



## Reforms Should Continue To Shelter Moldova From External Risks And Ensure Inclusive Growth, Says World Bank

Reforms Should Continue To Shelter Moldova From External Risks And Ensure Inclusive Growth, Says World Bank  
Moldovas economy registered a record-high 8.9 percent GDP growth in 2013, driven by a good harvest year and increased private consumption fueled by remittances and wage growth. Despite this performance the economy remains vulnerable to risks linked to a volatile external environment and challenges affecting the countrys financial sector, says new World Bank Moldova Economic Update. Because of weaknesses in the external environment and a projected slowdown in agriculture, we expect growth to decelerate to 2 percent in 2014 and stabilize at 4-4.5 percent during 2015-2017, said Qimiao Fan, World Bank Country Director for Belarus, Moldova and Ukraine. The report highlights that Moldovas macroeconomic policies have been adequate and monetary policies have been consistent with the inflation target of 5+/-1.5 percent. Inflow of remittances reached a record high level in 2013, largely driven by the CIS countries, although they appear to be weaker in early 2014, as economic activity in Russia slows down. Foreign Direct Investment recovered to an estimated 2 percent of GDP. Real exports increased almost two times faster than real imports to 10.7 percent year-on-year versus 5.5 percent year-on-year. Overall, the countrys external position has been strong and enabled the accumulation of foreign exchange reserves to cover over 5 months of imports. But Moldova remains vulnerable to a series of risks, including a possible slowdown of economic activity in its eastern neighbors and its impact through trade and remittance channels, ongoing governance and enforcement challenges in the financial sector and the potential for a disruption in macroeconomic management in light of the upcoming parliamentary elections. To fully reap the benefits of a robust economic performance and mitigate external and internal risks, Moldova must continue to address key challenges to growth, by improving its business climate, ensuring financial sector stability and development, enhancing equity and efficiency of public expenditures, and most importantly, improving governance, said Qimiao Fan. Since Moldova joined the World Bank in 1992, over US\$1 billion has been allocated to 49 operations in the country. Currently, the World Bank portfolio includes 7 active projects with total commitments of US\$162.2 million. Areas of support include regulatory reform and business development, education, social assistance, e-governance, healthcare, agriculture, and others. The International Finance Corporation has provided total investments in the amount of US\$233 million in 24 projects in various sectors, and the Multilateral Investment Guarantee Agency has provided guarantees totaling US\$95 million. Both institutions are members of the World Bank Group. The current World Bank Group Country Partnership Strategy for Moldova includes total commitments of US\$570 million in assistance for fiscal years 2014-2017. The World Bank 1818 H Street, NW DC 20433 Washington USA Telephone: (202) 473-1000 Telefax: (202) 477-6391 Mail: investigations\_hotline@worldbank.org URL: <http://www.worldbank.org/> 

### Pressekontakt

The World Bank

DC 20433 Washington

[worldbank.org/](http://worldbank.org/)  
[investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)

### Firmenkontakt

The World Bank

DC 20433 Washington

[worldbank.org/](http://worldbank.org/)  
[investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)

The World Bank is a vital source of financial and technical assistance to developing countries around the world.