	1437	1244	1182	n.a.
Share of transfers of Moldovan citizens from abroad in GDP, %	16.40	19.40	24.40	27.00	30.60	35.00	32.70	27.00	21.74	21.41
FDI, mil. USD	103	84	74	149	199	222	448	816	2604	2837
FDI as a share of GDP, %	7.0	5.1	3.7	5.7	6.6	6.5	10.2	13.5	47.8	48.8
Inflation rate (CPI, end of year), %	6.30	4.40	15.70	12.50	10.00	14.10	13.10	7.3	0.4	8,1

Sources: National Bureau of Statistics, National Bank of Moldova

1.3 MILLENNIUM DEVELOPMENT GOALS AND HUMAN DEVELOPMENT

Moldova has adopted the Millennium Development Goals (MDGs) at the country level and has remained committed to achieving these goals through various means, including an increased level of prioritization and an intensification of collaboration with all relevant partners, including civil society. Moldova progressed on MDGs, with 21 out of 27 targets on track to be met. However, progress was not uniform during the last decade. MDGs on education, HIV/AIDS and TB, and environment, including water and sanitation, most likely will not be reached. Other MDGs are likely to be reached but with worsening inequality

indicators that will affect the rights of very poor and excluded children and women, including in particular Roma. Inequality in access to social benefits, health and other public services is expected to deepen. Although good progress has been made in the health sector regarding child and maternal mortality, more efforts are still needed for HIV/AIDS and contagious diseases as well as regarding access to safe water. In education, important improvements have been achieved in early childhood development and pre-school enrolment, but more efforts are required, especially in other levels of pre-university education.

In spite of the steps towards MDG achievement Moldova remains one of the least developed countries in the European and Commonwealth of Independent States region. The Republic of Moldova's 2010 Human Development Index (HDI) stood at 0.623, below achieved levels of the neighbouring countries Ukraine and Romania. Differences in human development achievements between these countries are mainly driven by lower production levels in Moldova (GDP per capita) but also by lower achievements in education and to a lesser degree regarding life expectancy. Throughout the last two decades, the Moldovan HDI dropped from 0.616 in 1990 to 0.552 in 2000 and recovered to 0.623 in 2010. This trend is symptomatic for many development processes in the country regarding a generally worsening situation in the first decade of independence and a recovery in the second decade. However, achieved improvements have still not lifted the welfare levels beyond initial levels in 1990. 2010 MDG reporting revealed serious gaps in data needed to track inequalities within each individual MDG.

Table 3a: Human Development Index (HDI) components – Republic of Moldova 1993-2008

	1994	2000	2001	2002	2003	2004	2005	2006	2007 ²	2008	2009	2010
GDP per capita: Moldovan lei, current prices	1313	4402	5247	6227	7646	8890	10475	12483	14937	17625	16949	20171
US dollars at Purchasing Power Parity *	2975	2112	2300	2533	2765	2028	2362	2561	2723	3004	2861	3088
Adult literacy rate (%)	97,2	98,2	98,3	98,5	98,7	98,9	99,0	99,0	99,1	99,1	99,1	n.a.
Gross global enrolment ratio (%)	70.2	70.3	70.4	70.7	71.0	70.9	71.7	71.2	69.9	69.2	68,9	n.a.
Life expectancy at birth (years)	66.1	67.6	68.2	68.1	68.1	68.4	67.8	68.4	68.8	69.4	69,3	69,11

Table 3b: HDI Trends (according to new international methodology)³

1990	1995	2000	2005	2010
0.616	0.547	0.552	0.606	0.623

1.4 POVERTY, INCOME, INEQUALITY

Since 2000, the poverty rate has more than halved, after a previous period of poverty increase. Throughout the decade, the country's strong growth performance and the inflow of remittances helped to quickly reduce monetary poverty. However, these important

² 2007 HDI value in the Global HDR is 0.720 compared to 0.725 in the Moldovan NHDR 2009/2010, as calculations in the NHDR are based on updated statistical data.

³ See 2010 Global Human Development Report

achievements have not been accompanied by improvements with the same speed in other social indicators as seen above. Additionally, it is still not clear if the achieved poverty results will be sustainable, since at the moment they still depend heavily on the vulnerable rates of growth and inflow of remittances and on the limited financial capacities of the government to counteract critical income situations at household level with social protection. An additional concern regarding the distribution of the welfare outcomes of growth and remittances is the inequality of household incomes, which remained unchanged in recent years, roughly at a Gini coefficient of 0.3. The global Human Development Report 2010 argues that inequality level of income distribution reduces the potential positive impact income has on Moldova's HDI by 19.4 percent.

Table 4: Poverty rates among the most vulnerable categories based on the gender of household heads, 2009

Indicators	Absolute Poverty Rate		Extreme Poverty Rate		Absolute Poverty Rate (total)	Extreme Poverty Rate (total)
	men	women	men	women		
Poverty rate (total), %	26.6	26.0	2.0	2.2	26.3	2.1
Poverty rate among the elderly, total, %	32.8	34.1	2.1	2.3	33.6	2.2
Including by age group:						
60 – 69	27.3	26.9	1.8	1.3	27.1	1.5
70 – 75	38.4	37.1	2.0	2.3	37.6	2.2
more than 75	40.2	44.5	2.6	4.2	42.9	3.6
Poverty rate among children, total, %	27.3	29.0	2.3	3.6	28.1	2.9
Including by age group:						
Under 5	26.6	26.7	2.6	3.8	26.6	3.2
5 – 9	25.8	30.6	2.6	3.5	28.1	3.0
10 – 14	27.8	29.5	2.1	2.6	28.6	2.4
15 – 18	28.6	29.0	2.0	4.3	28.8	3.2
Farmers	46.8	47.3	4.3	4.5	47.0	4.4
Employed in agriculture	48.5	47.7	5.5	7.0	48.1	6.3
Pensioners	36.4	35.0	2.7	2.8	35.6	2.8
Households with 3 and more children under 18	45.5	49.3	5.6	6.9	47.5	6.3
Households with 3 and more children under 16	48.9	52.5	7.0	8.1	50.8	7.5
Households headed by persons with basic/primary education	47.9	45.8	4.5	4.1	46.7	4.3
Households headed by persons without primary education and illiterate	52.9	59.2	7.4	8.7	57.0	8.3
One-person households	29.3	29.8	3.0	2.3	29.7	2.5
Households living on unemployment benefits	17.5	35.8	10.4	0.0	28.6	4.1

Source: National Bureau of Statistics

In the last two years, the Republic of Moldova has undergone a period of economic recession that has led to the stagnation of poverty reduction and for the second consecutive year poverty is increasing in rural areas, where 80 percent of the country's poor persons live. The rural population is, therefore, the most vulnerable segment of the society in terms

of welfare and security. Another vulnerable category of population is children. Some 38 percent of children in rural areas are below poverty line compared to 13 percent of children in urban areas. These disparities are increasing. Over half of households with three or more children fall under poverty incidence. Children from families with three children or more, from very poor families of the bottom quintile, from Roma families, from families affected by HIV/AIDS, from rural families, and children with disabilities have lower health, education and social protection indicators, and have a lower access to services in these areas.

1.5 EUROPEAN INTEGRATION

Negotiations of a new agreement with the EU are underway and an Association Agreement is expected to be signed soon. Moldova commits through this agreement to implement a series of actions in key areas of justice and human rights, freedom of media, and liberalization of the economy. The Association Agreement is complemented by other commitments such as the action plan on visa liberalization that was launched recently. In parallel Moldova and the EU will start negotiations for a Deep and Comprehensive Free Trade Agreement.

The Government of Moldova considers European integration as the most fundamental priority of domestic and foreign policy. The assumption behind this policy objective is that the responsible implementation of commitments, deriving from the European course, is the most efficient way to achieve political, economic and social modernization. European integration provides a strong context for reforms in a number of areas, but may erode rights or hinder the development of strong cultures of rights protection in certain areas, particularly as concerns the rights of migrants, unless UN engagement is strong in this area.

1.6 GOVERNANCE AND PUBLIC ADMINISTRATION REFORM

The National Development Strategy (2008-2011) acknowledged the weakness of the existing capacity of the public administration and its ability to render good public service. As recently as 2007, the situation in the central public administration could be characterized by non-compliance with the current legal framework provisions with European Union standards and inefficient law enforcement mechanisms; significant staff turnover caused by insufficient civil service salaries; a lack of a central body to develop and promote staffing policy and procedures in civil service; a fragmented approach to continuous training for civil servants; a low quality and efficiency of public services; and an insufficient dialogue with the civil society. The on-going reform process of the central public administration targets improvements in five sectors: i) organization, ii) legal frameworks, iii) decision making processes, iv) human resource management, and v) public finance management, with particular emphasis on improving the efficiency of public spending. In 2011, despite some progress, the implementation of public administration reforms has been slow due to multiple factors, including frequent elections, insufficient budgets, and significant brain drain. Additionally, the reform process has formulated many legislative and policy steps, but key elements of implementation are lagging behind legislative and policy pronouncements.

1.7 DECENTRALIZATION AND LOCAL DEVELOPMENT

The second pillar of public administration reform is the decentralization process in Moldova, which has gone through several stages and was affected by changes in the political power systems in charge of state administration and produced improvements and lost grounds. Local governments have to play a significant role in the provision of basic public services, including social services, and bear primary responsibility for water supply and sanitation, road construction, maintenance and heating. Currently, with 32 rayons, the local governments are left fragmented and underfinanced, providing services that are still largely inadequate and of poor quality or not providing them at all. Local authorities have limited fiscal autonomy and limited fiscal potential and their budgets depend on higher levels of government. The transfer system is inefficient, unpredictable, opaque, and provides little incentive for fiscal responsibility.

Since 2009, the government explicitly acknowledged that decentralization represents an essential item on the country's reform agenda, especially important given the European Union integration aspirations of the country. The goal is to improve resources management and bring quality services closer to citizens; to strengthen the system of local fiscal autonomy (in line with European Union standards); to give more decision-making powers to the local governments following the principles of transparency, legality, efficiency, responsibility and administrative solidarity; and to create a more stable, clear, and enforceable legal framework on local public finance. With this overarching goal in mind, a draft Decentralization Strategy is undergoing various mandatory consultations before it is submitted to the Parliament for consideration and approval. This process will be continued with the development of sector decentralization strategies.

The nature of the land reform process carried out during the nineties has contributed to the chronic structural nature of rural poverty. It provided for most small and fragmented areas making anything other than subsistence agriculture impractical. Rural infrastructure remains in poor condition: While the main roads and facilities are in fair condition, it is the condition of rural roads, energy supplies and water supplies for both domestic and irrigation needs which have the greatest negative impact on agricultural-based income. The relative lack of provision of appropriate financial products and tools for agricultural-based rural enterprises remains a further serious constraint on the growth of incomes from these sources.

1.8 TRANSNISTRIA FROZEN CONFLICT

The breakaway region of Transnistria continues to pose a silent threat to the stability of Moldova. European Union engagement with Moldova and the Transnistria conflict has increased over the past years, particularly with the 2004 negotiation of the European Union-Moldova Emerging Neighbourhood Policy Action Plan, which calls for "shared responsibility in conflict prevention and conflict resolution"; the establishment of the European Union Border Assistance Mission to Moldova and Ukraine in 2005; and the appointment of a European Union Special Representative to Moldova in 2005.

1.9 ENVIRONMENT

Weather and climate-related natural hazards like drought, floods, hail, the deterioration of ecosystems and their services, soil erosion, and landslides are negatively affecting the

country's development outcomes. Progress has been made in recent years on policy development at the sectoral level and a new National Environmental Strategy is currently under elaboration, paving the way to a more systemic and coherent approach to policy making. Climate change is now recognized in Moldova as a key challenge given the increasing frequency and intensity of natural hazards and the high vulnerability of Moldova's population, economy and environment. Improved environmental management and halting of environmental degradation are an emerging priority for the country. However, capacities and resources for taking action on these concerns are still low. The environment sector is still not perceived as a driver of growth, and the links between socio-economic development and environmental management, and the benefits arising from an improved status of the environment are not sufficiently acknowledged.

In view of achieving MDG 7 targets, water, sanitation, and waste management are sectors of great concern. While these sectors receive significant attention from the donor community and progress has been made during recent years, still only half of the population has access to safe water sources, sewerage, and sanitation systems, and lack of access is particularly pronounced in rural areas; excluded groups such as Roma living in marginalized settlements are particularly affected.

1.10 HUMAN RIGHTS

In September 2009, the government made human rights part of its new agenda and has initiated a number of reform processes aiming at substantive change. In May 2010, Moldova was elected for the first time to the United Nations Human Rights Council. During the second half of the year, the government ratified two major international treaties: the Rome Statute of the International Criminal Court and the International Convention on the Rights of Persons with Disabilities. New policies, strategies, and plans were developed to address gender equality, child labour, torture and ill treatment in detention, and social inclusion of persons with disabilities. A new National Human Rights Action Plan 2011-2014 and a draft law on anti-discrimination await adoption as part of priorities related to EU visa liberalization. In the past five years, the legal framework has been improved in the areas of domestic violence, workers' rights, public assembly, sexual and reproductive health, prevention and combating human trafficking, protection of migrants' rights, protection of refugees and asylum seekers, and the judiciary. Also positive is the government's stated effort to accede to the 1954 Convention Relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness during the course of 2011.

However, very limited progress was made in a number of other areas, such as impunity for torture and ill treatment by the police. No one has been brought to justice in connection with human rights abuses taking place during the April 2009 unrest. According to a recent study, two thirds of people who have been detained or investigated by the police complained of ill treatment. Notwithstanding certain achievements in preventing human trafficking, providing assistance services, and preventing corruption and impunity, the phenomenon remains a serious issue. Moldova has yet to decriminalize irregular migration. As an important component of human rights, child rights occupy a significant place in the Government and UN agenda. In spite of the progress achieved, issues such as violence, exploitation, abuse and neglect remain serious problems for Moldova. Additionally, discrimination and pariah treatment of a number of groups, including Roma, persons with

disabilities and persons with HIV/AIDS remains very high. Particularly serious concern surrounds the treatment of lesbian, gay, bisexual and transgender persons and communities, intensified by a current mobilization of conservative forces against them. Inter-ministerial support mechanisms need to be established so as to promote the integration of refugees and beneficiaries of humanitarian protection and facilitate their full participation in society. In a number of areas, improved laws and policies are not yet applied or implemented effectively.

A detailed assessment of the human rights situation as of February 2011 is included as Annex.

1.11 GENDER

Moldova's gender sensitive Human Development Index (HDI) achieves 0.429 against 0.623 for the whole population. The difference reflects the loss in human development for women due to their disadvantages in reproductive health, empowerment, and economic activity. The persistence of inequalities in Moldova hinders the development of the country and restricts the ability of disadvantaged sectors to fully realize their human capabilities. Women remain dramatically underrepresented in public office; there is extensive horizontal and vertical gender segregation in work; certain health processes display intensely gendered outcomes to the detriment of women.

Laws and policies in the area of gender equality exist in Moldova. Gender equality is included in the constitution and elaborated in the 2006 Law on Equal Opportunities for Women and Men. The National Strategy on Gender Equality 2008-2015 establishes policy objectives on gender equality and priority actions. Moreover, Moldova has signed on to a broad range of international conventions that mandate gender equality, including the Millennium Development Goals and the International Convention on the Elimination of All Forms of Discrimination against Women. While the policy foundation for gender equality laid out by the Government of Moldova is laudable, patriarchal norms have proven resistant to change, and policies and laws aimed at enabling gender equality have not been sufficiently backed by resources required for full realization. In addition, public authorities such as courts have been unwilling or unable to apply gender equality laws.

1.12 EXTERNAL AID

The Consultative Group Meeting: Moldova Partnership Forum was convened in Brussels on 24 March 2010 to support government actions. 52 percent of the USD 2.6 billion (EUR 1.9 billion) pledged by bilateral and multi-lateral development partners represents grants, and about 48 percent loans, which Moldova will access in concession instalments, with a five to ten-year grace period and a 0 to 1.2 percent interest rate. In the context of increasing aid flowing into the country, significant strides have been made over the recent past to enhance aid coordination and aid effectiveness, from government and donor side, but in a context of smaller donors pulling out.

Sector coordination councils in certain sectors, such as health, social protection, gender, environment and energy are increasingly stronger and clearly led by their respective ministries, while in other sectors they remain weak or inexistent.

2. DEVELOPMENT CHALLENGES AND POSSIBLE POLICY RESPONSES

2.1 EUROPEAN INTEGRATION AND DONOR COORDINATION

Regarding EU integration, negotiations of the Government of the Republic of Moldova with European Union are underway for an Association Agreement. Negotiators from both sides have noted rapid progress in these negotiations, with a sixth round held in April 2011. However, this progress stands in contrast with the increasingly apparent delays in implementing the pro-European reforms announced by the current government. A provisional conclusion of negotiations was announced for selected sections, such as administration of justice, civil liberties and internal security. Negotiations of economic chapters are advanced, with exception of transport, environment and taxes. Meanwhile, the lack of progress in implementing the promised pro-European reforms is increasingly apparent. The pro-European coalition government in Moldova, which has already been in power for approximately two years, has not yet been able to carry out major reforms to a number of systems. Successful progress toward EU integration implemented on the ground and not only on paper will require donor support complementing and going beyond what Brussels itself can provide. UN agencies are well positioned to support this process, due to their broad knowledge and expertise in capacity development, and their ability to act quickly and flexibly.

In the medium-term, European integration should be a driver of change, not an end in itself. The country needs to bring European Union standards to Moldova, pursue reforms, including ensuring rule of law and fundamental freedoms, developing a vibrant market economy, reducing poverty and attaining MDGs. Doing this by learning from EU member states and acceding countries experience, with important EU political and financial support, is a strong prerequisite for sustained development. The Association Agreement will be calling the authorities for concrete actions in several priority areas. The Government institutional framework for coordination of Association Agreement implementation will have to be adjusted and strengthened.

Progress towards European integration is expected to have a positive impact on health, justice and human rights, but if not prioritised by the Government, access of vulnerable population groups to social services and social protection could be missed. In addition, EU integration might negatively influence the rights of migrants. Efforts will be needed to ensure that Moldova takes full advantage of this integration process and at the same time to reduce possible disadvantages in consequence of the process. The number of donors in health, education, social protection and justice will continue to be low in upcoming years. New donors will support Moldova, but not at the same level as “traditional” donors. Leveraging resources of other donors and development partners, especially for vulnerable population and children, will be an important UN task, as will ensuring that reforms undertaken in an EU integration context are best practice and aim at the highest possible standards of human rights protection for all persons and groups in Moldova.

2.2 GOVERNANCE AND PUBLIC ADMINISTRATION REFORM

Moldova relies on a public administration that lacks the people and structures needed to design and implement policies to further the national priorities. Many key positions are

vacant or understaffed. The reform was undertaken in two steps, the initial focus being on central public administration reform. The central reform process was limited to strategic visioning, functional analysis of sectors and institutions, and some actions on adjusting legal frameworks. However several of the recommendations were not implemented and key elements of implementation were missing, such as reform of the civil service pay and grade system, and optimization of structures for more effective decision making. Improvement of public service delivery was slow and efforts to curb corruption were not sustained. The civil service can neither attract, nor retain skilled individuals for long-term work. Moldovan civil service needs to become attractive to be of optimal size, dynamic, highly qualified and well-paid. It is understood that change management processes in the Government take time and are difficult in nature, requiring strong political will, significant resources, effective systems, transparency and accountability.

An important challenge of the current Government is its functioning in a coalition of three political parties. This aspect reveals other important issues of a functioning democratic state: civil society participation, public trust in political parties, a well-functioning legislature, inclusive, non-interpretable and balanced supreme law, independent media, respect for human rights and equal participation in the state functioning by both men and women. It is essential that improvements of legislative functions accompany the enhancement of electoral processes. Free and fair elections are the basis for legitimacy of the power and Moldovan electoral processes, although registering positive results, need further improvements as concerns issues such as voters registration, fair coverage by media and out-of-country voting.

A comprehensive constitutional review is expected in order to strengthen democratic governance. This will have to be complemented with building a representative, effective and open Parliament. Electoral reform will be part of this democracy strengthening package to ensure that a credible system is run based on principles of transparency, freedom and equality.

The Government will lead reforms in priority sectors: policy and reform coordination, education, health, social protection, interior affairs, agriculture, and foreign affairs. For this purpose, institutional capacity development of the leading institutions in this field will have to be supported. Anti-corruption will have to be a red line throughout the change management process, by building the capacity of anti-corruption bodies and promoting the zero-tolerance principle. Information and communication technologies benefits will be explored as an important tool for accelerating reforms.

2.3 HEALTH

The country has not managed to stop the spread of epidemics such as HIV/AIDS and TB, including multi-drug resistant TB, and tackling the underlying determinants of communicable diseases. Most probably the incidence of these infections will continue to increase in the coming years or, in a best-case scenario, stabilize. It will be challenging to sustain this stabilization, especially under the envisaged decrease in external support through the Global Fund (GFATM) and limited availability of public resources for public health activities. Furthermore the burden from non-communicable diseases is increasing, including the spread of risk factors such as tobacco and alcohol consumption. At the same time the country faces additional health threats from climate change, for example through

the expected increase in frequency of heat waves and floods leading to increases in cardiovascular and water-borne diseases, respectively. Complex health system reforms need to progress to finalize health care delivery reform in order to strengthen primary care, rationalize the hospital network, develop appropriate out-patient care settings and increase attention to long term care. This will require investments and a stable financial basis over the years. There is a particularly serious problem with regard to human resources for health and additional need for legal and structural adjustments for EU integration.

Health accounts are expected to become operational, allowing for better monitoring of health expenditures, including in the area of HIV/AIDS. Extensive support and capacity building will be necessary to ensure proper use of coding and reporting. Extensive organizational development will be necessary to address fragmentation of responsibilities and shortcomings in coordination of the implementation of the National HIV/AIDS Programme. The Secretariat of the National Coordination Council needs to be properly institutionalized and achieve independence from GFATM funding. The national M&E system for health programmes needs to be further strengthened to ensure evidence-informed strategic planning for better coverage and quality service delivery.

Table 5: HIV Transmission Routes in Moldova 2001-2009

	2001		2003		2005		2007		2008		2009	
	Abs.	% of total	Abs.	% of total	Abs.	% of total	Abs.	% of total	Abs.	% of total	Abs.	% of total
I.v. drug use	178	76.72	138	54.54	228	42.77	222	30.37	135	17.85	86	12.2
Heterosexual sex	47	20.26	110	43.48	290	54.40	502	68.67	597	75.56	572	81
Homosexual sex	0	0	1	0.39	5	0.93	0	0	2	0.25	3	0.4
Perinatal trans.	0	0	4	1.58	10	1.88	7	0.95	18	2.	27	3.8
Undetermined	7	3.01	0	0	0	0	0	0	38	4.68	35	5.0
TOTAL	232	100	253	100	533	100	731	100	790	100	704	100

Source: Ministry of Health, 2009 UNGASS Report, 2010 MDG Report

Moldova has made significant progress in reducing child mortality and the infant mortality rate has been steadily declining. Despite improvement, inequities occur in health outcomes. Thus, children from rural areas and poor families have a greater chance of dying before they reach the age of five. Maternal mortality has been fluctuating in recent years and is mostly due to social factors. Universal health insurance coverage for children and pregnant women is a positive step and can be further improved to ensure access to all needed services and medications.

In order to address the principal sector challenges, the following policy activities have been considered as priority by UN agencies active in Moldova: the expansion of already existing special youth and children's health services to a healthy life cycle approach from young to old; an integrated approach to child and maternal health in order to address the progress towards MDGs; steps towards universal health insurance coverage and its stable and sustainable financing; a joint UN effort to assist the Government in maintaining the same level of response to the HIV epidemic and to accelerate response to TB with attention to multi-drug resistant TB; reform of the public health services; development of capacity to respond to the increasing burden from non-communicable diseases; monitoring of access, quality and prices of pharmaceuticals to ensure access; increasing capacities of national

health authorities to respond to public health emergencies; addressing the urgent need to restructure human resources and issues related to the mobility of health personnel; strengthening primary health care and ensure equitable access; optimizing the hospital sector to be effective and deliver quality services; promotion of investments in the health care infrastructure to have appropriate ICT and e-health services in place while ensuring confidentiality and personal data protection; supporting the improvement of health system governance for implementation of national health policy and health system strategy, and measurement of the sector's performance.

2.4 EDUCATION

The situation in the education sector has become critical in Moldova. Primary school enrolment decreased from 93 in 2000 to 87 percent in 2009. In the same period, enrolment of children in pre-school education showed a positive trend, increasing from 44 percent in 2000 to 75 percent in 2009. Though there are no disaggregated data, it is believed that the access to education of vulnerable children, especially Roma and children with disabilities, is considerable lower. Similarly, access of vulnerable groups to kindergartens remains a challenge.

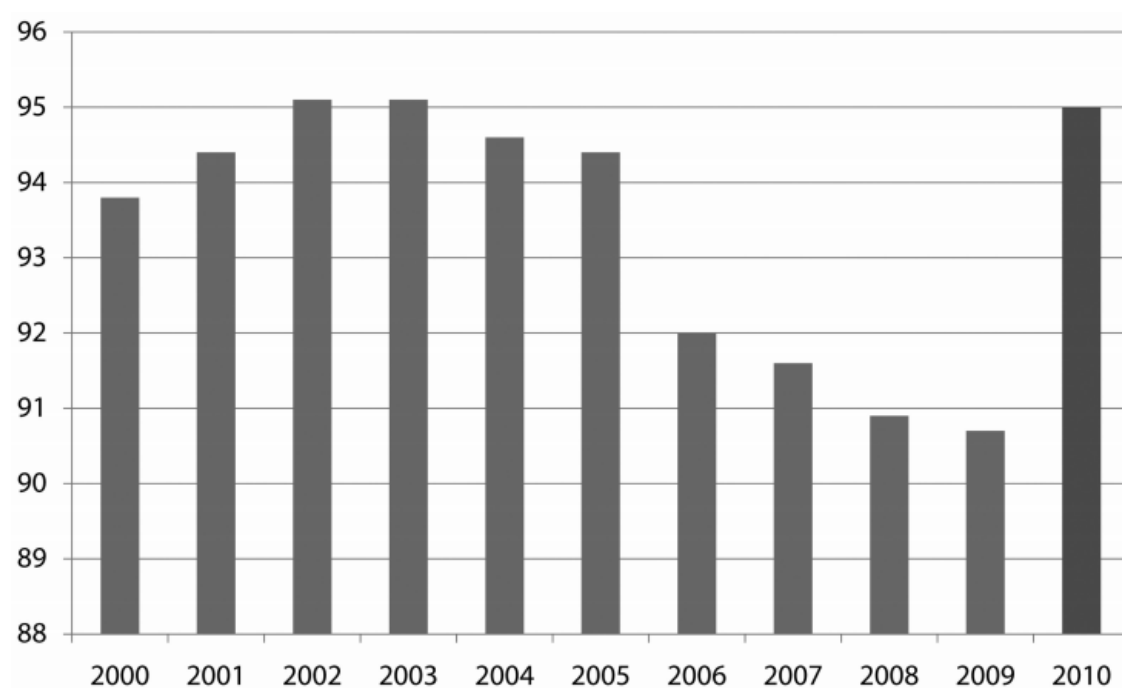
The reduced number of school-age children and spare capacity of some schools are conducive to unjustified costs. While Moldova spends the equivalent of over 9 percent of its GDP in education, the quality does not improve. The quality, composition, status and working conditions of teaching staff affect the quality of education, especially in the rural area. Quality of education is further negatively affected by the method of funding in the education system, which lacks incentives required for an efficient use of resources.

The monitoring and evaluation system needs to be more integrated, systematic and aligned with international standards. Lack of internationally comparable and reliable data in education will remain an issue as it undermines the capacity of the ministry to formulate evidence-based policies, supported by appropriate funding.

Aware of the issues, the Government of Moldova launched an ambitious and comprehensive reform in education. Close monitoring of the impact of the structural reform on all children, especially the most vulnerable ones, and corrective actions will be required to ensure increase of education quality and prevention of exclusion of some children from education.

The internal and external pressures on reducing the budget in education sector on one hand and on the other hand the narrowing or targeting of the social protection will continue in the coming years. Decentralization of the education and social sectors will be further promoted. The question will be whether the transfer of responsibilities will be accompanied by the transfer of adequate financial resources, and whether local authorities will have their capacities developed to handle these new mandates. Furthermore, the system of educational planning and management will continue to require long-term and effective capacity building at the central level. The declining demographics and enrolments will increase the need to efficiently budget and use the funds in education.

Chart 1: Primary education enrolment rates, %



Source: National Bureau of Statistics of the Republic of Moldova

2.5 SOCIAL PROTECTION

The context for social protection policies in Moldova goes far beyond usual frameworks and is closely related with the phenomenon of demographic change (extremely low birth rate; rapid ageing) and migration. Ageing will add demands for substantial social and health care and providing affordable long-term care will be a major challenge.

Social cash transfers are being progressively shifted from a category based principle to means tested. Only 65 percent of the poorest 10 percent of the population are covered with social aid. Social services remain underdeveloped, fragmented and under-funded with in many cases no funding mechanisms or standards allowing costing and budgeting. Besides NGO services in major cities, usually funded by international donors, identification, social protection and reintegration services are lacking. Social aid and social services are not handled in a complementary manner and greater efforts must be made to promote the full participation of groups such as Roma, refugees, persons with disabilities and other disadvantaged communities.

The government initiated the reform of the residential childcare system in 2007. Since then the number of children in residential institutions has decreased by almost 40 percent to 6,900. However, the rate of child institutionalization still remains one of the highest in the region. The majority of these children are not orphans, and end up in residential care due to poverty. Over half are children with disabilities. Required progress in developing family support programmes and family substitute services is slow and the existing financial mechanisms do not encourage local authorities to invest in community-based support to the most vulnerable to prevent family separation of children. At the same time, services to

reintegrate these children into families, schools and communities or to support families to keep these children at home are lacking.

Corporal punishment is traditionally deeply rooted in Moldova and violence, especially against women and children, continues to be present at school and in families. Corporal punishment is applied to 16 percent of babies less than one year old. By the age of 6 or 7, 57 percent of children have experienced beating. Recent legislation has outlawed domestic violence, but its implementation remains problematic for several reasons: the law still lacks implementation mechanisms, standards need to be developed and costing and budgeting are required. The prevalence of child labour is also high, at 18 percent of children aged 5 to 17. Most of them work in agriculture, often for their own families. Sexual exploitation of children is slowly emerging as an issue in Moldova. While cases of sexual exploitation of children by foreign tourists have attracted most of the attention, there are indications that the sexual exploitation of children by Moldovans is a hidden phenomenon.

Although a National Programme for the Development of an Integrated System of Social Services (2008-2012) has been adopted, communities have weak capacities for early identification of vulnerable children and families and addressing their needs. Cross referral of vulnerable children between sectors is often lacking, and inter-sectoral cooperation to develop adequate intervention plans is sporadic. UN should provide assistance to government in development and implementation of clear inter-sectoral cooperation mechanisms, to ensure that the rights of all children, especially the most vulnerable ones, are observed and their needs met.

The lack of reliable, systematic, disaggregated data will remain an issue to evaluate the needs for social protection services and social cash benefits, provide evidence for policy development at the national and local levels and measure the impact of those policies. Information from the population census 2013 will be crucial for addressing the challenges. The implementation of the population census will require UN support already in the preparation phase before 2013.

2.6 MIGRATION

Migration from Moldova, which progressively increased over the recent years, peaked in 2008, with remittances reaching more than 30 percent of GDP. In the next five years remittances are expected to again increase to pre-crisis levels. It is estimated that up to 40 percent of Moldovan working-age population is currently abroad. Moldova has become more aware of the potential development outcomes of migration and negative consequences such as brain-drain, affecting the public and the private sectors, as well as the exploitation of migrants abroad and the phenomenon of children and elderly left behind.

Migration patterns and characteristics, such as gender, destinations, and types of employment, have not significantly changed over recent years. Nevertheless, it must be expected that diaspora communities advance in their maturity cycle and that the share of permanent emigration and family reunifications will increase in the medium-term. Such changes could entail a drop in remittances and the risk that a large number of migrants will be permanently lost for the country, negatively impacting its demographic, human and economic development. Support is required to further develop Moldova's capacity to maintain contacts with and support Moldovans abroad and to foster diaspora CSOs to direct

financial and human capital accumulated abroad to homeland development, philanthropic activities and productive economic investments and business creation.

The overarching priority for policy orientation regarding migration is supporting Moldova's EU approximation and integration goals with project activities and evidence-based policy advice, including within the context of the EU-Moldova Mobility Partnership and the EU-Moldova Visa Liberalization Action Plan, while aiming at the highest possible standards of protection of the rights of migrants in Moldova.

As a source and transit country of irregular migration aspiring to visa-free travel to Europe, Moldova requires continued capacity-development assistance to enhance the effectiveness of institutional migration management frameworks and policies. In addition, the need is foreseen for support to assisted voluntary return and reintegration of migrants and assistance for vulnerable migrants and persons affected by migration. Assistance to these groups could be linked to a pending social protection reform. Support should also be provided to efforts to ratify the International Convention on the Rights of All Migrant Workers and Members of Their Families. To ensure sustainability of the pension system, further efforts must be directed towards concluding bilateral agreements with main destination countries for the portability of social security benefits.

2.7 HUMAN RIGHTS AND GENDER

Human rights will remain high on the agenda as a result of efforts to deepen Moldova's European integration, because of Moldova's membership in the Human Rights Council and for other reasons, providing a positive context for reform. However, political polarization will remain a factor in the country, hindering to some extent positive human rights impact in certain areas. It is expected that certain sectors can remain resistant to reform, in particular the Ministry of Interior and other areas related to security, as well as psychiatric care. Long-term efforts are needed for reforms in these areas. Church advocacy is expected to continue, bringing conservative perspectives to certain areas of human rights, including in the field of education, sexual and reproductive rights, the rights of minorities and elsewhere. Strengthening European frameworks for Roma inclusion creates opportunities to resolve extreme social exclusion of certain sectors of the Romani communities, but local opposition can undermine or block reform opportunities, if not properly managed. System weaknesses continue to give rise to abuses, particularly in the area of combating domestic violence, anti-trafficking and other areas where the state authorities have positive obligations to end harms taking place in non-state settings. Justice sector reform remains on the agenda, with effectiveness of justice procedures improving only slowly. Systems to enhance confidentiality and personal data security in the health sector are imperative.

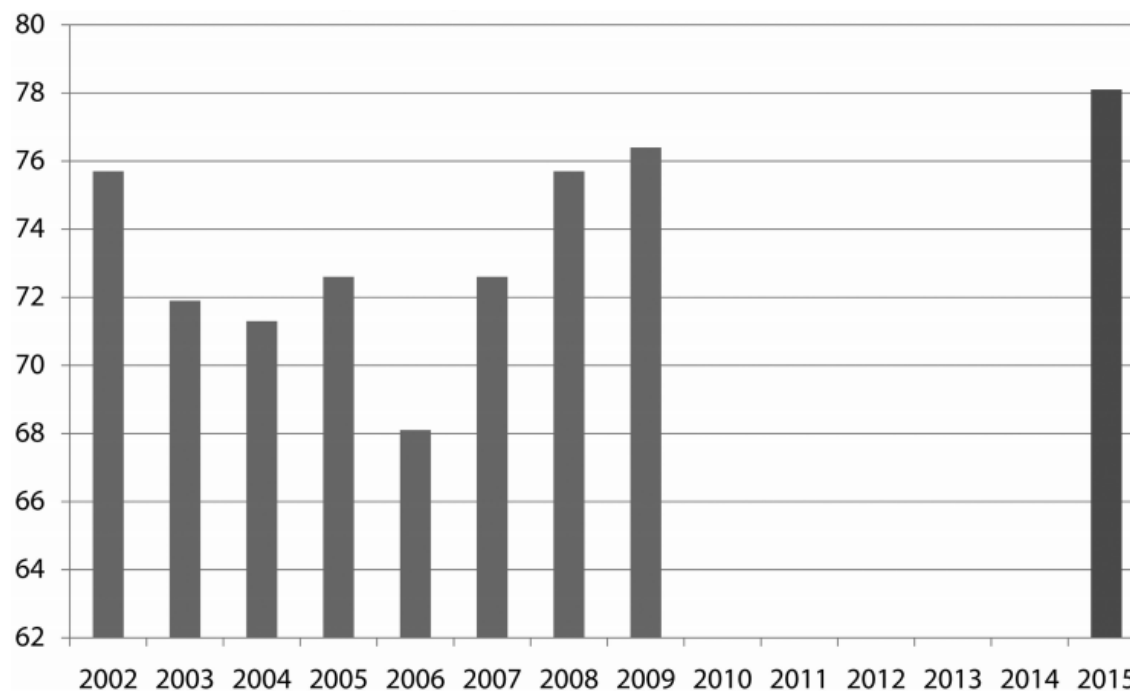
The promotion and protection of the rights of victims of human trafficking through the justice system remains a serious issue due to persistence of corruption and impunity within criminal proceedings on cases of trafficking and related cases. Extensive reforms as well as further strengthening of institutional capacities are necessary to address these issues. On the other hand, it is important to continue the geographical extension and strengthening of the National Referral System and to implement the Integrated Information System on the management of cases of domestic violence, trafficking in human beings, HIV, Disability and Child Protection. The difficulty refugees face in their applications for citizenship points towards the need to further streamline this process, to educate officials and to streamline

the bureaucratic systems that many persons in need of documentation view as discriminatory.

Although the number of children in detention has decreased to 75 in 2010, due to the Law on Amnesty in 2008 and to the increasing use of alternative measures, the community- or school-based programs oriented at prevention of juvenile delinquency, early detection and referral of children at risk of offending are weak or non-existent. Legislation and policies in regard to children under minimum age of criminal responsibility remain poorly defined.

To address sector challenges, UN should work closely with European and other international partners in human rights reform efforts, as well as with civil society. UN programming and actions should be based on recommendations brought by international and European human rights review bodies, including UPR, Treaty Body Review, Special Procedures, and Council of Europe review processes, as relevant. UN should continue to work to strengthen public human rights structures such as the Ombudsperson institution, as well as the human rights elements of the justice sector. UN should continue to support the work of civil society, and strengthen the human rights and gender equality NGO sector. UN Moldova should take advantage of on-going discussions to design a Roma inclusion pilot into UNDAF, linking on-going work at agency level (UNICEF, UNDP, UNFPA, UN Women, WHO, OHCHR).

Chart 2: Average salary of women in relation to men



Source: National Bureau of Statistics of the Republic of Moldova

Regarding gender equality, especially the private sector is expected to play a leading role in upcoming years for a change towards female wage increase and fathers taking paternity leave. It is expected that a government system of monitoring of human rights fulfilment in the job, especially those of women, will be developed and put into practice. A priority agenda for gender politics should address violence against women; an increasing of women's economic assets and access to or control over resources, focusing on the most

vulnerable; enhancing the leadership and political influence of women; ensuring of gender effectiveness of external and domestic financing for gender development priorities and promoting gender responsive budgeting principles for financing gender development priorities.

The trend of increasing numbers of asylum seekers may continue with Romania's eventual participation in the Schengen zone. It is therefore important that Moldova's asylum apparatus and border guards function in a protection-sensitive manner to ensure the proper handling of persons in need.

Since Moldova's accession to the 1951 Convention and Protocol Relating to the Status of Refugees in 2001, the failure to produce Convention Travel Documents leaves refugees, beneficiaries of humanitarian protection and stateless persons without the necessary documents, although international pressure has been accompanied by greater resolve on the part of the government to address this serious gap. Little progress has been made in finding adequate housing to shelter refugees and beneficiaries of humanitarian protection. The government is reliant on international support to cover basic necessities including food, clothing, sanitary items and monthly housing expenses. While in an exemplary fashion Moldova has granted asylum seekers the legal right to work, there are no governmental programmes expressly working to help exiles support themselves.

2.8 ENVIRONMENT

Environmental policies will play an increasingly important role: The economic, social and health costs of environmental degradation, deteriorated infrastructure and natural disaster impacts and climate change, are likely to remain high, while economic growth and demographic development will further increase pressure on the environment and natural resources. At the same time, low efficiency in energy supply and consumption across all sectors is not only imposing a severe burden on the national economy and population but is also an environmental concern. Renewable energy potentials are not well exploited yet. Moreover, Moldova has significant commitments under multiple multilateral environmental agreements. Increased coherence with international standards and approximation to the EU environment acquis will remain a challenge in the years ahead and require strong institutions and resources to ensure compliance and a careful prioritisation of efforts.

While progress has been made on policy and legislation, similar to other sectors, implementation and enforcement are still weak and will depend on a well informed and educated public. Environmental monitoring systems and access to information are inadequate, and environmental authorities have limited political standing combined with weak capacities to formulate financially sound programmes.

The cross-cutting nature of environment protection, energy, disaster preparedness and risk reduction, calls for increased collaboration and better coordinated support from different UN Agencies, including UNDP, which is currently the only resident agency with a specific environment programme, UNEP, UNECE, UNIDO, UNICEF, WHO and others.

In order to address sector challenges, UN agencies' support should be continued towards reform and modernisation of the environmental management system, including strengthening institutions and enhancing capacities - for environmental management at central and local levels, for strategic and financial planning, and for enforcement. Additional

priority activities should include environmental mainstreaming, supporting the forward looking integration of environmental considerations into sectoral development policies; development and use of new governance tools, including for trans-boundary environmental issues; and market-based instruments and fiscal mechanisms for environmental management.

Promotion of low emission and climate resilient development should remain a central theme, including developing the enabling policy framework and capacities for investments in low-carbon and environmentally friendly technologies and sectors, as such contributing to sustainable production and consumption and green job creation. Special emphasis is indicated on upscaling energy efficiency measures, specifically in the housing sector, and use of renewable energy sources.

Finally, UN involvement in strengthening disaster and climate risk management should continue in an integrated manner, building on the lessons learned from previous emergency responses.

2.9 LABOUR, EMPLOYMENT, INCOME GENERATION AND INVESTMENT

Demographic change and decline, and migration will challenge the labour market in terms of available skills and qualifications. Associated with ageing population, the demographic decline will deeply impact the social insurance budget and health protection system. Political instability may continuously inhibit domestic and foreign investments; and reduction in remittances in the long-term may further augment the informal economy. In order to be able to comprehensively address these challenges, consolidated capacities for improved connection between economic, social and employment policies will be required. Thematic issues to be addressed include an increase of flexibility on the labour market, decent work agenda, long-term labour market forecast; employment action plan, wage policies, social dialogue, and promotion of return of qualified migrants. Reforms to end sexual harassment in the workplace, and to challenge discrimination on the labour market so as to promote the participation of Roma, refugees and other minority communities as well as persons with disabilities should also be supported.

Labour opportunities and condition in agriculture deserve special interest, as this sector provides roughly one third of nationwide employments or income generation opportunities. Besides state subsidies, the sector much relies on foreign investments. The country has limited resources to subsidize the agricultural sector. Subsidies are currently oriented to facilitate the modernization of the sector, increasing competitiveness and productivity, foreign investments, quality of agricultural products, population's food security, and fostering the creation of new jobs in rural areas. The subsidy system, which was revised in 2010, is expected to have a positive impact on the economic and social development of rural areas through poverty reduction via income generation. EU integration will dominate part of the rural development agenda. It is expected that Moldova will advance significantly in negotiations with the European Union vis-à-vis the Deep and Comprehensive Free Trade Agreement. The Autonomous Trade Preferences granted by the EU do not allow export of Moldovan products of animal origin nor live animals, and the country can make use only of tariff quotas for certain products. These new conditions will impact agricultural production in the country. EU trade integration also requires an improvement regarding food safety and

quality control systems. The development of a Food Safety Strategy, which will relate to chemical and biological safety of food of animal and plant origin, will be necessary.

In response to these changes a diversification of foreign markets is a critical factor in reducing dependence of Moldovan agri-food products from the CIS markets. Improved access to markets and development of market infrastructure need to be addressed, bearing in mind three major constraints: i) inability of farmers to implement quality and food safety standards, ii) lack of modern facilities for domestic trade – regional wholesale markets' network, and iii) underdeveloped post-harvest infrastructure.

In order to address sector challenges, UN should continue supporting development resources of the Government in matters of negotiations related to European Integration; UN activities related to development of the seed sector will be an area of immediate intervention, - improved seed varieties resistant to natural hazards, and improvement of the seed certification system are already planned. Land reform and management is a part of the solutions to raising the agricultural productivity as well as the conservation of plant and animal genetic resources. Support is also required for the policies aimed at enhancing and enabling environment for investments, rural development, agribusiness, introduction of innovation and agricultural-based technologies as well require donor support. The first agricultural census, conducted with FAO support, provides viable information on the structure of agriculture and will inform the policy-making process. UNCTAD, as an expert agency in the investment sector and with previous experience in Moldova supporting customs reform and investment policy review, can be a valuable partner in these efforts.

With the aim to mobilize cultural resources for sustainable development, further cooperation for institutional and technical capacity-building will be needed, with special emphasis on mainstreaming the links between cultural diversity, intercultural dialogue, and sustainable development within national policies; and fostering an integrated approach to heritage protection and the safeguarding of cultural diversity through strengthening national capacities for the effective implementation of the international normative documents, such as UNESCO Conventions.

2.10 DECENTRALIZATION AND REINTEGRATION

Decentralization of power will remain a key priority in the next five years, especially related to the capacity of both central and local authorities to advance the decentralization reform. UN could respond to these challenges through a comprehensive programme. Links with the regionalization policy would ensure better coherence among policy implementation at national and local level.

Reintegration of the country remains a fundamental objective. Associated challenges refer to the lack of a common vision for reintegration among the relevant stakeholders, as well as society as a whole. This is being enhanced by the geopolitical implications of the frozen conflict. The prolonged frozen conflict has different implications for the population living in the Transnistria region.

UN is well positioned to diminish the gap in development by promoting projects targeting human development and thereby contributing to the creation of preconditions for the real integration of the Transnistria region into the social, economic, and informational space of the Republic of Moldova. Independent of steps or measures undertaken around a final

settlement, UN is also well positioned to pursue measures to strengthen human rights in Transnistria.

Since 2007, development programs and confidence-building measures aimed at improving cooperation between Chisinau and Tiraspol have accelerated. Activities include economic and trade cooperation, infrastructure projects, transport, health care and social welfare, juvenile justice, humanitarian aid, and agriculture. In Transnistria, the reactions were mixed, ranging from outward rejection by advocates of the region's independence to a wait-and-see attitude from more progressive interest groups. However, the local beneficiary population warmly welcomes implemented activities.

3. DEMAND FOR DEVELOPMENT SUPPORT

Decisions regarding the character and the content of future UN cooperation with Moldova will be based on three different types of demand: (1) Explicit demand linked to national strategic documents such as the upcoming National Development Strategy; (2) explicit demand for continuation of on-going UN cooperation; and (3) implicit demand for development cooperation which arises out of the analysis of medium-term changes in development processes.

The above overview on the national development context, sector development contexts and challenges for future development as well as already envisaged possible UN activity sectors or thematic areas for support leads to the following conclusions:

1. There have been important improvements in development outcomes in recent years, many of them supported by UN.
2. The focus on human rights and inclusion of vulnerable groups prioritized in UNDAF 2007-2011 has been and is still highly relevant within the Moldovan development context.
3. There are important achievements, which still require consolidation; hence the same priorities should be continued as well in the next UNDAF cycle.
4. EU integration will be dominant on the development agenda in the near future, opening up opportunities for UN supported development achievements.

However, apart from the National Development Strategy, and the aforementioned explicit demands and guidance for future UN support in the country, the analysis presented in the country development context and sector challenges leads to the following conclusions, which present an implicit demand for development support, including additional UN activities.

5. Consolidation of development outcomes requires stability. Stability in the country is still under threat due to political polarization. Fostering political dialogue in order to reduce polarization and strengthen stability can be an important sector of UN advocacy activities.
6. The country analysis has shown that many of the growth and welfare achievements are at risk in consequence of the high vulnerability of the country. This fact should be addressed in the future through policies, which strengthen resilience, and coping

strategies and do not only address the idea of reducing vulnerability. Strengthen resilience and coping strategies can imply the following activities:

- a. Understanding resilience and coping mechanisms at household, sector and government levels; this implies the existence of a general or sector or thematic contingency strategies, plans and required resources;
- b. Understanding UN capacities to support government, sector or household resilience and coping mechanisms; this implies the existence of a contingency plan inside UN regarding how to support in the case of external shocks;
- c. Support resilience and coping mechanisms at household level might imply paying more attention to policies which lead to a behavioural change and not only to expanded or improved service delivery.