

Development of moldova

Technology, Development



Moldova is a land locked country that lies between Ukraine and Romania. It gained independence in 1991 after an aborted coup against Russia. It is ranked as the most poor country in Europe, attributable to the economic crisis that faced Russia in 1998. This is because Moldova's foreign trade heavily relied on Russia and the crisis naturally had adverse effects on its economy. The current president, Vladimir Voronin, has made attempts to bring the country closer to Russia in a bid to resuscitate the economy.

Economic development is the effort to increase wealth of a country through empowering the citizens (Leornard, 2006). It goes beyond economic growth and focuses on social and political sectors of the society. This includes uplifting the standards of living of the people as well as enhancing democracy and freedom of the people. Measures include economic growth, literacy rates, poverty rates, life expectancy among others.

Moldova is able to attain the status of highly developed countries, in the next fifty years due to the changes that the current government is implementing, that facilitate reaching this level.

Economic aspect

For development to be achieved, there has to be a systematic effort to increase the economic growth. Moldova does not have major mineral resources and consequently relies on agriculture, due to the favorable climate. It relies on Russia for nearly half of the exports and major import partners include Russia, Romania, Belarus and Ukraine. Major imports are fuel, electricity, chemicals, textiles and machinery while exports are foodstuffs, textiles and tobacco. It experiences unfavorable balance of trade

and in 2007, it was recorded at \$2.3 billion. Moldova has high external debt that was estimated at \$900 million in 2000, most of which came from the World Bank and the IMF.

The GDP declined over the years due to the effect from Russia but is now slowly coming around. Moldova's strategy to improve the economy was to free prices and interest rates, land privatization and the removal of export restrictions. Economic progress is gradually being achieved since indicators like the GDP are rising. Inflation is reducing and the economy is growing due to the government's expenditure framework that stresses fiscal discipline as well as efficient resource use.

Social aspect.

Ten years ago, 75% of the population in Moldova was below the poverty line (Berglund, 2004). Other social problems include human trafficking and influx of drugs such as opium, since Moldova is a route for drugs destined for Europe and US. This has an adverse effect on the health of the people. The government is slowly addressing these issues, for example by empowering the population through investment geared towards economic growth. This is being done by reducing hurdles to business entry, by for example, reducing number of licenses required for trade. This results in increase of disposable income to households. The government is also constructing infrastructure like roads, schools and hospitals to improve the standards of living of the people.

Political aspect

Moldovan political parties lack internal democracy and accountability. Opposition parties do not take part in formulation of policies due to parliament's attitude of ignoring alternative opinions. In 2005, Freedom House gave Moldova a score of 5.75, in terms of democracy, which is a poor show. Political parties do not also hold dialog with civil societies. The government is slowly increasing the democratic space. It has also dedicated time to solve the Transnistrian conflict which will increase political development.

Challenges

Privatization of state owned corporations is marred by corruption. There is political and economic uncertainty and ineffective law enforcement. Over reliance of Russia in trade is also a challenge. Ban on Moldovan wine and agricultural products by Russia in 2006 adversely affected its revenue, since wine accounted for a third of its exports, of which 80% went to Russia (Leornard, 2006). In 2007, Moldova faced drought that led to losses in the agricultural sector amounting to over \$100 million. There is financial challenge due to external debt and uncertainty towards future assistance. Finally, there is a challenge of involving poor people in activities of Non-Governmental Organizations.

Recommendations

Moldova should reduce reliance on Russia for trade since in the past, any adverse policy changes by Russia have greatly affected Moldovan economy. It should also reduce the reliance on agriculture and diversify in other sectors of the economy, since climate change tends to greatly affect the

economy. Support for medium and small size enterprises would facilitate increase the employment opportunities in the country. There should be motivation for development for example rewards, to encourage innovation. Use of renewable energy sources like wind would reduce reliance on electricity.

Moldova should ensure that the civil society participates in the formation of policies at all levels so as to integrate the views of the citizens. It should put in place reforms that strengthen civil control over the military. It should design legal frameworks that define rights and tasks of parliamentary, civilian and public control mechanisms.

Conclusion

Moldova is on track in achieving development in the next few decades. All it has to do is reduce reliance on Russia and look for alternative markets. It should also strengthen democracy and improve the standards of living of the people. A stable political environment coupled with infrastructure to attract investments, efficient use of the available resources as well as having effective monetary and fiscal policies should enable Moldova achieve development before the next fifty years are over.

References

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