

## Moldova

### Explaining HDI rank changes in the global *Human Development Report 2007/2008*

The human development index (HDI) is a summary measure for monitoring long-term progress in the average level of human development in three basic dimensions: a long and healthy life, access to knowledge and a decent standard of living. These basic dimensions are measured by life expectancy at birth, adult literacy and combined gross enrolment in primary, secondary and tertiary education, and GDP per capita measured in US Dollars at Purchasing Power Parity<sup>1</sup> (PPP US\$), respectively. Moldova's HDI value based on 2005 data is 0.708, positioning the country at 111 out of 177 countries and areas.

The HDI published in the global *Human Development Report* (HDR) is calculated every year based on available data from international data agencies.<sup>2</sup> There is typically a two year lag between the reference year of the data and publication of the HDR. Consequently, HDI values and rank in HDR 2007/2008 refer to 2005. This note addresses both the apparent change in the HDI between last year's report (HDR 2006) and this year's (HDR 2007/2008) as well as the real change based on the latest consistent time series of data.

#### Apparent change in the HDI between reports

Changes in the HDI values and rankings between two reports result from updates and revisions to data for each of the HDI's three components; as well as real changes in the level of human development in different countries. For these reasons, **HDI values and rankings are not comparable across editions of the HDR.**

The data received each year from the relevant international agencies contain values for the most recent year available, as well as updates and methodological revisions which might affect previously published data. Consequently, changes in the values and rankings of the HDI published from one year to the next may not reflect real changes in the component indicators but rather revisions to the underlying data used for the calculations—both specific to a country and relative to other countries.

In HDR 2006, Moldova ranked 114 out of 177 countries and areas with an HDI value of 0.694. This was based on 2004 data available at the time the report was being

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<sup>1</sup> For more details on PPP US\$ refer to the *Readers guide and notes to tables* in HDR 2007/2008

<sup>2</sup> For more information about the data refer to the *Readers guide and notes to tables* in HDR 2007/2008.

prepared. It therefore appears that Moldova has gained 3 places in rank and 0.014 in value between last year's report and this year's (see Table A).

<b>Table A: Contrasted HDI 2004 (in HDR 2006) with updated data series for Moldova</b>						
	<b>HDI value</b>	<b>HDI rank</b>	<b>Life expectancy at birth (years)</b>	<b>Adult literacy rate (%)</b>	<b>Combined gross enrolment ratio for primary, secondary &amp; tertiary education (%)</b>	<b>GDP per capita (PPP US\$)</b>
2004* Based on previous data	0.694	114	68.1	98.4	70.1	1,729
<b>Based on current data</b>						
2004	0.703	111	68.2	99.1***	70.1	1,955
2005**	0.708	111	68.4	99.1***	69.7	2,100

\* HDI Reported in HDR 2006

\*\* HDI Reported in HDR 2007/2008

\*\*\* Capped at 99% for the purposes of calculating the HDI

However, using the most up-to-date data series from the international data agencies, Moldova's HDI value for 2004 should have been 0.703; this would have positioned the country at 111 if the updates had been available and were used in the last report. Thus, in fact, Moldova has not changed place in rank (rather than gaining 3 places) and its HDI value has risen by 0.005 (not 0.014). The change in the HDI value resulted from updated GDP per capita (2005 constant PPP US\$) and new estimates of life expectancy at birth and adult literacy – all of which are higher than the values used in last year's report.

### **Longer-term trends in human development**

The HDI is not designed to assess progress in human development over a short period because some of its component indicators do not respond to short-term policy changes. This is particularly so for the adult literacy rate and life expectancy at birth. As such, it is strongly recommended to compare component indicators that make up the HDI and HDI values over the medium and long-term to ascertain real changes in human development.

For example, progress in basic human development indicators for Moldova has been mixed over the past fifteen years. During this period, life expectancy at birth increased by nearly a year, adult literacy rose by nearly 2 percentage points but GDP

per capita declined by 48 percent, and the combined gross enrolment ratio fell by about three percentage points; the cumulative effect of these changes is a decrease in the HDI value (see Table B). However, most of the economic decline occurred in the early 1990s. Since 1995, the GDP per capita has risen by nearly 30 percent and as a consequence the HDI has grown too.

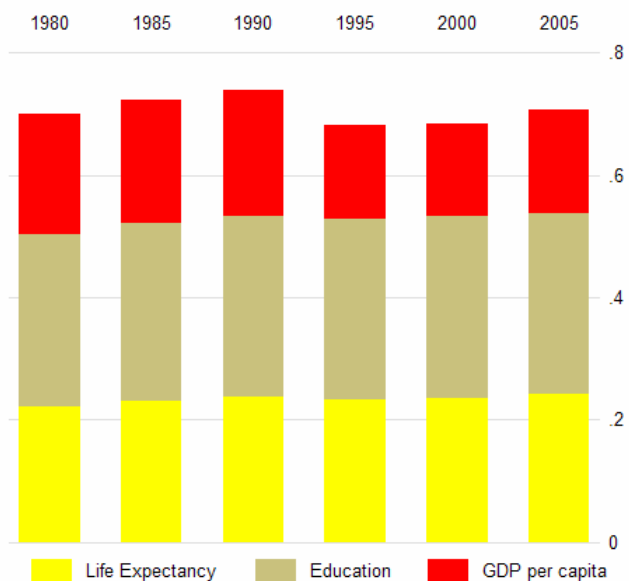
	Life expectancy at birth (years)	Adult literacy rate (% aged 15 and above)	Combined gross enrolment ratio for primary, secondary and tertiary education (%)	GDP per capita (2005 PPP US\$)	HDI
1990*	67.6	97.5	72.6	4,052	0.740
1995*	66.9	98.3	69.2	1,634	0.684
2000*	67.2	98.9	71.2	1,473	0.683
2004*	68.2	99.1**	70.1	1,955	0.703
2005	68.4	99.1**	69.7	2,100	0.708

\*Please note that the figures pertaining to these years do not parallel those previously published by the HDRO.

\*\* Capped at 99% for the purposes of calculating the HDI

Before the HDI is calculated, the component indicators are converted into indices using maximum and minimum values chosen for each indicator (for more details on the calculation of the HDI refer to *Technical note 1* in HDR 2007/2008). Figure 1 below shows the contribution of each component index to Moldova's HDI since 1980.

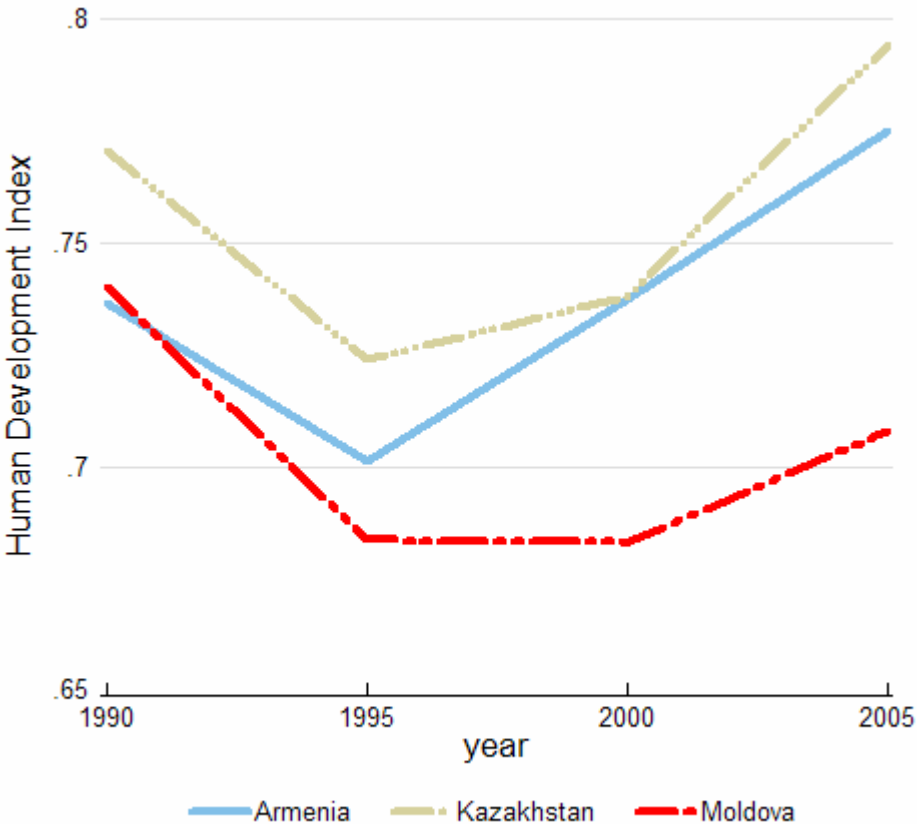
**Figure 1: Trends in Moldova's HDI component indices 1980-2005**



**Assessing progress in Moldova’s HDI relative to other countries**

It is also useful for countries to assess long-term progress relative to their neighbours both in terms of geographical location and similar HDI value at some point. For instance, in 1990 Moldova, Armenia and Kazakhstan had similar HDI values. While all three countries experienced human development reversals in the early 1990s, they have all achieved progress in HDI value since then. Kazakhstan performed better than the others (see figure 2).

**Figure 2: Trends in HDI 1990-2005**



Currently, Moldova’s 2005 HDI of 0.708 is below the regional average of 0.808 for Central and Eastern Europe and the CIS countries but above the average HDI value of 0.698 for medium human development countries. Moldova’s nearest “HDI neighbours”

in the region are Turkmenistan and Uzbekistan ranked 109 and 113 respectively (see Table C).

**Table C: Moldova's HDI Indicators for 2005 relative to other countries in Central and Eastern Europe and the CIS and other regions**

	HDI	Rank	Life expectancy at birth (years)	Adult literacy rate (% aged 15 and above)	Combined gross enrolment ratio for primary, secondary and tertiary education (%)	GDP per capita (PPP US\$)
Turkmenistan	0.713	109	62.6	98.8	73.4	3,838
<b>Moldova</b>	<b>0.708</b>	<b>111</b>	<b>68.4</b>	<b>99.1*</b>	<b>69.7</b>	<b>2,100</b>
Uzbekistan	0.702	113	66.8	99.4*	73.8	2,063
Central and Eastern Europe and the CIS	0.808	—	68.6	99.0	83.5	9,527
Medium human development	0.698	—	67.5	78.0	65.3	4,876

\* Capped at 99% for the purposes of calculating the HDI

### **Major data sources and important changes in data for calculating this year's HDI**

To enable cross-country comparisons, the HDI is, to the extent possible, calculated based on data from leading international data agencies available at the time the report is being prepared. Because of the possible differences between national and international data, the HDI calculated for the global HDR could be different from the HDI calculated in a country based on national statistics. For more details, see *Readers guide and notes to tables* in HDR 2007/2008.

*Life expectancy at birth:* Life expectancy at birth estimates for Moldova are from the 2006 Revision of World Population Prospects<sup>3</sup>. These are prepared biennially by the Population Division of the United Nations Department of Economic and Social Affairs using data from national vital registration systems, population censuses and surveys. Life expectancy estimates for 62 countries worldwide (including Moldova) have been revised upwards as a consequence of changes in assumptions about HIV/AIDS prevalence, transmission and survival rates. For more details, see the section on Primary international data sources in the *Readers guide and notes to tables* in HDR 2007/2008.

*Adult literacy<sup>4</sup>:* Refers to the proportion of the adult population aged 15 years and older which is literate, expressed as a percentage of the total adult population. For statistical purposes, a person is literate who can with understanding both read and write a short simple statement on his/her everyday life. The adult literacy data are from the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS). The UIS uses direct national estimates of adult literacy rates whenever these are available. Where these are lacking the latest estimates available from UIS or other reliable sources are used. In the case of Moldova, the adult literacy rate estimate

<sup>3</sup> For details on the 2006 Revision of the *World Population Prospects* see [www.un.org/esa/population/unpop.htm](http://www.un.org/esa/population/unpop.htm).

<sup>4</sup> For more details on literacy estimates, see [www.uis.unesco.org](http://www.uis.unesco.org)

comes from the UNESCO Institute for Statistics Global age-specific literacy projections (GALP). The actual estimate is 99.3 percent but this has been capped at 99 percent for the purpose of calculating the HDI.

Due to differences in methodology and timeliness of underlying data, comparisons across countries and over time should be made with caution. For more details, see <http://www.uis.unesco.org/>.

*Combined gross enrolment ratios:* The number of students enrolled in primary, secondary, post secondary and tertiary levels of education, regardless of age, as a percentage of the population of theoretical school age for the given levels. Education levels are categorized as pre-primary, primary, secondary, post-secondary and tertiary in accordance with the International Standard Classification of Education (ISCED). They are also produced by UIS. The information is based on enrolment data collected by countries (mainly from administrative records) and population data from the United Nations Population Division's 2004 Revision of the *World Population Prospects*<sup>5</sup>. For more details, see <http://www.uis.unesco.org/>.

*GDP per capita (PPP US\$):* GDP per capita in local currency are from national accounts data. In comparing standards of living across countries, economic statistics must be converted into Purchasing Power Parities to eliminate differences in national price levels. The GDP per capita (2005 constant PPP US\$) data used to calculate the HDI for Moldova are provided by the World Bank. For the 159 countries whose GDP per capita is compiled by the World Bank, the figures are based on price data from the last International Comparison Program (ICP) surveys. The last round of ICP surveys – conducted in the 1990s - covered 118 countries.

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<sup>5</sup> For details on the 2004 Revision of the *World Population Prospects* see [www.un.org/esa/population/unpop.htm](http://www.un.org/esa/population/unpop.htm) .