



nexus
nexusnet.md

Market Analysis

DRIVING INNOVATION IN CIRCULAR MIGRATION

Migration and Development in Moldova

Chisinau, Moldova
October, 2014

Nicolaas de Zwager
Ruslan Sintov



Market Analysis

DRIVING INNOVATION IN CIRCULAR MIGRATION

Migration and Development in Moldova

Nicolaas de Zwager, Ruslan Sintov



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC
Agenția Elvețiană pentru
Dezvoltare și Cooperare



CZU 314.15(478)

Z-98

Market Analysis: Driving Innovation in Circular Migration - Migration and Development in Moldova

© IASCI 2014

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of IASCI.

info@iasci.info www.iasci.info

This publication is registered with
The National Book Chamber of Moldova

de Zwager, Nicolaas

Driving Innovation in Circular Migration: Migration and Development in Moldova: Market Analysis / Nicolaas de Zwager, Ruslan Sintov; NEXUS Moldova, Intern. Agency for Source Country Information (IASCI), Centrul de Analize și Investigații Sociologice, Politologice și Psihologice (CIVIS). – Chișinău: S. n., 2014 (Tipogr. "Elan Poligraf"). – 122 p.

ISBN 978-9975-66-430-1



The report was performed within the project “NEXUS Moldova”: *Strengthening the Link between Migration and Development: Testing an Integrated Service Provider to Moldovan Migrants and their Communities* (DCI-MIGR/2011/7) and responding to the *Thematic Programme of cooperation with third countries in the areas of Migration and Asylum*.

NEXUS Moldova is funded by the European Union, implemented by a consortium led by International Agency for Source Country Information (IASCI), and co-financed by Swiss Agency for Development and Cooperation.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



**Swiss Agency for Development
and Cooperation SDC
Agenția Elvețiană pentru
Dezvoltare și Cooperare**

The research was conducted by IASCI and Center for Sociological, Political and Psychological Analysis and Investigations (CIVIS).



The content of this report does not reflect in any way the opinion of European Union, Swiss Agency for Development and Cooperation, other states' members or the NEXUS Moldova consortium partners not involved in carrying out the research and further data analysis.

Content

Acronyms	ii
List of Figures	iii
Extracts of Important Facts and Findings	vii
Acknowledgements	xi
EXECUTIVE SUMMARY	1
INTRODUCTION	13
METHODOLOGY	17
PROFILE OF MOLDOVAN MIGRATION TODAY	23
KEY CHARACTERISTICS OF MOLDOVAN LONG-TERM MIGRATION	33
Socio-Economic Characteristics	39
Maturity of the Migration Cycle	45
Social Networks and Communication	52
Circular Migration	56
KEY FINANCIAL CHARACTERISTICS	63
Incomes, Expenditures and Savings	63
Remittances	67
Investment	79
FINANCIAL OVERVIEW	85
Financial Intermediation in Moldova	88
Market Opportunities	94
Market Gaps	95
MAIN CONCLUSIONS	97
Bibliography	100
Annex 1: NEXUS Moldova project summary	101
Annex 2: Non-response rate	107

Acronyms

BiH	Bosnia and Herzegovina
CIS	Commonwealth of the Independent States
CIVIS	Centre for Sociological, Political and Psychological Analyses and Investigations
EU Delegation	Delegation of the European Union to Moldova
EU	European Union
FDI	Foreign Direct Investment
FICS	Foundation for Social Inclusion and Cohesion - Romania
GfK	Gesellschaft für Konsumforschung
HH	Household
IASCI	International Agency for Source Country Information
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
JMDI	EU-UN Joint Migration and Development Initiative
MTO	Money Transfer Operator
OSCE	Organization for Security and Cooperation in Europe
OSF	Open Society Foundation - Romania (formerly Soros Foundation - Romania)
SDC	Swiss Agency for Development and Cooperation
SEE	Southeast Europe
SMS	Short Message Service
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America
VoiP	Voice over Internet Protocol
WB	World Bank

List of Figures

Nr	Name	Page
Profile of Moldovan Migration Today		
Figure 1	Estimations of current, returned and potential, various categories of labor migrants	25
Figure 2	Where have HH members, practicing internal mobility, worked?	25
Figure 3	Number of seasonal migrants by gender	26
Figure 4	What was the purpose of HH members' stay abroad?	26
Figure 5	What are the ages of HH members who went abroad for family reunification?	27
Figure 6	In which year did your HH members return from long-term migration for permanent living?	28
Figure 7	What is the age of your permanently returned HH members from long-term migration?	28
Figure 8	Top 5 countries of destination for potential seasonal migration, compared to current seasonal migration	30
Figure 9	Comparing potential long-term migration to current trends, by region of origin in Moldova	31
Figure 10	Comparing potential long-term migration to current trends, by age groups	31
Figure 11	Top 7 countries of destination for potential long-term migration, compared to current long-term migration	32
Key Characteristics of Moldovan Long-Term Migration		
Figure 12	Dynamic of long-term migration, as a percentage of the total population	33
Figure 13	Breakdown of long-term migration by country of destination	34
Figure 14	Dynamic of ratio of long-term migrants by main regions of destination	34
Figure 15	Number of long-term migrants as a percentage of the total population from respective region	35
Figure 16	Are HH members regularized in place of migration?	36
Figure 17	Estimated number of migrants with irregular status in top 10 countries of destination, and as a percentage of total migrants in respective countries	36
Figure 18	What is your main source of income?	37
Figure 19	Percentage of HH members intending to migrate in the next two years: breakdown by employment status in Moldova and HH with and without long-term migrants	38
Socio-Economic Characteristics		
Figure 20	Age groups of long-term migrants	39

Figure 21	Average age of migrants by region of destination	39
Figure 22	What level of education did you complete prior to migration?	40
Figure 23	Specify occupation level (yours and household members) in place of migration	40
Figure 24	What was your profession in Moldova prior to migration?	41
Figure 25	What was your primary sector of employment in (country of migration) during 2009/2012?	42
Figure 26	What is your personal (not of your HH) net monthly average income from all sources in your place of migration? – Cross-tabulated by gender	43
Figure 27	What is your marital status? <i>and</i> Country of current migration?	44

Maturity of the Migration Cycle

Figure 28	Employment status of respondent in country of migration	45
Figure 29	Do you or another member of your HH have a bank account in (country of migration)?	46
Figure 30	Number of years without long-term residency/work permit in country of migration	47
Figure 31	Dynamic of regularization within the first year of migration in destination country	47
Figure 32	Family reunification rates in countries of migration	48
Figure 33	Number of household members in a Moldovan transnational household	48
Figure 34	During your period of migration, have you undertaken any of the following?	50
Figure 35	Annual average PERSONAL income from all sources in place of migration	51
Figure 36	Annual total HH income in migration – regional comparison (only EU region)	52

Social Networks and Communication

Figure 37	Did you have family, friends, neighbors, etc. in (country of migration) prior to departure?	53
Figure 38	Are you aware of any people from your place of origin living near you?	53
Figure 39	Are there any people from your place of origin working with you?	53
Figure 40	How often do you use the following means of communication with household members in migration?	54
Figure 41	In your place of migration, do you have regular access to the following media?	54
Figure 42	What are your three most trustworthy sources of information about Moldova?	55

Circular Migration

Figure 43	In which year did your household member return from long-term migration (for permanent stay)?	57
Figure 44	Overall number of permanent returnees (1992-2013), expressed as a percentage of total migrants in that country in 2012-2013	57

Figure 45	Do you expect to return to Moldova (for permanent residence) in the future?	58
Figure 46	Which primary condition has to be met before you will consider returning to Moldova on a permanent basis?	59
Figure 47	In how many years do you intend to return permanently to Moldova?	60
Figure 48	You currently own property in...	60
Figure 49	You intend to purchase property in...	61
Figure 50	Where do you plan to return?	62

Incomes, Expenditures and Savings

Figure 51	Can you estimate the total net average of the incomes of all the people you mentioned as part of your HH in migration, including yourself, per month?"; "On average, how much does your HH spend per month in the place of migration?	63
Figure 52	Increase in HH monthly income (Euro) by region of destination	63
Figure 53	Please rank the top three savings objectives of your HH to be achieved during your period of migration	64
Figure 54	Estimate the total amount of money needed to meet the above savings objectives	65
Figure 55	How confident are you in reaching you savings objectives?	66

Remittances

Figure 56	Have you or a member of your HH in migration transferred money to Moldova in 2009/2012?	67
Figure 57	Can you rank the three most important purposes for transferring money to Moldova?	68
Figure 58	Can you estimate the total value of transfers to Moldova by you or a HH member? (only remittance senders)	69
Figure 59	Ratio between incomes and remittances of remittance sending HHs in 2012 versus 2009	69
Figure 60	Of ALL the money transferred by your HH to Moldova, what percentage do you think was...	70
Figure 61	Comparison of remittance values by purpose in 2012 versus 2009 (only remittance sending HH)	71
Figure 62	Grouping of remittance senders by remittance purpose (C-consumption, S-saving and I-investment) in 2012 versus 2009	72
Figure 63	How many transfers took place over the preceding 12 months, including carried/sent in cash? (only of remittance senders)	74
Figure 64	What is your HHs' favorite means of money transfer to Moldova?	75
Figure 65	How did your HH receive transfers from abroad?	75
Figure 66	Of the amount transferred, what amount was sent through ...?" (% based on average amount sent by channel)	76
Figure 67	Do you think more or less money was sent by your HH to Moldova as comparing to the previous year?	77
Figure 68	Do you expect your HH to transfer more or less money to Moldova in the next year, in comparison to the current year?	77

Figure 69	Has HH received in-kind remittances which migrant sent/brought back in last 12 months?	78
-----------	--	----

Investment

Figure 70	Do you plan to initiate or expand an investment in a business enterprise in Moldova in the future?	80
Figure 71	In which sectors do you plan to invest?	80
Figure 72	Sectors of investment interest in Moldova- % change in past and future	81
Figure 73	Have the skills and experience you have obtained during your migration influenced your investment interest?	81
Figure 74	Where shall this investment take place?	82
Figure 75	How interested would your HH be in investing - together with local authorities or private sector - in a public sector infrastructure project or a private sector enterprise in YOUR COMMUNITY in Moldova, if this investment returned a reasonable profit for you?	82
Figure 76	Key Financial Characteristics	85

Financial Intermediation in Moldova

Figure 77	Can you estimate the total amount of money needed to meet your savings objectives?	89
Figure 78	How much of this have you been able to save to date?	89
Figure 79	Can you estimate the share of HH savings kept in Moldova?	90
Figure 80	Why does your HH not have a bank account in Moldova?	91
Figure 81	In Moldova, where do you keep your savings?	92
Figure 82	In country of migration, where do you keep your savings?	92
Figure 83	Which of the following financial products in Moldova does any HH member have / would consider to purchase?	93

Market Opportunities and Gaps

Figure 84	How interested would current and future migrant members of your HH be in using the following services and products?	94
Figure 85	Do you know any organization, company or ministry providing information or assistance (of any kind) to people planning or currently in migration?	95
Figure 86	Do you interact with Moldovan Associations/NGOs in any way?	95
Figure 87	How do you interact with Moldovan Associations/NGOs?	96

Extracts of Important Facts and Findings

Moldovans in Migration and Mobility

- ▶ **411,000 or 12.4% of total population is in long-term international migration.** Of this, **370,000 are labor migrants:** 56% (or 206,000) of these labor migrants are in Russia, 22% (or 81,000) in Italy, and between 2% and 3% (or 8,000 to 10,000) in each of France, Turkey and Portugal. In addition, about 18,400 Moldovans are studying abroad and 18,700 people are in long-term migration for the purpose of family reunification
- ▶ **109,000 Moldovans are engaged in seasonal migration.** This represents 3.3% of the total population and impacts 7.7% of all households in Moldova. 81% migrate seasonally to Russian Federation (or 88,000 persons), 7% to Italy (or 7,700 persons)
- ▶ In 2013, the total estimated number of long and short-term **Moldovan migrants working in Russian Federation was about 300,000.**
- ▶ **217,000 persons are engaged in geographical (internal) mobility,** or 6.6% of the total Moldova population (affecting 13.1% of households)
- ▶ **44,000 long-term international migrants have returned to Moldova to date,** or 1.3% of the total Moldovan population (involving 3.2% of Moldovan households) 54.5% returned between 2010-2013
- ▶ 38.6% of Moldovan households had one or more person practicing international migration and/or geographical mobility (internal mobility)
- ▶ 29.4% of households had one, more or all members in international migration, either long-term or seasonal
- ▶ **Moldovan migration is far from finished:** 107,000 persons expressed an intention to enter into either long-term or seasonal migration. This represents a potential 22% increase in the number of external migrants.

Profile of Moldovan Migration Today

- ▶ Almost 9% of houses/apartments are abandoned (nobody lives there) – either all inhabitants are deceased (probable) or they simply abandoned the house because they were unwilling or unable to sell it. Two-thirds of these properties are located in rural areas.
- ▶ 4.7% of properties have all members in migration, which translates to approximately 53,000 migrant HH
- ▶ Almost 1% of surveyed properties are used for commercial purposes (warehousing, shops, bars etc.).
- ▶ During certain periods of the year, the rural population can decrease up to 28%
- ▶ Number of international labor migrants is much lower than is commonly presented. Moreover, mobility of Moldovans is not only external, but also internal and it is far from being exhausted
- ▶ Urbanization is reflected in internal mobility processes
- ▶ Unlike internal mobility, seasonal external migration is primarily male led
- ▶ Labor remains the primary purpose of long-term migration
- ▶ There is a clear trend for children to join their parent(s) in migration
- ▶ There is a clearly increasing trend in returns to Moldova, thereby indicating that a circular migration process is developing
- ▶ The older a migrant is, the more likely s/he is to return permanently
- ▶ Seasonal migrants are less likely to go to the CIS in the future

- ▶ Long-term migration from north and south of Moldova may decrease, while increases may be expected from Chisinau
- ▶ Long-term migration is becoming increasingly attractive to younger Moldovans
- ▶ Long-term migrants are more likely to go to Northern Europe, USA and Israel in the future

Key Characteristics of Moldovan Long-Term Migration

- ▶ Moldovan migration has been characterized by a high intensity since 2000 and is on-going
- ▶ More than two-thirds of long-term family members in migration have regularized status
- ▶ Relative level of regularization in EU and CIS region is reflected in the level of formal employment in the respective regions of destination
- ▶ Migration intention is influenced by two key determinants: presence of other family members in migration and employment status

Socio-Economic Characteristics

- ▶ Moldovan migration is composed of the economically active part of the population
- ▶ Migrants, on average, reflect similar education levels to the overall population of Moldova
- ▶ Half of Moldovan migrants are engaged in unskilled work
- ▶ Migrants are often unemployed or under-employed prior to migration
- ▶ The disparity in income levels between working men and women has increased in the last three years
- ▶ A large proportion of Moldovan migrants are married

Maturity of the Migration Cycle

- ▶ Most Moldovan long-term migrants in the EU regularize their residency and working permits
- ▶ Relative level of regularization is reflected in the propensity of migrant HHs to hold a bank account
- ▶ Of those who regularized their status, the vast majority managed to do so early in the migration cycle
- ▶ The trend is clearly towards formal migration and earlier regularization of status
- ▶ Family reunification among married migrants is low when compared to other countries studied to date, but with a progressive trend
- ▶ The average transnational household has between 3.2 and 3.8 members, depending on the source of information – migrant as respondent or head / acting head of household
- ▶ Given the predominant sectors of employment, it is not surprising that few migrants receive formal education or on the job training
- ▶ Personal income levels reflect the economic prospects of Moldovan migrants in the two main regions of migration
- ▶ At the level of a trend, the relative stage of maturity of Moldovan migration is reflected in the regional comparison of annual HH incomes in migration

Social Networks and Communication

- ▶ More than four out of five migrants relied on their network to assist them with the migration process
- ▶ This social network is reinforced by proximity in places of residence and proximity in places of employment
- ▶ Moldovan migrants also maintain strong links to their home communities
- ▶ Access to Moldovan media in places of migration is relatively high
- ▶ But, personal communication with family, friends and fellow migrants is consistently the most trusted source of information

Circular Migration

- ▶ Overall, 59% of migrants continue to have a definite intention to return permanently to Moldova, and a further 16% remains undecided
- ▶ Moldovan migrants have very clear objectives and conditions before they consider returning
- ▶ As with other countries studied, for most Moldovan migrants with a return intention, meeting their personal savings objective remains the primary goal before permanent return will be considered
- ▶ One proxy indicator of return intention is the percentage of property ownership among Moldovan migrant HHs in their place of origin and their country of migration
- ▶ Future property purchase intentions provide another insight into migrant HHs' return intentions

Incomes, Expenditures and Savings

- ▶ HH incomes and expenditures continue to be influenced by region of destination; but the gap in savings between EU and CIS has been eliminated during the last three years
- ▶ Moldovan migrants have very clear savings objectives with some shifts in emphasis over the preceding three years, as well as a clear picture of the amount of money required
- ▶ As can be expected given the increase in incomes, Moldovan migrants are more confident in reaching their savings objectives than three years earlier

Remittances

- ▶ The vast majority of Moldovan HHs in migration (79%) continue to send remittances regularly
- ▶ "Supporting spouse and children" and "supporting parents" remain the two most important motivating factors for sending remittances
- ▶ During 2012, 'remitting HH' transferred on average Euro 4,488
- ▶ Increases in income and remittance values are clearly not correlated
- ▶ Saving and investing represent a surprisingly large and growing share of remittance values to Moldova
- ▶ Different patterns in remittance behavior between CIS and EU based long-term migrants are emerging
- ▶ An average of 6.4 formal and informal transfers took place in 2012

- ▶ Informal channels of transfer continue to be preferred by a large number of remitters and as the HH survey illustrates, recipient HHs continue to use both formal and informal channels ... But, for actual remittance value, the picture looks quite different
- ▶ On average, 39% of remitters claimed their HH sent less money to Moldova in 2012 comparing with 2011
- ▶ In 2012, Moldovan households received more than 43 million Euro in in-kind remittances
- ▶ There were more than 430,000 of such in-kind transfers in 2012 (couriered and hand-carried), with an average of about 1,200 transfers per day

Investment

- ▶ Moldovan migrants continue to have a very strong investment and entrepreneurial spirit
- ▶ SME-style investment in the trade, agriculture, construction and service sectors remain most popular
- ▶ There is ongoing decrease in investment interest in agriculture and real estate and towards manufacturing, construction and services
- ▶ The migration experience itself continues to greatly influence investment intentions
- ▶ In line with their intention to return to their place of origin, most migrants consider to open a business in their community
- ▶ Moldovan migrants have a high level of interest to invest in their community either with private sector partners or with local authorities

Financial Intermediation in Moldova

- ▶ Migrant HHs have substantial savings objectives
- ▶ On average, migrants are getting closer to reaching their financial goals and they are increasingly confident in reaching those goals
- ▶ Migrants keep the largest share of their savings abroad
- ▶ Banking in Moldova is perceived as more risky and less attractive among HHs with long-term migrants
- ▶ An increasing number of migrants are likely to use Moldovan banks to keep some of their savings. However, considerable parts of the remitted savings remain outside formal financial intermediation....
- ▶ Nonetheless, Moldovan migrants prefer to use financial intermediaries in their respective countries of destination
- ▶ There is clear potential in expanding access to the financial products

Market Opportunities and Gaps

- ▶ Vast majority of migrants have interest in a large variety of social and economic products and services through the whole cycle of migration
- ▶ Nine out of 10 migrants do not know any public or private organization providing information or assistance (of any kind) to people planning or currently in migration
- ▶ Nine out of 10 migrants do not interact in any way with Moldovan associations abroad

Acknowledgements

Identifying the areas and means by which stakeholders interested in the Republic of Moldova can better promote and capture the positive aspects of circular migration as well as the linkages with migration and development are key outputs of this market analysis. Through its innovative orientation and multifaceted research approach, important insights are provided to the objectives of long-term Moldovan migrants during every stage of their migration period and possible return, in particular as these relate to their wealth accumulation goals and related savings and investment behaviors. In line with the broader objectives of the NEXUS Moldova initiative, we trust this document will serve as an inspirational resource and guide for developing relevant migrant-specific services and related policy interventions. The following pages are oriented towards specialist and non-specialist readers in the government of Moldova at national and local levels, as well as within potential NEXUS partners in the private and civil sectors - both domestically and multilaterally.

Our great appreciation goes to the staff of the European Union and the Swiss Agency for Development and Cooperation whose financial support and strong interest in examining the related issues of effective migration management and the migration–development link from new and innovative perspectives made this study possible. We are grateful to Victor Lutenco and the staff of the Bureau for Diaspora Relations for their efforts in raising awareness on diaspora contributions, including in the areas of remittances and savings, and their support in providing available information, publications and data. The methodology, including research tools, was further adapted with the support of the National Bureau of Statistics, Bureau for Migration and Asylum, Ministry of Labor, Social Protection and Family, National Bank of Moldova, International Organization for Migration and other members of the national Technical Working Group on migration. A special thank you is extended to the Border and Custom Services for providing access to the customs areas where the interviews with migrants took place; as well as to local authorities for facilitating data collection process for the household survey in selected communities.

Many people and agencies assisted in the carrying out of this research effort, and we express thanks to them all. We extend our special appreciation to the 2,465 respondents to the migrant survey, as well as the 20,850 respondents participating in the household survey. In carrying out these surveys, the CIVIS research team, analysts and fieldwork interviewers contributed efforts above and beyond expectations, and often worked under difficult circumstances, for which the authors are grateful. In particular, we thank Viorel Nutu, Senior Researcher at CIVIS, whose dedication to the statistical processing and analyses of huge volumes of data made the drafting of this report possible.

We would also like to express our gratitude to Lilian Galer, Sampling Expert, who provided independent and important consultancies, related to sample design, weighting of data, calculation of probabilities and statistical inferences. Francisca de Zwager contributed insights as well as invaluable design, editing and formatting coordination that brought this report to final publication.

As is usual in these instances, the authors take full responsibility for the methodologies, data, analysis, conclusions and recommendations presented in this document, and nothing in this research necessarily reflects the official views of EU, SDC or NEXUS consortium partners.

Nicolaas de Zwager
Ruslan Sintov
Chisinau, October, 2014

EXECUTIVE SUMMARY

“Ultimately, we migrate to save.”

Migrant (male, 31) in Greece

The foundation of the NEXUS approach¹, supported by this market analysis, is the recognition of migrants and their families as a potentially significant and distinct market segment, one of particular interest to the Moldovan government, as well as to private and civil society stakeholders, and of course, to migrants themselves.

Financial flows from migrants to their home communities are at the core of the relationship between migration and development. Most research, policy development, and financial industry attention to date has focused on migrant remittances, and there is little doubt that, in the Moldovan context, such remittances are large and important at both household and national levels. NEXUS Moldova takes a broader and deeper perspective. The initiative is based on the premise that **financial, human and social wealth accumulated by migrants abroad are interlinked, and it is this accumulated wealth that has the real potential to substantially impact the economic and social development of Moldova.**

This market analysis presents selected data from the migrant and household survey components of the NEXUS Moldova project. Where relevant, it provides a comparative analysis with the results of similar surveys conducted in 2009/2010 in the context of the DEVINPRO Moldova project. Both researches were carried out using concepts and methodologies developed by the International Agency for Source Country Information (IASCI) and applied in various South East European countries since 2006. The research components of NEXUS Moldova and DEVINPRO Moldova were implemented in partnership with the Center for Sociological, Political and Psychological Analysis and Investigations (CIVIS).

The 2013 household (HH) survey methodology is considered unique in Moldova, insofar as it is the first application of a fully probabilistic sampling methodology, as well as complexity of research tools, specifically applied to the area of migration. As a result the following pages include the most accurate and up to date estimations on the number of internal migrants, external migrants – seasonal and long-term, returned migrants and potential migrants – and value of remittances and savings. Overall, the report aims at providing a holistic perspective to the migration and development debate (at personal and social levels). More specifically relevant data and concepts are put forward to support the promotion of strategies and market interventions for developing more efficient circular migration practices, and thereby enhance sustainable economic development in Moldova while addressing the negative aspects of migration.

All data reflected in the analysis refers to the period of previous 12 months from the fieldwork / data collection period. The core target group of the analysis is long-term economic migrants.

¹ For additional information about the NEXUS approach, see NEXUS Moldova Project Summary – Annex 1, and www.iasci.info.

Outline of Moldovan Migration Status Today

In line with the NEXUS project objectives this market analysis focuses largely on long-term economic migrants. That said, the Moldovan migration phenomenon and its impacts (positive and negative) are not exclusively about external flows of long-term migrants, but includes significant internal labor mobility and seasonal labor migration.

The survey results show that there were about 479,000 Moldovan citizens in external labor migration in 2013, of which about 370,000 were in long-term labor migration, while 109,000 practiced seasonal labor migration. In addition, there were about 217,000 people engaged in internal mobility. All these movements from rural to urban areas inside and outside the country lead to an overall decrease of rural Moldovan population, up to 28% during certain periods of the year. Overall, about 39% of Moldovan households have at least one family member engaged in either internal or external mobility.

Contrary to the general perception that Moldovan migration flows have diminished, the survey indicates an increasing trend in the three years between surveys as well as a high potential for ongoing migration flows in the short-term, with 107,000 persons expressing an intention to enter into Migration is not only about external flows of long-term migrants; it includes significant

internal labor mobility and seasonal labor migration, either long-term or seasonal migration. This represents a potential 22% increase in the number of external migrants in the 12 months post survey. At the level of a trend, long-term migration is becoming increasingly attractive for younger populations and urban residents. This may indicate a stepped approach to migration, with Moldovans first migrating internally from rural to urban centers and then internationally.

Former popular countries in southern Europe, like Portugal, Spain, Greece and Turkey have fallen from the top ranking countries of destination. At the same time, Russia and Italy, while remaining number one and two respectively, see drops in attractiveness for Moldovan long-term migrants, while the attraction to northern European countries has increased.

Finally, there is a clearly increasing trend in returns to Moldova, thereby indicating that a circular migration process may be developing. The survey measured about 44,000 permanently returned migrants (i.e. those with no further migration intention at the survey time), of which 55% returned in the preceding three years.

Migration is not only about external flows of long-term migrants; it includes significant internal labor mobility and seasonal labor migration.

Key Characteristics of Moldovan Long Term Migration

Moldovan migration has been characterized by a high intensity since 2000 and is on-going. Two major peaks in migration flows occurred around 2007 and again around 2010, the latter of which might be partially explained by the delayed impact of the global economic crisis on the Moldovan economy, combined with the mass application of Moldovans for Romanian citizenship (about 256,000 citizenships were issued in 2010-2012).

Up to 2010, there was a marked increase of Moldovan migrants towards EU region, from about 40% to 47% of all migrants. In the three years between surveys this pattern seems to have partially reversed with an increase in migration back towards CIS, mainly to Russia. The closing of the gap in both incomes and savings of migrant households residing in the EU and CIS regions would have made the CIS more attractive, and this factor can most likely explain this trend. As noted, southern countries of the EU region seem to have become less attractive to Moldovan long-term migrants with increasing preferences for northern European countries. As in the shift noted towards the CIS, this trend is also consistent with potential long-term migration preferences – led by wealth accumulation goals.

In general, long-term Moldovan migrants come from all occupations and originate from both urban (32%) and rural areas (68%). 56% of long-term migrants are male and 44% female. Generally, men from poorer, rural areas tend to migrate more towards CIS destinations, while proportionately more women from urban areas tend to migrate to EU countries. This rather unique “gender distribution” can be largely explained by the demand of the sectors in which long-term migrants are employed.

There is a clear shift towards a younger group of migrants: in the last four years, the share of migrants aged 18-29 increased to 66% from 55%.

The data shows a clear increasing trend in regularization status among Moldovan long-term migrants both in CIS and EU regions that is also reflected in their formal employment status and access to formal banking services.

Moldovan migrants are flexible and likely to move from sector to sector and country to country, in line with labor market demands and their overall migration goal – wealth accumulation.

Women migrants still earn significantly less than men. Moreover, disparity in income levels between working men and women doubled in the three years between surveys.

Unemployment remains a key driver in motivating future migration: one in four current long-term migrants was unemployed before going into migration. Moreover, there is also evidence of significant under-employment and hence “brain waste” occurring prior to migration. In contrast, the surveys reflect the extremely low unemployment rate of 3% among the long-term migrant population. This data is consistent between HH and migrant surveys. Moreover, such low unemployment figures in migrant communities are consistent with previous surveys carried out in other SEE countries. Interviews show that migrants are much more flexible in adapting to labor market conditions than the host populations. Migrants are more likely to move from sector to sector and country to country, in line with their overall migration goal – wealth accumulation and circularity. On the other hand recent trends emphasize another ‘pull factor’ for future migration – the increasing importance of family reunification, especially in the EU region.

One of the defining characteristics of Moldovan migrants is their high level of education and professional experience, a profile that in general reflects that of the overall population. Previous studies have shown that migrants often move from less to more qualified work in line with their education / qualification and integration over a period of years. To date this trend seems to be less apparent in the case of Moldovan migrants, which can be partially illustrated by the still high prevalence of employment in construction and domestic help sectors.

Comparing incomes within the same employment sectors, women still earn significantly less than men. Moreover, disparity in income levels between working men and women has doubled in the last three years from 14% to 28%.

Maturity of the Migration Cycle

Understanding the relative 'maturity'² of the overall migration cycle is important, as it can provide insight into current and future migration and economic behaviors of migrants - including probable return intentions.

The concept of migration maturity is assessed using similar methodologies and comparable data sets from other countries. By taking a number of migration-related indicators into account (level of regularization of residency in the place of migration, rate of family reunification, knowledge of the local language, and relative integration/prosperity), it can be stated that Moldovan migration remains at a relatively less mature stage compared to the other countries studied. For instance, family reunification and income rates among Moldovan trans-national HHs, while increasing, continue to be lower than among those from Albania, BiH, Kosovo and Romania.

Compared to other South East European countries studied to date, Moldovan migration remains at a relatively less mature stage.

² Maturity of the migration cycle refers to the overall process of mass migration from a specific country of origin, not the experience of the individual migrant. It is assessed using a number of indicators into account, as introduced in the following pages.

Social Network and Communication

Gaining insight into the mutual assistance and available trusted communication sources of migrants is important to developing relevant marketing and awareness-raising strategies.

Mutual help between migrants, as well as between migrant and home community, plays an important role in every phase of the Moldovan migration experience. The data and NEXUS Moldova practical experience show that informal collaboration takes place starting from pre-departure planning, throughout the migration cycle, and during return and reintegration. Social networks and communication are important in helping migrants manage migration-related risks, while lowering the associated financial costs and maximizing their gains.

While a lack of vertical or structural information and resources remains, Moldovan migrants exhibit high levels of horizontal or social capital. This demonstrates their heavy reliance on social networks, as well as their ability to form connections in their places of migration. In general, Moldovan migrant HHs maintain strong relations with their families, friends and neighbors in Moldova, as well as with fellow migrants. Of note is that personal communication

with family, friends and fellow migrants remains the most trusted source of information. Though migrant and diaspora associations exist, their role and importance to the migrant community and their families seem to be extremely limited.

There is a strong relationship between intensity of communication on one hand, and remittance behavior, return intentions and potential investment activities on the other. Communication channels not only serve emotional needs, but also facilitate exchanges of information, ideas and practices.

Upon return many Moldovan migrants capitalize on the rich social networks they established in their countries of migration. This helps them develop or maintain commercial and economic relationships with their counterparts in their former host countries.

Circular Migration

Circular migration, including the permanent return of long-term migrants to Moldova, is an observed trend that seems to be on-going, dynamic and growing. This finding is contrary to the popular view held by both the general population and most national and international analysts that return migration to Moldova does not happen.

Mutual help between migrants, as well as between migrant and home community, plays an important role in every phase of the Moldovan migration experience.

Sustainable return and integration is commonly considered the last phase of a circular migration process. From migration and development as well as migration management perspectives, the process of return migration is considered important because this is closely linked to the transfer of accumulated financial capital (retained savings), human capital (experience, skills, knowledge, business practices, ideas, etc.), and social capital (contacts, networks). As a result, circular migration is an important factor in determining the level of development that can be gained from migration.

The 2012 survey shows apparently contradictory trends in return patterns. On the one hand, data shows an increase in numbers of permanent returnees; on the other hand, the overall number of migrants with return intentions is diminishing, especially from the EU region. Therefore, past permanent return must be seen in a broader context of the maturation of migration cycle.

The 2009 and 2012 data are consistent insofar as for most Moldovan migrants, meeting their personal savings targets is the primary precondition before return to Moldova would even be considered. External preconditions beyond the control of the migrant, such as gainful employment opportunities or the business climate in Moldova, also remain very important. But in general, data and experience show that three related factors:

- i) delays in meeting these preconditions;
- ii) progressive increases in family reunification as a migration objective; and
- iii) integration/assimilation in the country of destination and improvement in socio-economic status

all serve to delay or decrease permanent return intentions.

While still higher than other South East European countries studied, the 2012 survey in Moldova reveals a worrying downward trend in permanent return intentions. Such intentions decreased from 71% in 2009 to 59% in 2012, while family reunification abroad shows an increasing trend, especially in the EU region. Another disquieting observation is that younger migrants are those least likely to have permanent return intentions, but they are also the age group most likely to engage in current and future long-term migration. This combination reinforces other studies and demographic forecasts regarding the ageing of the Moldovan resident population, as well as decreases in birth rates and economically active population.

These trends are further reflected in changes in real estate ownership behaviors and ambitions, with decreases in home purchase intention in Moldova dropping from 48% to 40% of current long-term migrant HHs in the three years between surveys. At the same time, the data shows that 6% of migrants sold some property in the preceding three years in Moldova and another 6% plan to do so in the following three years.

Most Moldovan migrants with a return intention would not consider returning to their homeland before their personal savings target is met.

Return processes, when they occur, will reinforce the general urbanization trend in Moldova. At the same time, the data shows a decrease in this trend over the preceding three years (from 22% in 2009 to 13% in 2012) towards interest to return to home community.

Looking forward, return intention is clearly a critical determining factor in explaining and forecasting savings, remittances and investment behaviors.

Key Financial Characteristics

Comparing Moldova with other countries in the region with high levels of migration, it is possible to identify some key characteristics of Moldovan migration.

Moldovan migrant HHs in 2012 have an average net annual income of Euro 17,328 (Euro 14,196 in 2009), of which Euro 10,044 is saved (Euro 8,316 in 2009). This implies a consistent propensity to save (before remittances) of 48% of HH income (net, after taxes and other mandatory deductions), while absolute income and savings value increased.

This propensity is very high, even compared to other countries studied. This high savings rate can be explained by the characteristics and dynamics of Moldovan migration, including those factors determining the less mature migration cycle - such as still low family reunification.

In line with the core wealth accumulation goals of many HHs, the ratio of savings kept abroad to remittances sent to Moldova factor is 1.82 to 1, increasing significantly from 1.26 to 1 in 2009. In other words, in 2012 savings abroad were the equivalent of 182% of remittance value during the

Moldovan households in migration have a very high propensity to save – 48% of HH income.

same period. In other South East European countries studied this ratio of savings to remittances averaged about 4.0 to 1. This difference in behavior is primarily due to higher remittance values - as explored more in the following section.

The most important savings objectives identified remain to purchase or upgrade a home, to invest in a business, to educate children and to secure a pension. These objectives are similar, but not identical, to other countries studied.

Moldovan HHs are not highly banked, although remittance receivers are more likely to use banks than non-migrant HHs. It is expected that as the migration cycle matures, the use of banks and other financial services will continue to gradually increase.

Remittance Levels - higher than regional averages

At an overall average of Euro 3,556 (representing a slight decrease from 2009, primarily from EU region) per annum (21% of net income), Moldovan migrant HHs continue to remit significantly more than migrants from the other countries studied to date.

Moldovan HHs that have achieved family reunification remit, on average, Euro 1,470 or 30% less than migrants that have not reunified. The difference increased from 24% in 2009.

In general, remittance value is not influenced by HH incomes. While average incomes for Moldovan remittance-sending HHs have increased by 19% over the three years, the remittance values have increased with only 2% in absolute value. This finding seems to confirm the hypothesis that (i) most migrants remit the amount of money they believe the recipient requires to support consumption, and related, (ii) for most migrant HHs the accumulation of wealth is a key objective of migration, and (iii) a significant lack of trust in Moldovan financial institutions remains. Hence, the related finding that the major parts of HH savings are kept abroad.

As in other countries studied, the maturation level of Moldova's migration cycle can be expected to lead to a lowering of remittance values to Moldova over the medium-term.

Households with reunified families remit on average one third less than migrants who have not reunified.

This combination of HH income and expenditure results in the **very high propensity to save** among Moldovan HHs of approximately 48% of HH income (as compared to 23 to 32% in the other countries studied).

Interestingly, the consumption component of remittances (by value) remains relatively consistent across all the countries studied, taking into account family composition and purchasing power parity. The consistency in behavior reinforces the principle that migrants primarily remit for consumption purposes.

That said, Moldovans retain *lower* levels of savings in the place of migration and a higher component of savings and investment within current remittances. This reflects lower family reunification and may reflect both predominant sector of employment (leading to lower banking usage in places of migration) and perhaps a high level of mistrust in the financial system in CIS.

A total number of about 120,000 households received in-kind remittances from abroad in the value of 43 million Euro in 2012. Households with migrants in the EU region are more likely to receive in-kind remittances. Over 430,000 transfers were estimated in 2012 (couriered and hand-carried), averaging about 1,200 transfers per day.

Migrant Savings and Investments: one link between migration and development

With a significant number of HHs estimated to be in long-term migration (about 258,600) the total estimated pool of retained savings in 2012 is Euro 1,677 million, a significant increase from Euro 834 million in 2009.

In parallel, Moldovan migrant HHs remitted Euro 920 million (Euro 663 million in 2009). Of this amount, 52% or Euro 482 million was sent to Moldova with the express purpose of being saved or invested, of which 234 million Euro was invested in real estate and only 50 million Euro was directly invested in a business. As expected, the balance – or Euro 438 million - was used for consumption.

Compared to other countries studied, Moldovan migrant HHs can be considered more likely to have provided finance to a Moldovan business enterprise in the past, with 26% reporting to have done so, either by investing or lending.

Moreover, Moldovan migrants have a high level of interest to invest in their community either with private sector partners or with local authorities.

The primary sectors of investment in Moldova were in agriculture, retail, trade, restaurants, and construction or real estate. As in other SEE countries, investments in Moldova are often at a small or micro-level and usually carried out individually or together with close family members. This pattern of investing primarily in partnership with family members or individually is expected to remain constant in the near future. This in turn indicates the limited size, complexity and sophistication of the intended start-up, and gives them the typical characteristics of family businesses.

Over 40% of long-term migrants are interested to invest in their community either with private sector partner or with local authorities.

Financial Intermediation in Moldova

As noted earlier, Moldovan migrant HHs are characterized by a very high propensity to save and remit, and this represents one of the primary sources of liquidity in the country. However, considerable parts of the remitted savings remain outside formal financial intermediation. This is due mainly to the perception that banking in Moldova remains risky and not attractive.

Moldovan migrants are characterized by a very high rate of entrepreneurial behavior and ambition. Therefore they represent both sides of financial intermediation (borrower and lender) and a significant potential market for the financial sector.

Moreover, the study measured a high level of demand from long-term migrants for a wide range of financial products and services, but a very low level of access or use.

Market Opportunities and Gaps

Besides financial products and services, there is a high interest for a variety of services and products in other areas of migration management and intermediation, starting with pre-departure preparation and ending with return and integration. Despite all these existing opportunities in all stages of migration, there is low response from relevant institutions, both

from public and private sectors. This may be partially explained by the low level of trust among migrants with Moldovan institutions, but perhaps also by their low level of awareness of the availability of new services and conditions. Overall, the study reveals that nine out of 10 migrants are not aware of any public institution or private enterprise that provides information or assistance to people planning or currently in migration.

In conclusion, Moldovan long-term migration results in considerable savings and investment potential. The key determining factors relate to the availability of suitable local conditions and migrant/saver-specific incentives.

Given their numbers, long-term migrants and their HHs in Moldova comprise a significant human and financial resource and a substantial market segment for interested and imaginative actors in the financial sector – on both sides of financial intermediation.

Experience and data show that to date these important findings remain largely unexplored by the private, civil and government sectors alike.



INTRODUCTION

This study presents selected data from the migrant and household survey components of the NEXUS Moldova project³ financed by EU and SDC. Where relevant, it provides a comparative analysis with the results of similar surveys conducted in 2009/2010 in the context of the DEVINPRO Moldova project financed by the EC-UN Joint Migration and Development Initiative. Both researches were carried out using concepts and methodologies developed by the International Agency for Source Country Information (IASCI) and applied in various South East European countries since 2006. The research component of NEXUS Moldova was implemented in partnership with the Center for Sociological, Political and Psychological Analysis and Investigations (CIVIS).

Financial flows from migrants to their home communities are at the core of the relationship between migration and development. Most research, policy development, and financial industry attention to date have focused on migrants' remittances, and there is little doubt that, in the Moldovan context, such remittances are large and important at both household and national levels.

NEXUS Moldova, of which this market analysis is an integral part, takes a broader and deeper perspective. The initiative is based on the premise that financial, human and social wealth accumulated by migrants abroad are interlinked, and that this accumulated wealth has real potential to substantially impact the economic and social development of Moldova. *The project summary of NEXUS Moldova can be found in Annex 1.*

The foundation of the project, supported by this market analysis, is the recognition of migrants and their families as a potentially significant and distinct market segment, one of particular interest to the Moldovan government, as well as to private and civil society stakeholders, and of course, migrants themselves.

NEXUS Moldova is a prototype of an integrated and durable migration services provider. It offers practical solutions to help Moldovan migrants/diaspora achieve their existing goals through a platform that enables conversation and builds community. In doing so, NEXUS aims to support the personal, social and economic development opportunities of migration.

³ NEXUS Moldova started on December 15, 2012. It is implemented by a project consortium led by IASCI, and is funded by the European Union in the context of the "Thematic Programme of cooperation with third countries in the areas of Migration and Asylum" and co-financed by the Swiss Agency for Development and Cooperation.

The project brings together a *significant consortium of local, national and international partners*.⁴ Thereafter it connects governments, civil society and private sector players, and migrants with the aim of achieving maximum benefits for all stakeholders. In doing so, the partners specifically recognize that the ability of the national government to efficiently collaborate with local authorities, private companies and civil society actors is an essential link in a viable migration-development value chain - one where private sector interests meet priority public sector objectives and the interests of the migrants themselves.

4 The proximity of local authorities to their constituencies, as well as their spatial development strategies skills, makes Moldovan local authorities potentially important actors in migration and development governance. Reflecting this potential, this pilot project consortium includes the State Chancellery of the Republic of Moldova collaborating with three rayon and three municipal authorities in Cahul, Edinet and Ungheni. The project builds directly on the experience of International Agency for Source Country Information (IASCI-Austria; lead) and partner institutions the Center of Sociological, Politological and Psychological Analysis and Investigations (CIVIS- Moldova), Open Society Foundation Romania (OSF-Romania) and Foundation for Social Inclusion and Cohesion (FICS-Romania) from similar research and operational projects in Moldova, Romania, Albania, Armenia and Kosovo. Further reflecting its innovative nature the project incorporates the active participation of market-leading private sector actors and migrant/diaspora groups. During the latter stages of the 36-month project, the consortium will raise awareness about the project's capacities to interested parties within Moldova and countries of destination in order to extend its reach and ensure its long-term and market-driven durability.

In summary, the project encompasses two linked activity areas, grouped in two mutually reinforcing areas:

Activity Area 1: Capacity-building - directly impacts both policy and technical level capacities of the partners at national and local levels; specifically through its insistence on having service providers engage in a meaningful and holistic manner with a range of beneficiary groups⁵. This document represents the core of a distinctive strategy of promoting “evidence-based migrant-centric perspectives”.

This evidence-based approach facilitates coordinated (public, private, civil society) interaction with beneficiaries, which, in turn, impacts a number of areas simultaneously: policy development on migration management, reinforcement of links between migration and development, national and local level collaboration, and public, private and civil society collaboration.

5 Includes potential migrants, current migrants and returned migrants, as well as their families.



Based on a multi-step process of inclusive and evidence-based “*research, recommend, review*”, targeted Execution of the plans of action and capacity building activities at national level and in four pilot areas (namely the rayon and municipalities of Cahul, Edinet, Ungheni and Chisinau) have been designed. Execution of the PoAs, combined with on-going expert support and technical assistance where necessary, aims to lead directly to improved legislation and policy coherence, inter-ministerial collaboration, and improved standards of service delivery.

These outputs, combined with the market-driven **NEXUS Moldova** platform, enhance the ability of the partners at national and local levels to *develop and deliver* high impact and practical outreach to the beneficiaries, both in Moldova and abroad. Incorporating private sector, government and civil society participation at local, national and international levels, makes the service portfolio as a whole more comprehensive and attractive for beneficiaries, and hence aims at strengthening the impact and durability of the project.

Activity Area 2: Developing, Testing and Adapting- involves combining integrated service centers in the four pilot areas and an online capacity (www.nexusnet.md). Both features deliver the above mentioned service portfolio to migrants and diaspora in an intuitive and user-friendly way. The four service centers provide migrants and their communities with a local and accessible address. This approach serves to develop a higher level of trust in **NEXUS Moldova**. At the centers beneficiaries receive NEXUS face-to-face targeted counseling and migration-related information. The online site expands the one-on-one guidance capacity through a virtual service center. Here users can conveniently find relevant migration information, directly access to needed services, and connect “live” with NEXUS coaches.

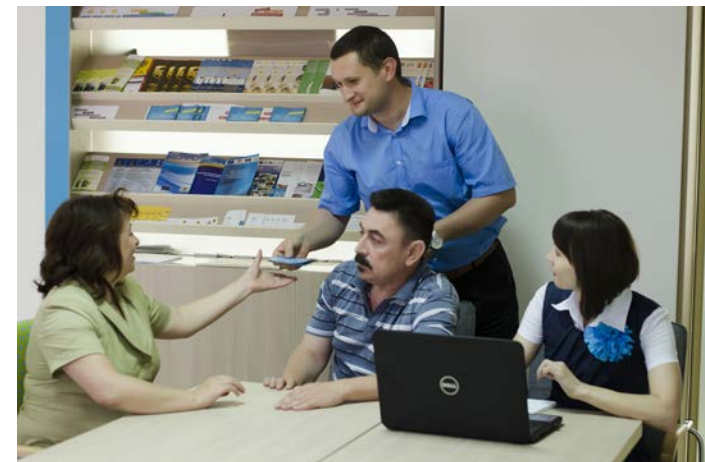
This market analysis is organized into five main sections.

The first outlines the methodology and different procedures used in the 2009 and 2013 migrant and household surveys. These findings are compared, where relevant, with data obtained from similar researches in other countries in SEE.

The second section includes a general overview of the migration situation and scale in Moldova, presents the concept of multifaceted migration and provides a general description of each category of migrants.

The third section introduces the analytical framework and provides supporting data related to the maturity of the migration cycle, return migration, social networks and communication, as well as analyzes the concept of circular migration in the Moldovan context.

In the fourth section – at the core of the market analysis – the report provides insight into the key financial characteristics of long-term migrants from Moldova. This includes a cross-sectional examination of incomes, expenditure, savings, investments and remittance behaviors. Recognizing that migrants are not a homogeneous group, this section introduces separate profiles of primary migrant groups in order to examine variations in their remittance behaviors.



The report closes with a brief financial overview intended to allow cross-tabulation of Moldova data with key financial data sets of other country studies, as well as a summary of key areas of intervention relevant for public and private sector stakeholders.

To view all raw and disaggregated data of both the migrant and household surveys, please refer to www.iasci.info, www.civis.md or send request to info@iasci.info or office@civis.md.

METHODOLOGY

This analysis includes a review and comparison of household and migrant surveys carried out in 2009/2010 and 2012/2013. In order to allow for cross-tabulation, very similar questionnaires were used.

The same methodology was previously used in different countries within the SEE region, including Albania (2005, 2009, 2010), Bosnia and Herzegovina (2009, 2010), Kosovo (2009), and Romania (2010).

This repeated application of the methodology allows the data to be efficiently compared in order to provide for a better understanding of the characteristics of Moldovan migration within its national, regional, and development contexts.

The following procedures were applied in order to provide a broad range of information, as well as the ability to validate the results of the other procedures used:

- ▶ nationally representative household survey
- ▶ survey with long-term migrants
- ▶ literature review
- ▶ coordination and peer-review

Target categories and definitions

Long-term international migrant: a person who moves to a country other than Moldova for a period of at least 12 months (nine months and more for those working in the Russian Federation⁶), so that the country of destination effectively becomes his or her new country of usual residence.

Short-term migrant (including seasonal migrant): a person who moves to a country other than Moldova for the period between three to nine months per year.

Returned migrant: a person who migrated for labor purposes outside Moldova during the last 10 years, but has returned and is residing in Moldova *permanently* - and who had no further migration intentions at the time of interview. Those migrants that are visiting family members or doing some business (days to weeks) are not considered returned migrants.

⁶ This distinction in timing category for long-term migrants to Russia is based on the Russian migration regulation that obliges Moldovan migrants to exit the country every 90 days.

Potential external migrant: a person who resides at the time of interview in his or her usual residence, but has intention to migrate from Moldova in the next 12 months.

Geographical (internal) migrant: (i) a person who resides at the time of interview in his or her usual residence, but works in another location in Moldova; (ii) a person who moved from his or her usual residence to another location in Moldova for labor purposes.

Potential geographical (internal) migrant: a person who resides at the time of interview in his or her usual residence in the country of origin, but has intention to move or to practice labor activity in another place in Moldova in the next 12 months.

General principles

Reference period for data collected: The data refer to the previous 12 months from the fieldwork / data collection period.

Targeted respondents: The respondents interviewed were aged 18+ for both migrant and household surveys. Only the head of HH or acting head of HH were interviewed for the HH survey.

Age groups of respondents: Some questions are related to all age groups (for example, household composition); some other questions (like labor migration) refer to people aged 18 +.



Connections of HH Survey with Migrant Survey: The sample for both migrant surveys was based on data from the 2009 nationally representative HH survey on the number of current long-term migrants for labor purpose. Specifically, to determine the number of long-term migrants – the target group of migrants surveyed at border point – by country of destination / migration.

Nationally Representative Survey at Household Level

The 2013 survey builds on the household survey conducted in autumn of 2009 with a sample of 965 respondents. The main differences and advantages of the 2013 HH survey are:

- ▶ use of a probabilistic sampling scheme
- ▶ use of a large scale sampling size
- ▶ measurement and categorization of “dead” HHs, i.e. abandoned houses of which all inhabitants are deceased, versus houses where all members are in migration, internal mobility
- ▶ expanding sources of information about surveyed households to neighbors, relatives, local authorities, community leaders, teachers etc. in those cases where HH is dead or no HH inhabitant can be contacted

The 2013 HH survey methodology is considered unique in Moldova insofar as it is the first application of a fully probabilistic sampling methodology, as well as complexity of research tools, specifically applied to the area of migration.

Survey goals:

- ▶ more precisely estimate the number of internal migrants, external migrants (seasonal and long-term), returned migrants and potential migrants
- ▶ provide relevant data to promote stability and sustainable economic development in Moldova facilitating management strategies of migration

Methodological background

Method: probabilistic large-scale nationally representative quantitative survey, excluding Transnistrian region.

Target groups:

1. Moldovan households in general, during first stage screening
2. Households with at least one family member in long-term migration
3. Control group: households with no family member in migration

Sample size:

1. 20,850 households at first stage screening
2. 1,785 households with long-term migrants (excluding households with all family members working abroad)
3. 366 households with no family member in migration, as control group

Survey technique: face-to-face interview at household level

Survey tools:

- ▶ Screening questionnaire at the first stage – target group one – to identify migration profile at household level (primary source of migrants origin);
- ▶ Structured questionnaires with open-ended questions for target groups two and three.

Working languages were Romanian and Russian.

Sample design: stratified, multistage, probabilistic – settlements and households were selected based on a probabilistic scheme, each household having an initial known non-zero probability to be included in the sample. Research sample included 139 secondary sampling units with a number of “150” households visited (based on probabilistic selection) per sampling unit. In all, 109 localities were included in the sample.

Quality scale of the key indicators on labor migration, according to standards of Statistics Canada

Indicator	Quality of estimation
Long-term international migration	A
Labor	A
in Russia	B
in Italy	C
Seasonal migration	B
in Russia	C
in Italy	C
Geographic internal mobility	B
Return migration	C
Potential migration	B
long-term international	B
seasonal migration	B
internal	C

	Variation coefficient in %	Meaning of quality scale
A<=	5	Excellent
B<=	10	Very good
C<=	15	Good
D<=	20	Acceptable
E<=	35	Can be used with precaution
F>	35	Too poor to be published

Reference population: totality of population and households existing in the surveyed country. The information for sample design was based on the most recent Census in Moldova, dated 2004. No area of the population was excluded from the sample, other than Transnistria.

Sampling frame: the list of all localities at the first sampling stage, the list of all SSU (secondary sampling unit) in every locality selected at the first stage for the second stage, the list of all households within each SSU obtained in the listing.

Survey period: May – August 2013. All figures presented relate to the 12 months preceding the fieldwork carried out in May – August 2013.

Extrapolation and calibration principle: data were calibrated, weighted and extrapolated based on the official data about household numbers and structure from last available Census in 2004. Data presented for the Household Survey are extrapolated to the entire universe of Moldovan households and/or population.

Data limitation: no direct effort was made to capture the migrant population outside the target groups, i.e. diaspora members and emigrants that have effectively not maintained their contacts with Moldova.

Non-participation rate figures:

- ▶ Target group one – 11.3%
- ▶ Target group two – 40.4%
- ▶ Target group three / control group – 59.9%

The average non-response rates for selected most sensitive questions is 5.9%.

The in-depth questionnaire with households with long-term migrants and control group was composed of 85 questions. The table in Annex 2 provides data on refusal rates for the 14 most sensitive questions, those related to financial situation of the household.

Socio-Economic Survey of Long-term Migrants

In December 2012 and January 2013, a large-scale survey of 2,465 Moldovan long-term migrants was carried out, which is a repetition of a similar survey conducted in the same period of 2009/2010 with a sample of 2,323 respondents. This period was selected in order to capture a representative sampling among the high number of migrants returning to Moldova over the traditional holiday season. In both waves migrants were interviewed at seven main ports of entry to Moldova, covering all means of transportation including personal vehicles, trains, buses, and airplanes, thereby providing a range of different socio-economic profiles. Interviews at Chisinau Airport served to further diversify the sample.

Respondents were selected on the basis of certain criteria. The migrant survey specifically targeted long-term migrants, defined as persons (a) with more than one-year of migration experience, (b) more than 18 years of age, and (c) in migration for the purpose of employment (rather than education or other purpose).

Both samples were designed on quotas based on the results of the 2009 random HH survey. Migrant interviews took place in the customs areas of the ports of entry. The method of the survey was face-to-face. The enumerators interviewed the migrants as they were waiting to enter the border-processing and customs areas. The survey questionnaire took an average of 22 minutes to complete. The interviewers were advised and trained to preserve gender and age balance.

In 2009/2010 the questionnaire included 84 questions. In 2012/2013 it expanded to 92 questions following consultations with **NEXUS Moldova** consortium partners. The questionnaires provided quantitative data concerning socio-demographic characteristics of the migrants and their household members, their primary financial characteristics (including incomes, expenditures, and savings, remittances and investment intentions), types of social networks and communication practices with Moldova and among migrants, as well as return intentions.

Data Limitations

The focus of this research was to examine the migration, remittance, savings and investment behaviors of long-term migrants (as a category of “circular migrants”), and thereby to analyze key links between migration and economic development. Both surveys purposely excluded short-term and seasonal migrants, irregular migrants, and migrants that have effectively not maintained their contacts with Moldova (i.e. emigrants). No direct effort was made to capture the migrant population outside the target group.

Literature Review

The 2009 study reviewed a large pool of migration and Moldova-related materials, which informed both the quantitative and qualitative procedures. *The literature review is available on the IASCI and CIVIS webpages*

Coordination and Peer-Review

Questionnaires and methodologies related to 2009 surveys were developed in close consultation with experts from participating financial institutions, government at national and local levels, central bank, intergovernmental and regional organizations (World Bank, IMF, UNDP, EU Delegation, OSCE, ILO, IOM), academia and other stakeholders.

For 2013 surveys emphasis was placed on following the same methodological principles as in 2009. Slight adaptations of the questionnaires content to **NEXUS Moldova** project needs were introduced. Significant improvement of the sampling design for the HH component were made (see methodological description of HH survey above).

PROFILE OF MOLDOVAN MIGRATION TODAY

Overall Demographic Profile of Moldovan Households

The general demographic profile of surveyed HHs during the first screening stage closely reflects official statistics in terms of key variables, such as HH size, rural/urban distribution, gender distribution and age groups.

The average size of a Moldovan HH is 2.97 members. 40% of HHs are based in urban areas and the other 60% in urban areas. Gender is nearly evenly distributed, with 52% of HH members female and 48% male.

In addition, the screening stage revealed certain interesting and novel findings:

1. Almost 9% of houses/apartments are abandoned (nobody lives there) – either all inhabitants are deceased (probable), or they simply abandoned the house because they were unwilling or unable to sell it. This information was collected through interviews with neighbors, local authorities or community leaders.
2. Two-thirds of the abandoned / empty properties are located in rural areas.
3. In addition to the 9% abandoned properties, 4.7% of properties have all members in migration, which translates to approximately 53,000 migrant HHs. These properties are considered “temporarily abandoned”. In other surveys, these 13.7% of households are excluded from sampling schemes when standard methodologies are applied. This normally leads to an underestimation of migrant numbers.

4. Almost 1% of surveyed properties are used for commercial purposes (warehousing, shops, bars etc.).
5. 38.6% of Moldovan households had one or more person practicing international migration and/or geographical mobility (internal mobility).
6. 29.4% of households had one, more or all members in international migration, either long-term or seasonal.

Further in-depth analysis of rural to urban internal mobility and external migration (short and long-term) shows that, at certain periods during the year, the rural population can decrease up to 28%. This decrease is due only to labor mobility and does not take into account internal mobility for education purposes (which is also from rural to urban centers, mainly Chisinau).

On the other hand, international migration from urban areas is largely compensated for and even exceeded by internal rural-urban mobility (especially to large cities like Chisinau and Balti).

Multi-faceted Labor Migration

Moldovan migration flows are much more complex than commonly assumed or described in the literature. When disaggregating the data (as in Figure 1) it is clear that migration is not only about external flows of long-term migrants, but includes significant internal labor mobility and seasonal labor migration. It is commonly held that there are between 700,000 and 1 million Moldovans working abroad. The NEXUS HH survey estimates there are about 479,000 Moldovan citizens in external labor migration (defined as people who went abroad with the objective to work). About 370,000 of these people are in long-term labor migration, while 109,000 practice seasonal labor migration. In addition, about 18,400 Moldovans are studying abroad and 18,700 people are in long-term migration for the purpose of family reunification.

At the same time, a significant number of Moldovans (217,000) engage in internal mobility, representing 31% of the total number of people involved in mobility and migration processes. They either reside in one community and work in another one or have moved their primary residence. This high level of internal movement (mainly directed from rural to urban areas) has not been previously analyzed. This finding could partly explain the inflation of external migration numbers commonly found in popular discourse and media.

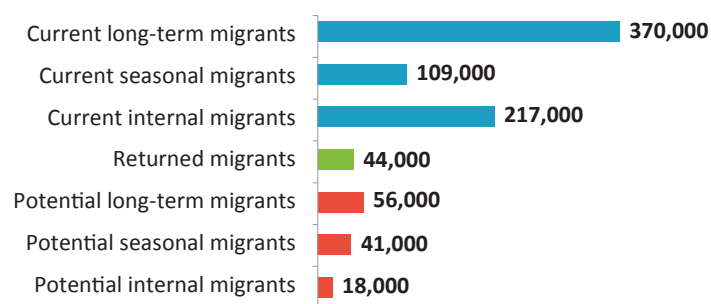
Also, and contrary to general perceptions, Moldovan migration is far from finished. Confirming previous IASCI-CIVIS research (2009), the 2013 data indicates an on-going high potential for migration flows in the short-term, with 107,000 persons expressing an intention to enter into either long-term or seasonal migration. This represents a potential 22% increase in the number of external migrants.

Finally, return to Moldova from long-term migration for permanent living is an on-going and growing trend, as described below.

The following paragraphs present some key socio-demographic characteristics of the categories of migrants just introduced.

Internal mobility accounted for 16% of economically active people in Moldova in 2013.

Number of international labor migrants is much lower than is commonly presented. Moreover, mobility of Moldovans is not only external, but also internal and it is far from being exhausted



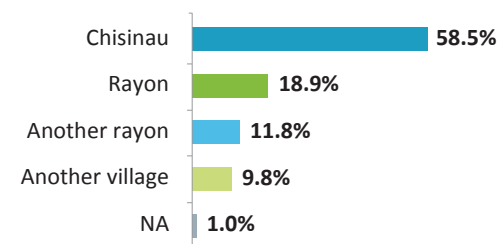
*Figure 1: "Estimates of current, returned and potential various categories of labor migrants"
Source: HH Survey 2013*

479,000 Moldovan citizens were in external labor migration in 2013, of which 370,000 were in long-term labor migration.

Internal labor mobility

Internal mobility stock in 2013 represented 16% of the economically active persons in Moldova⁷. As noted, internal mobility occurs primarily from rural to urban areas. 89% of this category of people originate from rural areas and are working primarily in Chisinau (59%) or another urban center (19%) (Figure 2).

Urbanization is reflected in internal mobility processes



*Figure 2: "Where have HH members practicing internal mobility worked?"
Source: HH Survey 2013*

⁷ Labor force in Republic of Moldova: occupation and unemployment in the third trimester (29.11.2013)
<http://www.statistica.md/libview.php?!=ro&idc=168&id=4254>

Almost two-thirds of the population practicing internal mobility comes from the central region of the country, compared to a cumulative third originating in the north and south regions. This may be explained by the relative proximity of central region residents to Chisinau as a main destination.

Men are slightly more likely to go into internal mobility (55%) than women (45%).

Seasonal external labor migration

Seasonal migration flow represents 3.3% of the total population and impacts 7.7% of all households in Moldova.

External migration flows for short-term period (up to 9 months) is largely a rural phenomenon, 71% versus 29% from urban areas, and is practiced mainly by the population residing in central (41%) and northern (33%) regions of the country.

Unlike the gender balance in internal mobility, seasonal external migration is primarily male led

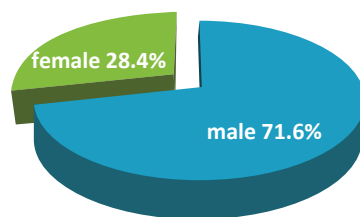


Figure 3: "Number of seasonal migrants by gender profile"
Source: HH Survey 2013

Three out of four seasonal migrants are aged 18 to 44.

At the time of the survey, Russian Federation was definitely the preferred country of destination for seasonal migration with 81% or about 88,000 people choosing this country. A further 7% migrated to Italy.

Long-term external migration

411,000 or 12.4% of the total population is in long-term international migration for various purposes (Figure 4), yet mainly for employment.

Labor remains the primary purpose of long-term migration

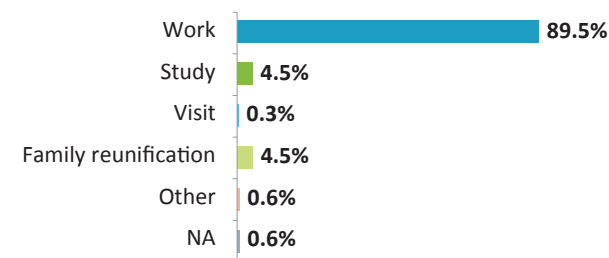


Figure 4: "What was the purpose of HH member's stay abroad?"
Source: HH Survey 2013

11% of the total population or 370,000 people are **long-term labor migrants**. This impacts 23% of households in Moldova. 68% are from rural areas and 32% from urban centers.

Like internal mobility and unlike seasonal migration, long-term migration reflects a more balanced gender division – 56% male and 44% female.

As in the case of seasonal migration, the main countries of destination for long-term migrants remain Russia and Italy. More details are presented in Figure 11.

In addition to working migrants, about 18,400 Moldovans are **studying abroad**. Most of them originate from rural areas (66%). Moldovans from central (38%) and southern (30%) regions are much more interested in education abroad than those from the northern region (16%).

Student migrants are also gender balanced, but women slightly predominate with 55%.

Two-thirds of this category of migrants is 18-29 years old and the others are younger than 18 years. This distribution might be explained by the fact that many Moldovans going abroad for education are engaged in higher levels of education.

Three countries cover over 70% of this group of migrants – Russia (31%), Romania (22%) and Italy (21%).

People going abroad to achieve **family reunification** represent another interesting category of long-term migrants. The NEXUS HH survey estimates that about 18,700 persons or 4.5% of the total number in long-term migration are in this group.

The family reunification pattern reflects the overall migration pattern, as it is clearly led by Moldovan migrants originating from rural areas (72%), as well as those residing in the northern (33%) and southern (31%) regions.

There is a clear trend for children to join their parent(s) in migration

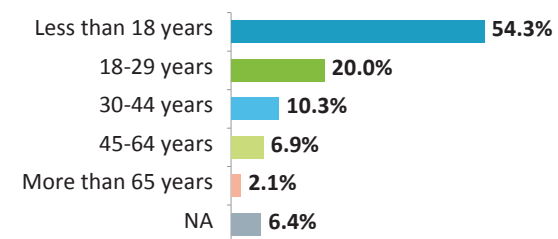


Figure 5: "What is the age of HH members who went abroad for family reunification purpose?"

Source: HH Survey 2013

Figure 5 shows an interesting fact – almost one in 10 Moldovans who went abroad for family reunification is aged 45 years and over. This may indicate an intergenerational unification of parents joining their working age children in migration. This would be in line with Moldovan tradition, where grandparents often take care of their grandchildren while parents are otherwise engaged.

In terms of countries of destination, the pattern of reunification reflects the overall migration trends, with the exception of the United States. Here 11% of all reunifications took place by 2012, compared to only 1.1% of all long-term migrants. This situation may be due to significantly lower return intentions of US-based Moldovan migrants.

Return migration

44,000 international long-term migrants or 11% of the total current long-term migrant population have returned to Moldova to date. This represents 1.3% of the total Moldovan population, and affects 3.2% of all Moldovan households.

The return pattern reflects the overall migration trends in gender and area of residence breakdown: more males (62%) returned and those originated from rural areas (63%). On the other side, the southern region of Moldova is leading with returned migrants (39%) compared with other regions, despite this region having the status of being the poorest one.

There is a clearly increasing trend in returns to Moldova, thereby indicating that a circular migration process may be developing

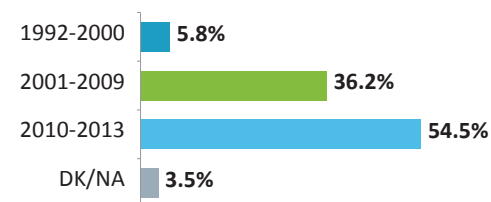


Figure 6: “In which year did your HH member return from long-term migration for permanent living?”
Source: HH Survey 2013

The older a migrant is, the more likely s/he is to return permanently

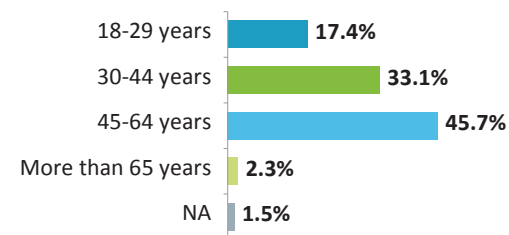


Figure 7: “What is the age of your permanently returned HH member from long-term migration?”
Source: HH Survey 2013

Reflecting the overall migration trends, with one exception, the top three countries of return are Russian Federation (49%), Italy (15%) and Israel (12%).

The finding illustrated in Figure 7 is reasonable insofar as migrants in older age categories are more likely to have reached their core migration objectives; or they may be motivated to return for other reasons, such as health concerns or inability to adapt to changing labor market conditions in the countries of destination.

The actual return pattern shown above is consistent with the return intention trends identified from the survey with current long-term migrants.

Permanently returned migrants represent 1.3% of the total Moldovan population, and affect 3.2% of all Moldovan households.

Potential migration

In Moldova, the prevalence of “potential migration”, defined as “the overall ambition to migrate in the future”, remains high. A 2007 study shows that 44.2% of the population, often the young and educated between the ages of 18 and 40, had a stated ambition to migrate, primarily to the EU region.⁸ Our 2009 household survey indicated that every fourth household had one or more family members with a general intention to migrate.⁹ In 2013, when specifically asked about the migration plans of household members within the next 12 months, 7% of households reported that one or more members would migrate. This represents about 107,000 potential economic migrants, or 20% of the current long-term and seasonal migration population (i.e. not including students and family reunification cases).

8 European Training Foundation. The Contribution of Human Resource Development to Migration Policy in Moldova, 2008

9 IASCI-CIVIS 2010 Market Analysis “Maximizing the Development Impact of Migration-related Financial Flows and Investment to Moldova.”

91.2% of the total population residing in Moldova had no migration intention in the following 12 month period and 4.3% did not know whether they would migrate or not.

18,000 or 0.7% of total population intended to move or commute within Moldova.

51,000 or 1.8% of total population intended to go do seasonal work abroad.

56,000 or 2.0% of the total population intended to go into long-term international labor migration in the following 12 months.

Potential internal mobility reflects a generally similar profile as that of recent internal mobility, including an on-going trend towards urbanization. But, *within this group of potential internal migrants*, certain shifts can be highlighted:

- ▶ a slight increase in male internal mobility (by 4%)
- ▶ a doubling of urban residents with intention to enter into internal mobility (from 11% to 23%)
- ▶ a significant increase in internal mobility intentions among residents of the northern (from 18% to 29%) and southern (from 17% to 27%) regions
- ▶ a significant decrease in internal mobility intentions among people between the ages of 45-64 years (from 28% to 19%);

Four in ten Moldovan households have at least one family member engaged in either internal or external mobility.

Like potential internal mobility, **potential seasonal migration** also registers certain interesting changes in the profile of this category of migrants:

- ▶ a significant decrease in gender disparity and towards a more balanced distribution (from 72% male to 55%)
- ▶ a slight increase in the percentage of urban residents with an intention to go into seasonal migration (from 29% to 34%)
- ▶ a significant increase in seasonal migration intention among residents of the central region (from 35% to 44%) and Chisinau city (from 6% to 15%)
- ▶ an increase among people under 18 years of age (from 1% to 5%) and over 65 years (from 1% to 4%)

Seasonal migrants are less likely to go to the CIS in future

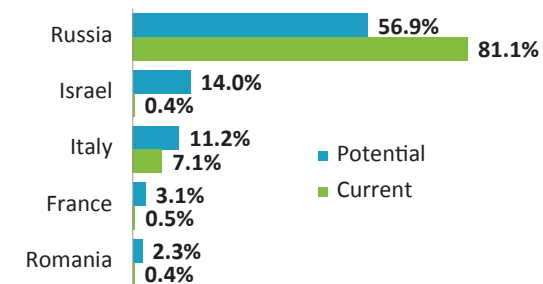


Figure 8: Top 5 countries of destination for potential compared to current seasonal migration
Source: HH Survey 2013

- ▶ EU region and Israel are becoming more attractive to seasonal Moldovan migrants. Popularity of Israel as a country of destination may be due to public awareness of the labor migration scheme negotiated between Moldova and Israel.
- ▶ Other popular countries in the past, such as Turkey with 2.2%, USA with 2.1% and Ukraine with 1.8% of all seasonal migrants have fallen from the top 5 destination countries. These were replaced in the top five by Israel, France and Romania.

Significant changes to the profile of potential long-term labor migrants can also be expected.

When looking at rural/urban places of origin, the distribution of potential long-term migrants seems to be reversing toward a higher probability of urban residents entering into migration in the 12 months following the survey (to 53% from 32%).

Long-term migration from north and south of Moldova may decrease, while increases may be expected from Chisinau

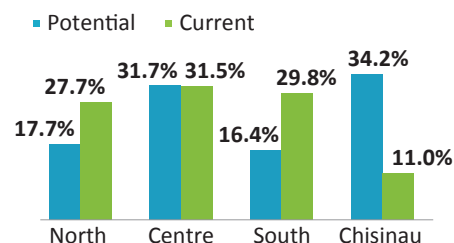


Figure 9: Comparing potential long-term migration to current trends, by region of origin in Moldova
Source: HH Survey 2013

These trends may indicate a stepped approach to migration. Moldovans may first migrate internally from rural to urban centers and then internationally.

Gender distribution among potential long-term migrants remains constant.

Long-term migration is becoming increasingly attractive to younger Moldovans

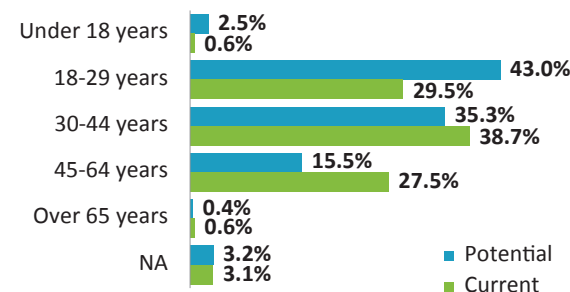


Figure 10: Comparing potential long-term migration to current trends, by age groups
Source: HH Survey 2013

Long-term migrants are more likely to go to northern Europe, USA and Israel in the future

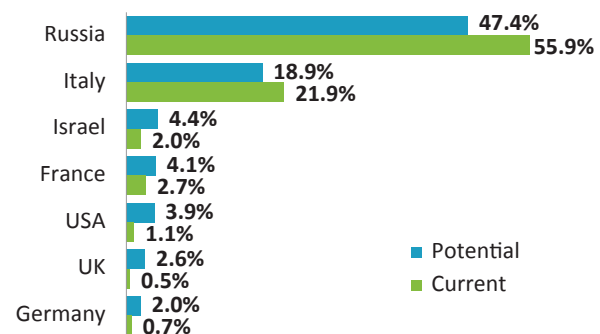


Figure 11: Top 7 countries of destination for potential long-term migration, compared to current long-term migration
Source: HH Survey 2013

Former popular countries in southern Europe, like Portugal, Spain, Greece and Turkey have fallen from the top ranking countries of destination. At the same time, Russia and Italy, while remaining number one and two respectively, see drops in attractiveness for Moldovan long-term migrants.

KEY CHARACTERISTICS OF MOLDOVAN LONG-TERM MIGRATION

Moldovan migration has been characterized by a high intensity since 2000 and is on-going

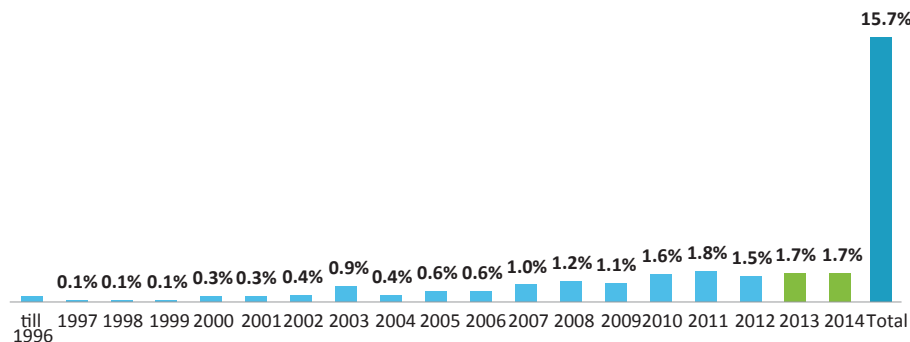


Figure 12: Dynamic of long-term migration, as a percentage of the total population
 Source: HH Survey 2013

Mass international migration from Moldova started around the beginning of the current century, primarily as a result of a combination of economic factors and a series of shocks, both internal and external¹⁰. It has maintained a high intensity through 2012 (see Figure 12). This is contrary to commonly held conceptions among both the public and analysts, who are of the view that new flows of long-term migrants tapered off significantly in the later years of the first decade of 2000.

A significant increase in migration flows occurred around 2007 and again around 2010. This increase may be explained by the delayed impact of the global economic crisis on the Moldovan economy, combined with the mass application of Moldovans for Romanian citizenship. Romania issued about 84,000 citizenships in 2010, 94,000 in 2011 and 78,000 in 2012. The vast majority of these citizenships were extended to Moldovans, thereby allowing them easier access to the European labor markets. This increase in long-term migration flow had a significant impact on a number of macro-economic indicators described below.

In addition, “potential migration” remains higher than commonly assumed, as discussed in the section above.

Another interesting finding from our migrant survey points towards a clear shift occurring around 2007. The data indicates that since that time many Moldovan migrants either shifted their place of migration or re-migrated after a certain period of return to Moldova.

As can be seen from the following table, Moldovan migration remains primarily geared towards two neighboring regions: the European Union and the Commonwealth of Independent States.

¹⁰ For more information see IASCI-CIVIS 2010

Moldovan migrants choosing Russia do so primarily because of its large labor market, freedom of movement, lower migration costs, and socio-cultural proximity.

Country of Destination	Population	Percent
Russian Federation	205,869	55.9%
Italy	80,619	21.9%
France	9,881	2.7%
Turkey	8,845	2.4%
Portugal	8,354	2.3%
Israel	7,432	2.0%
Spain	5,539	1.5%
Ukraine	5,196	1.4%
Greece	4,630	1.3%
United States of America	4,104	1.1%
Romania	3,543	1.0%
Czech Republic	2,946	0.8%
Germany	2,590	0.7%
Great Britain	1,830	0.5%
Ireland	1,536	0.4%
Cyprus	804	0.2%
Other country	6,813	1.9%
No answer	7,619	2.1%

Figure 13: Breakdown of long-term migration by country of destination
Source: HH Survey 2013

During the first decade of this century there was a marked increase of Moldovan migrants towards the EU region, from about 40% to 47% of all migrants. In the last three years this shift seems to have been reversed and resumed its historic pattern.

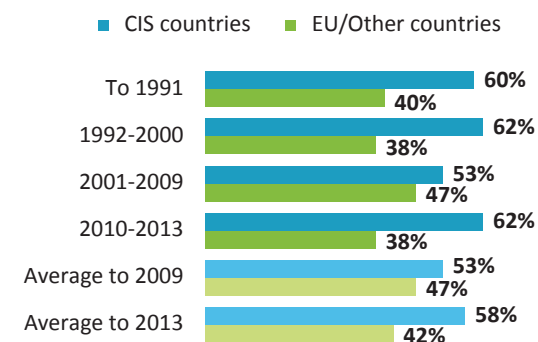


Figure 14: Dynamic of ratio of long-term migrants by main regions of destination
Source: HH Survey 2013

This increase in migration back towards CIS, mainly to Russia, can most likely be explained by the closing of the gap in both incomes and savings of migrant households residing in the EU and CIS regions respectively (for more information on this topic see the Section Key Financial Characteristics).

In general, long-term Moldovan migrants come from all occupations (see Figure 24) and originate from both urban (32%) and rural areas (68%).¹¹ As a percentage of the total population by region, migrants are more than twice as likely to originate from the southern region of Moldova (which is the least developed region of the country) than from the more economically developed Chisinau region.

Region of origin	Per cent
North	11%
Center	11%
South	16%
Chisinau	7%

Figure 15: Number of long-term migrants as a percentage of the total population from respective region

Source: HH Survey 2013

56% of long-term migrants are male and 44% female. Generally, men from poorer, rural areas tend to migrate more towards CIS destinations, while proportionately more women from urban areas tend to migrate to EU countries. This rather unique gender distribution can be largely explained by the demand of the sectors in which long-term migrants are employed. For example, the construction sector in Russia and Ukraine, as well as Portugal, attracts men, while women are more attracted to the service sector, such as catering, housekeeping and hospitality, in Italy.

When comparing the 2009 and 2013 data, the following trends in Moldova's overall migration pattern can be noted:

- ▶ a return to Russian Federation (from 47% in 2009 to 56% in 2013) and away from Italy (26% in 2009 versus 22% in 2013) and other southern European countries;
- ▶ slight shift from the south of EU (Greece, Spain, Portugal) towards the north (France, Germany, Ireland)
- ▶ from short-term and seasonal migration toward long-term migration;

¹¹ Overall migration including short-term and seasonal workers is 31% urban and 69% rural. Source: HH Survey 2013

Reflecting economic trends, potential migration over the next 12 months towards Russia remains stable, while in the EU region it seems to be increasingly oriented towards northern European countries, like Germany, France and the UK, and away from traditional southern destination countries, such as Italy, Spain, Portugal and Greece.

Irregular migration

Related to migrants with “irregular status” in countries of destination, the majority (22% out of 31%) reside in the Russian Federation, followed by Italy (3%) and Turkey (2%). According to HHs surveyed about 70,000 Moldovan migrants in Russia held an irregular status. This estimate is in line with recent figures provided by the Russian Ministry of Labor and Social Protection – about 60,000¹².

According to the HH Survey, more than two-thirds of long-term family members in migration have regularized status

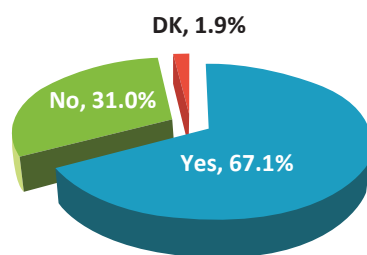


Figure 16: “Are HH members legalised in place of migration?”
Source: HH Survey 2013

Out of the top 10 countries of destination (see Figure 17), the highest share of Moldovan migrants with irregular status is registered in Turkey (50% of long-term migrants), Russia (40%) and USA (38%).

When asked whether their HH members in long-term migration are in regular or irregular status, the following picture emerged

	Number	%
Russia	70,115	40%
Italy	9,654	17%
Portugal	642	11%
Israel	1,977	25%
Ukraine	1,294	31%
Turkey	4,749	50%
Spain	556	8%
France	3,007	22%
USA	1,508	38%
Germany	889	20%

Figure 17: Estimated number of migrants with irregular status in top 10 countries of destination, and as a percentage of total migrants in respective country
Source: HH Survey 2013

12 <http://www.ziarulnational.md/cati-moldoveni-se-reantorc-acasa-pe-zi-din-rusia/>

In the EU region Moldovan migrants have achieved a high level of regularization, with about 80% working on a contractual basis and only around 17% employed without contract.

Relative level of regularization in EU and CIS region is reflected in the level of formal employment in the respective regions of destination

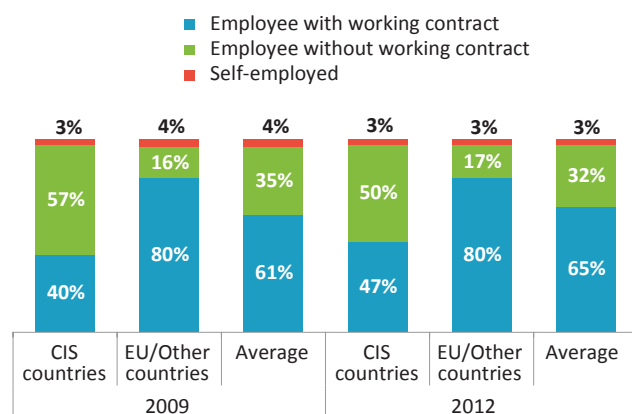


Figure 18: "What is your main source of income?"

Source: Migrant Survey 2009, 2012

By contrast, a smaller - but growing - percentage of migrants (from 40% in 2009 to 47% in 2012) work on contract basis in the CIS region, particularly in Russia. This may be explained by the large number of migrants employed in the construction sector, the lack of visa requirements, and the lack of labor legislation enforcement, which has led to a large informal sector. In January 2014, new regulations were introduced to manage labor migration. These issues are further explored below.

In the EU region, Moldovan migrants have achieved a high level of regularization, with about 80% working on a contractual basis and only around 17% employed without contract.

Migration Drivers

Moldovan mass migration has been primarily economically driven as a coping mechanism to alleviate poverty or escape unemployment. Economic push factors contribute to the decision to migrate in 72.2% of cases. Difficulties in finding a job in Moldova are the main reason for migration (27.5% of responses). Improvement in living standards is the second main reason for migration (23.5%).¹³ These data are consistent with an earlier study showing that economic factors such as poverty, unemployment and low salaries (working poor) represented more than 72% of migration push factors.¹⁴

For an overview of migration drivers since 1997 refer to *IASCI-CIVIS 2010 Market Analysis* and *Literature Review*.

Unemployment remains the key driver in prompting future migration for Moldovans.

¹³ IASCI-CIVIS 2010

¹⁴ European Training Foundation. The Contribution of Human Resource Development to Migration Policy in Moldova, 2008

The presence of an existing long-term migrant in the transnational HH plays an important role in attracting more members abroad, irrespective of the employment status. This intention most probably reflects the wish to achieve family reunification, which is a medium to long-term process that affects financial behaviors (savings, remittances) and return intentions.

This topic is discussed in further sections.

Migration intention is influenced by two key determinants: presence of other family members in migration and employment status

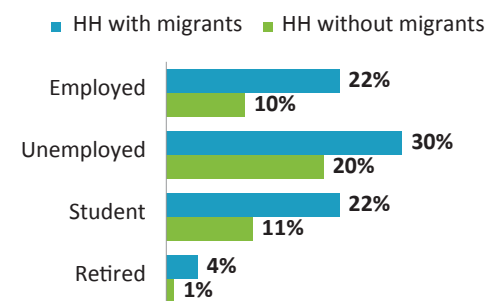


Figure 19: Percentage of HH members intending to migrate in the next two years: breakdown by employment status in Moldova and HH with and without long-term migrants

Source: HH Survey 2013

Socio-Economic Characteristics

Moldovan migration is composed of the economically active part of the population

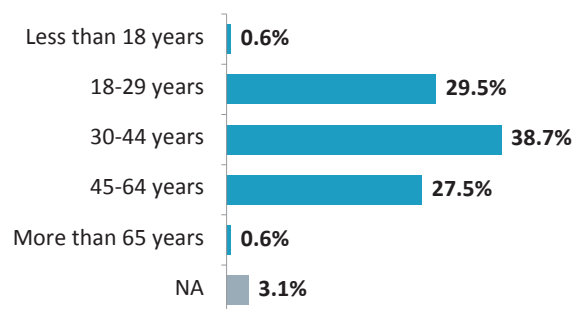


Figure 20: Age groups of long-term migrants
Source: HH Survey 2013

A characteristic of Moldovan migrants is their relative youth, with an average age at the time of departure of 27.5 years that had climbed to 36.4 years at the time of interview.

The majority of migrants (69%) are between 18-44 years. Males predominate in the age group 18-29 years (35% male / 23% female), while more women are likely to be in the 45-65 year group (30% female / 20% male). In the middle age group of 30-44 years the number of males/females is balanced (45%/47%).

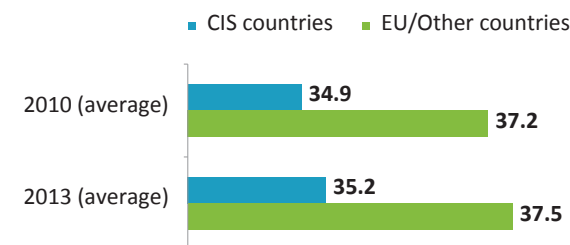


Figure 21: Average age of migrants by region of destination
Source: Migrant Survey 2009, 2012

Figure 21 indicates a slight age difference by destination regions, with migrants in the EU being on average slightly older than those in the CIS region. When looked at more closely, the data shows a clear trend by age and main country of destination. For instance, the younger the migrant the more likely he/she will go to Russia, while older migrants are more likely to go to Italy. This would seem to be consistent with labor market demand.

One of the defining characteristics of Moldovan migrants is their high level of education and professional experience, a profile that in general reflects that of the overall population. Data from 2012 migrant survey show that 28% of all migrants have completed university-level education, and 45% completed high school or professional / vocational education.

As we can see in Figure 22, migrants residing in the EU region generally have higher educational levels than those in the CIS region. Their relatively young age and high level of education show the high potential of Moldovan migrants when compared to other countries studied to date.

Migrants, on average, reflect similar education levels to the overall population of Moldova

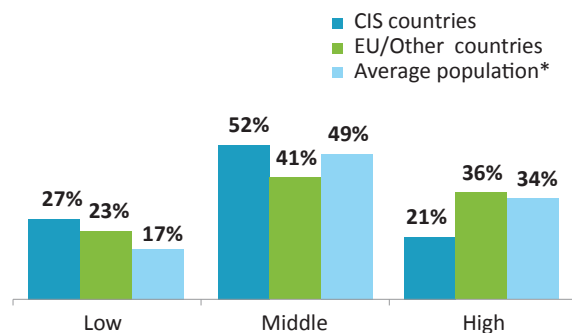


Figure 22: “What level of education did you complete prior to migration?”

Source: Migrant Survey 2012

* Source: National Bureau of Statistics (2009) Total population of age 25-64.

As noted by analysts, a high number of educated and professional people (engineers, doctors, IT specialists, teachers, agronomists, etc.) in migration contribute to a certain level of “brain drain”. In addition, there are increasing reports of shortages of skilled workers in Moldova. Some analysts consider this a potential handicap for Moldova’s future growth prospects. This process is accompanied by a certain degree of ‘de-qualification’ (loss of skills), as the migration process often results in qualified migrants undertaking low-skilled work.

Half of Moldovan migrants are engaged in unskilled work

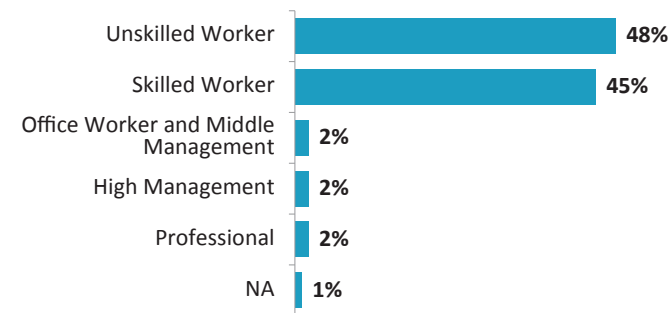


Figure 23: “Specify occupation level (yours and household members) in place of migration”

Source: Migrant Survey 2012

Previous studies have shown that migrants often move from less to more qualified work in line with their education / qualification and integration over a period of years. This trend seems to be less apparent in the case of Moldova. This can be explained by the shorter period of mass migration (i.e. 15 years as compared to 25 or more for other countries studied), as well as the overall migration profile (i.e. single women working in domestic care and single men working in construction). As a result, the comparison between the levels of employment with those of education shows that under-employment and a process of 'de-qualification' characterizes Moldovan migration.

The average personal income of male respondents increased by 27% in the last three years, while female income increased by 13%, on average.

Migrants are often unemployed or under-employed prior to migration

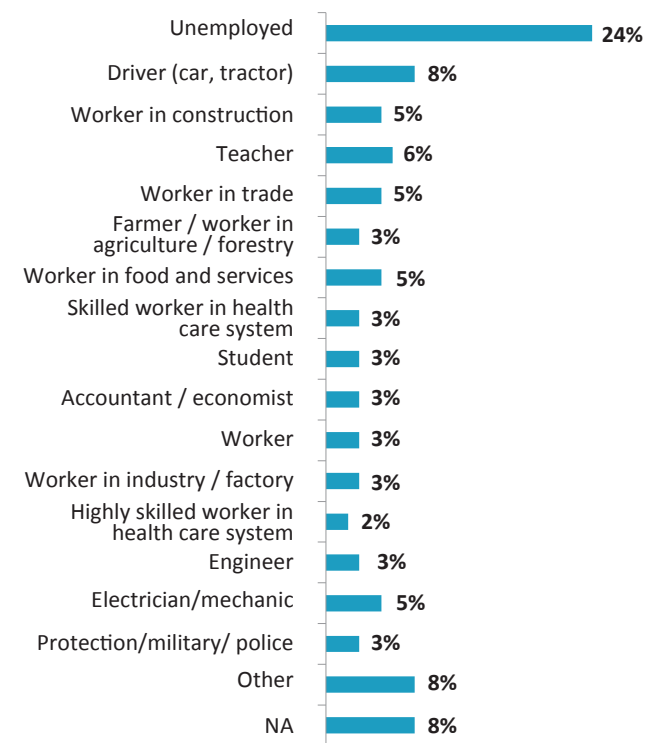


Figure 24: "What was your profession in Moldova prior to migration?"

Source: Migrant Survey 2012

In addition to the “de-qualification” during the period of migration shown in Figure 23, there is also evidence of significant under-employment and hence “brain waste” occurring prior to migration (see Figure 24). The rate of unemployment prior to departure is consistent with the 2009 migrant survey. This finding is supported by NBS data, which found that 25% of all people employed in Moldova with a university degree were under-employed¹⁵. A similar situation, but at a higher scale, holds true for employees with specialized (38%) and vocational education (30%). Moreover, this mismatch increased from 2008 to 2010.¹⁶

Migrants are predominantly employed in ...

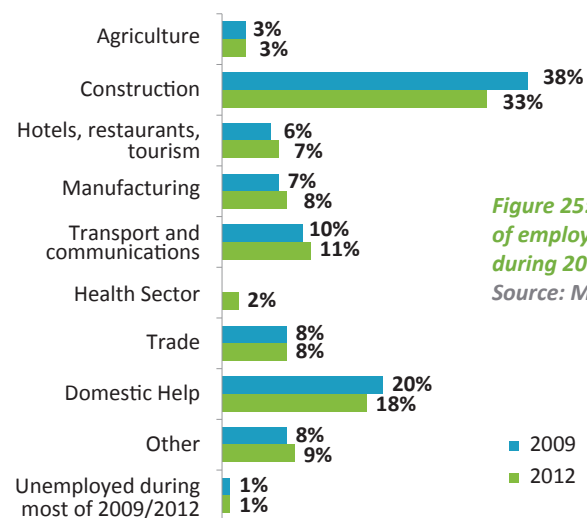


Figure 25: „What was your primary sector of employment in (country of migration) during 2009/2012?”

Source: Migrant Survey 2009, 2012

The two main sectors of Moldovan migrant employment remain construction and domestic help. Comparing 2012 with 2009 data, there has been a slight decrease in these entry level sectors and towards other service sectors. Contrary to expectation, the decrease in construction sector employment was primarily in the CIS region (51% to 46%), while domestic help employment in the EU decreased from 32% to 27%.

Another distinction is identified when examining the division of labor between men and women. Males are employed predominantly in construction (50% of all male respondents) and transport / communication (16%), while women are employed mainly in domestic care (43%), and also in trade (13%) and hospitality industry (13%). Young women are less likely to be working as domestic help, while construction remains the sector of preference for many young Moldovan males. Construction work is also more prevalent among migrants that are from rural Moldovan areas, as well as those with low and middle levels of education.

Differences in employment patterns between the regions of migration can be explained by the structure of their economies and resulting demand for labor. For example, CIS (mainly Russia) has a higher demand for less-qualified labor in construction and trade.

15 NBS, Labor force in the Republic of Moldova: employment and unemployment, 2014, page 87
http://www.statistica.md/public/files/publicatii_electronice/ocupare_somaj/Forta_Munca_2014.pdf

16 ILO/CIVIS, Assessment of links between education and migration in Moldova, 2012

Of special interest is the extremely low unemployment rate of about 3% among the long-term migrant population. This data is consistent between HH and migrant survey. Moreover, such low unemployment figures for migrants' community are consistent with previous surveys carried out in other SEE countries. Interviews show that migrants are much more flexible in adapting to labor market conditions than the host populations. Migrants are more likely to move from sector to sector and country to country, in line with their overall migration goals – wealth accumulation.

The disparity in income levels between working men and women has increased in the last three years

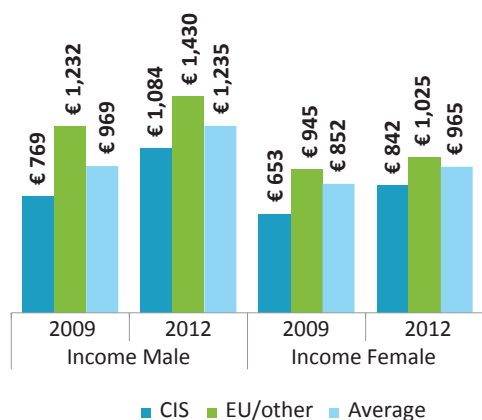


Figure 26: “What is your personal (not of your HH) net monthly average income from all sources in your place of migration? – Cross-tabulated by gender
Source: Migrant Survey 2009, 2012

The average personal income of male respondents increased by 27% in the last three years (41% in CIS and 16% in EU region), while female income increased by 13% on average (29% increase in CIS and 8% in EU).

This results in a doubling of the average disparity of personal income level between men and women – from 14% to 28%. The disparity in personal income in CIS region increased from 18% to 29%, while in EU region from 30% to 40%. This can be explained, in part, by the higher participation of women in domestic care, which is the lowest paying sector (together with agriculture) in both EU and CIS.

Comparing employment within the same sector, women still earn significantly less than men. The sectors with the largest discrepancies are service (45%), agriculture (39%), manufacturing (36%), and construction (32%). This is despite the fact that migrant women are generally more educated than men. This discrepancy is maintained when males and females have the same level of employment.

A large proportion of Moldovan migrants are married

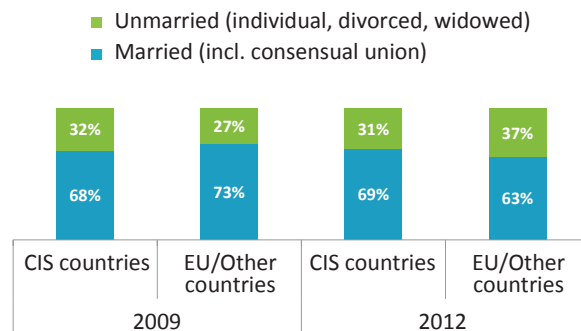


Figure 27: „What is your marital status?” and “Country of current migration”
 Source: Migrant Survey 2009, 2012

Overall, 66% of Moldovan migrant surveyed in 2012 were married, registering a decrease of 5%, on average, from 2009. As can be seen in figure 27, this decrease occurred only in EU/other countries of destination. In-depth analysis shows that 1/3 of Moldovan women aged 30 and older, residing in EU region are unmarried. On the other hand, one of five Moldovan men of the same age group, residing in EU region, is unmarried. As discussed below, family reunification rates in places of migration (at 26%) remain low. Given that a married migrant has been residing in their current place of migration for an average of 8.9 years (at the time of survey), this separation is undoubtedly one factor in the personal, family and social tensions observers frequently note about the Moldovan migration experience.

Another explanation for the decrease in married migrants might be that today younger people are more likely to migrate than in the past. This finding is confirmed in both recent experience (2009-2013) and at the level of migration intention.

When looking at age at the time of first migration, there is a clear shift towards a younger group of migrants. Research data shows that in the last four years, the share of migrants aged 18-29 increased to 66% from 55% (those migrating before 2009).

In 2013, 43% of people with a stated intention to engage in long-term migration were in the 18-29 year category. This can be compared to 30% of the overall stock of long-term migrants in this age group. This might indicate a troubling trend of higher numbers of young people leaving for abroad than before.

Maturity of the Migration Cycle

Understanding the relative maturity of the overall migration cycle is important for a number of reasons. It can provide significant insight into current and future migration behaviors of migrants, including probable return intentions. It is also a factor that can be used to explain and forecast overall savings, remittance, and investment behaviors.

One characteristic of Moldovan migration is its relatively lower maturity when compared to other countries studied. Using a number of quantitative and qualitative indicators, including level of regularization of residency in the place of migration, rate of family reunification, knowledge of the local language, and relative integration/prosperity, maturity can be measured. Moreover, these factors and indicators can be directly cross-tabulated with other countries through the collection of comparable data sets.

Regularization of Residency

The process of regularization is often referred to as a key factor determining incomes, savings, remittances and social security / vulnerability. In general, regularization positively impacts the ability of migrants to reach their migration objectives. With regularization comes higher incomes and lower vulnerability to labor exploitation and other negative effects. In general, the higher the percentage of migrants with regular status, the more mature the migration cycle is likely to be. As reported above, overall two-thirds of long-term migrants have regular status in place of migration, although there are wide differences between regions.

Most Moldovan long-term migrants in the EU regularize their residency and working permits

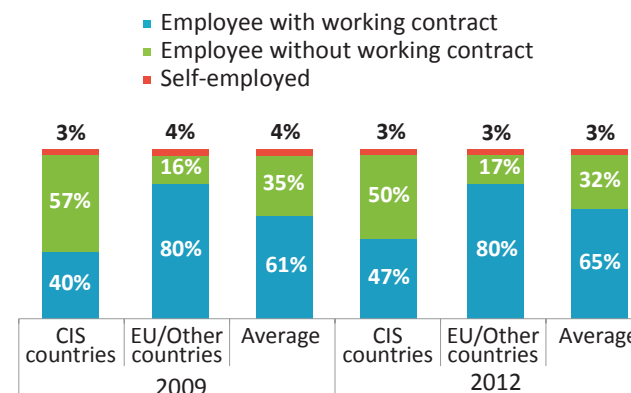


Figure 28: Employment status of respondent in country of migration
Source: Migrant Survey 2009, 2012

Moreover, 92% of employable family members in migration (including respondent and other family members) are employed, while another 3% are self-employed. Only 3% of this category is unemployed. Of those 92% that are employed, 68% are within the formal sector.

Of particular note in this context was the large difference between EU region and CIS, as the majority of CIS-based long-term migrants did not consider their status regularized. Looking at CIS data on employment status (Figure 28), one can see an increase in the number of people having a formal working contract. This would seem to imply a process of on-going regularization of long-term migrants in this region.

Relative level of regularization is reflected in the propensity of migrant HHs to hold a bank account

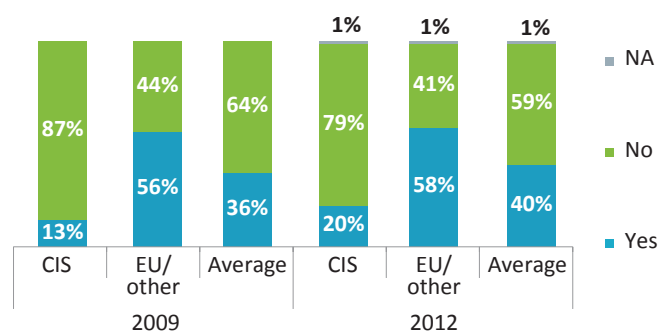


Figure 29: “Do you or another member of your HH have a bank account in (country of migration)?”
 Source: Migrant Survey 2009, 2012

Moldovan migrant HHs are less likely to make use of retail banks in their places of migration when compared to migrants from Albania, Bosnia or Kosovo, despite their level of regularization (see figure above). This may be partly explained by their shorter migration experience, the predominant sectors of employment, as well as high level of distrust in the financial intermediation sector. In the 2010 report it was forecast that higher levels of banking use could be expected as the migration experience was extended. Figure 29 seems to confirm that forecast, in particular in CIS region, where banking use increased by 7%. This increase is consistent with other indicators, for instance increased levels of formal employment and income between 2009-2012, as shown in Figures 28 and 26.

Of note, and as explored further in Section Financial Overview, family members of a Moldovan transnational household that are abroad are in fact more likely to be “banked” (40%) than family members of the same households in Moldova (30%).

Only 9% of respondents in the 2009 survey of HHs with long-term migrants reported that family members in long-term migration “never” return for home visits. This finding seems to confirm that the vast majority of Moldovan long-term migrants feel confident in travelling back and forth, even in those instances where their status in the CIS is not formalized.

Of those who regularized their status, the vast majority managed to do so early in the migration cycle

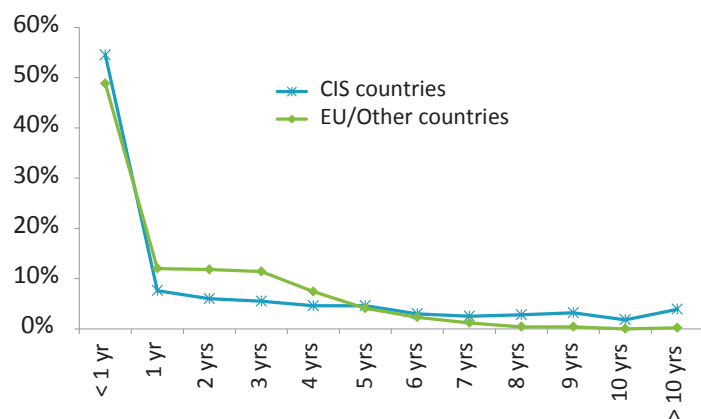


Figure 30: Number of years without long-term residency/work permit in country of migration
 Source: Migrant Survey 2009
 Sample: 1,558 migrants who regularized residency and working status

The 2009 survey showed that the average time to achieve regularization was 1.5 years in EU/other countries and 2.3 in CIS region. This indicates that while many Moldovans may have initially migrated in an informal manner, on average, most respondents managed to regularize their status in the place of migration within very few years.

Overall, 61% achieved this status within the first year; 10% in the second or third year. This process resulted in an average regularization rate of 88% by year four with most of the remaining migrants achieving this status over the following years.

The trend is clearly towards formal migration and earlier regularization of status

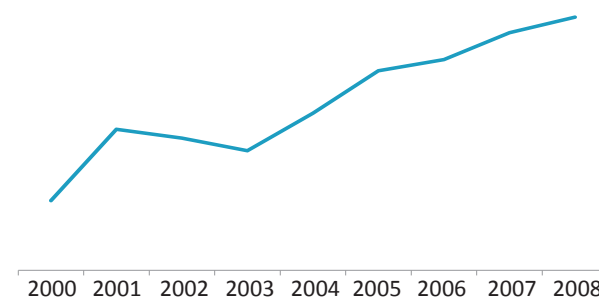


Figure 31: Dynamic of regularization within the first year of migration in destination country
 Source: Migrant Survey 2009

There are an estimated 368,000 long-term (as defined above) Moldovan migrants in CIS and EU/other countries of destination. Based on the 2009 and 2013 HH surveys, two-thirds of migrants are abroad with regularized status. Unlike other countries studied, the regularization rates have been consistent over the previous ten years. The absence of peaks in regularization rates would indicate that this process is not only a function of government campaigns and amnesties.

For the SEE region, Moldova’s model of migration is unique in that it can be both male and female-led, depending largely on region of destination. Family reunification (if it occurs) generally takes place as the migrant-leader becomes regularized and gains a sense of security in the place of migration.

Family Reunification

Family reunification among married migrants is low when compared to other countries studied to date, but with a progressive trend

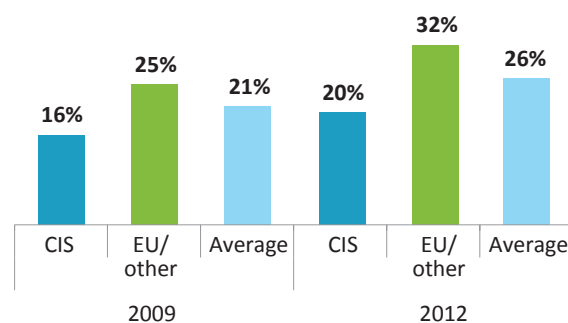


Figure 32: Family reunification rates in countries of migration
Source: Migrant Survey 2009, 2012

In comparison, family reunification for Albanian migrants stands at an average of 90.5%, with even higher levels for Bosnians and Kosovars. This reflects their respective migration dynamics (for example, Bosnian migrants often migrate as a family), as well as the relative maturity of the migration cycles of these countries, each with a 25-45 year history¹⁷, as compared with 15 years of Moldovan mass migration history. Based on the HH survey, 53,000 HHs have all members in long-term migration. This is 21% of all long-term migrant HHs (i.e. 258,000 HH).

The average transnational household has between 3.2 and 3.8 members, depending on the source of information – migrant as respondent or head / acting head of household

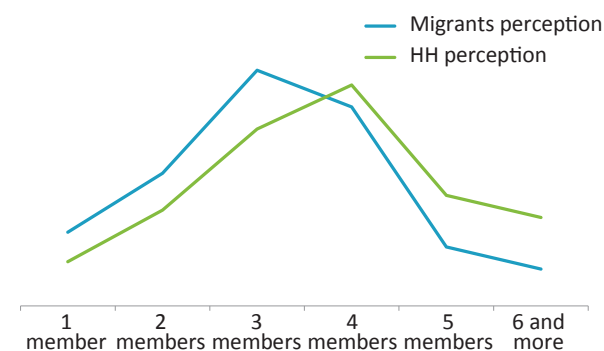


Figure 33: Number of household members in a Moldovan transnational household
Source: Migrant Survey 2012 and HH Survey 2013

¹⁷ More information on HH size and number of income earners in other studied countries can be found on www.iasci.info

This range of figures can be explained by different perceptions of household composition / nucleus between respondent migrant and head or acting head of household in Moldova. Analysis of the data shows that migrants have a narrower or nuclear view of who is an actual member of their household; while interviewed heads of household in Moldova have a broader / traditional perception (see Figure 33).

This perception in turn impacts on the percentage of household members residing in country of migration. According to the migrant survey, transnational households are almost equally divided between Moldova and country of migration (52% versus 48%); while according to the HH survey the share is closer to two-thirds to one-third.

However, balancing these differences in estimated total number of HH members, is the fact that HHs report having a lower number of members in migration (i.e. 1.4 persons). On the other hand, interviewed migrants report an average of 1.54 household members in migration. This represents a slight increase from 1.5 in 2009, confirming an on-going family reunification trend.

An average of 1.32 people in every migrant HH is employed or otherwise generating an income (up 4% from 2009). As a result, there are very few dependent family members in migration, as reflected below.

Language

Until recently, Moldovan migrants have favored migrating towards those regions and countries with which they share cultural, historical and linguistic similarities.

Russian language is commonly spoken in Moldova given their Soviet history. This facilitates migration and integration within the CIS region.

In relation to primary countries of destination in the EU region, Romanian speakers are often easily able to learn other Latin-based languages, such as Italian, Spanish, Portuguese and French. Many Moldovan migrants learn the language of these countries in a short time compared with other migrants.

Every fourth married migrant achieved family reunification abroad.

Skills

Given the predominant sectors of employment, it is not surprising that few migrants receive formal education or on the job training

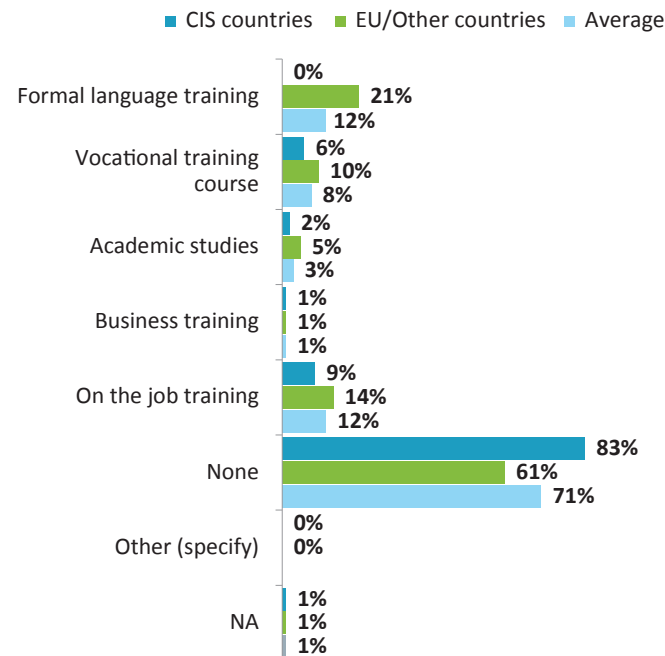


Figure 34: “During your period of migration, have you undertaken any of the following?”

Source: Migrant Survey 2012

Nonetheless, 28% of migrant respondents reported taking part in some form of training over preceding 12 months. A slight increase (on average by 2%) has been recorded from the 2009 survey in all categories of trainings (other than business trainings). Higher rates of language trainings use is reported by Moldovan migrants in EU region, from 17% in 2009 to 21% in 2012.

This relatively low rate of formal skills upgrading during the period of migration is most likely a result of continuing high incidences of employment in predominantly low-skill sectors and levels of employment (skilled worker, unskilled worker), as seen in Figures 23 and 25.

Relative economic position

Personal income levels reflect the economic prospects of Moldovan migrants in the two main regions of migration

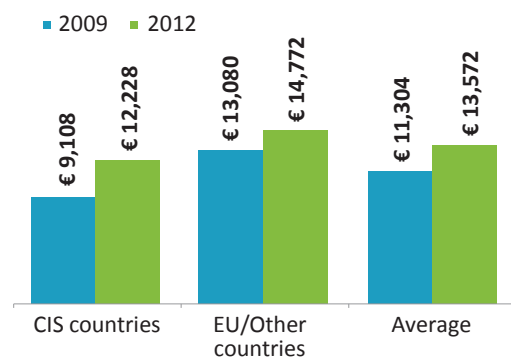


Figure 35: Annual average PERSONAL income from all sources in place of migration
Source: Migrant Survey 2009, 2012

Over the three years between the two surveys, personal income of migrants rose significantly in both regions (20%). The increase of 34% is particularly noticeable in the CIS region (compared with the 14% increase in the EU region). In the CIS this positive trend reflects the overall increase of labor costs in the general economy, according to official figures. In the EU the increase in personal incomes of Moldovan migrants, irrespective of the general economic downturn, might be partly explained by the low unemployment rate among Moldovan migrants (see Figure 28), as well as the slow transition from lower paid sectors/entry-level positions towards higher (see Figure 25). These findings are contrary to expectations and much of the literature, which hold that migrants are often in a vulnerable position, of insecure employment (i.e. the last hired, first fired principle).

The relative stage of maturity of Moldovan migration is reflected in the regional comparison of annual HH incomes in migration, with Moldovan HH incomes showing a trend of rising towards the regional average

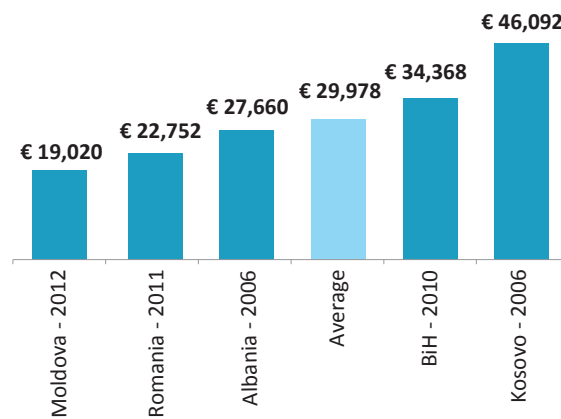


Figure 36: Annual total HH income in migration – regional comparison (only EU region)

Source: Migrant Survey 2009, 2012

Data are presented only for EU region for comparative purpose, since other countries reflected in the graph do not have any or have insignificant number of migrants in CIS region

Social Networks and Communication

Gaining insight into the mutual assistance and available trusted communication sources of migrants is important to developing relevant marketing and awareness-raising strategies.

Literature shows that social networks and mutual-help between migrants, as well as between migrants and home communities play a vital role in every phase of the migration cycle, from pre-departure planning through to eventual return and reintegration. Our 2009 migrant and household surveys confirm this theory. For instance, 70% of Moldovan migrants reported having family, friends or neighbors in their country of destination prior to departure.

Four out of five migrants relied on their social network to help them with the migration process.

More than four out of five migrants relied on their network to assist them with the migration process

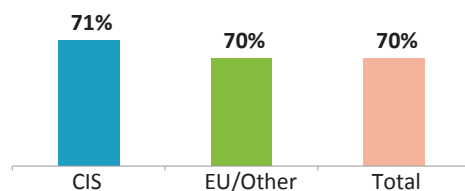


Figure 37: "Did you have family, friends, neighbours, etc. in (country of migration) prior to departure?"
Source: Migrant Survey 2009

These social networks play a crucial role in assisting Moldovan migrants in managing migration-related risks, lowering associated financial costs, and maximizing their gains. Four out of five migrants with a social network abroad relied on it for assistance in the migration process.

This social network is reinforced by proximity in places of residence

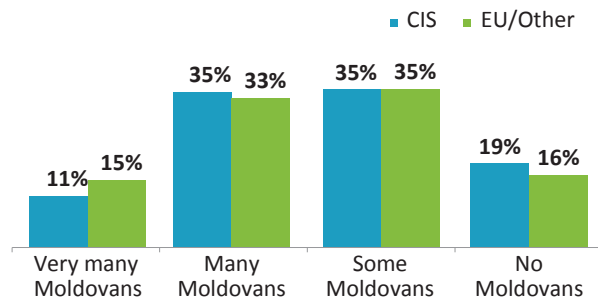


Figure 38: "Are you aware of any people from your place of origin living near you?"
Source: Migrant Survey 2009

And proximity in places of employment

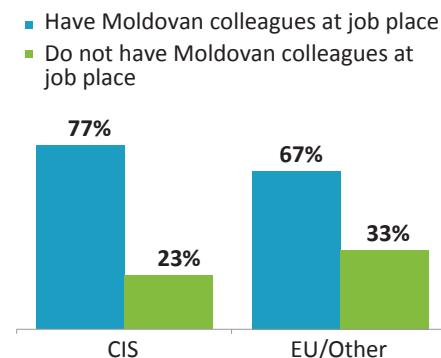


Figure 39: "Are there any people from your place of origin working with you?"
Source: Migrant Survey 2009

Overall, Moldovan migrants maintain strong levels of contact between themselves at their places of employment, public places such as bars and coffee shops, home visits, and via telephone. The 2009 migrant survey showed that the most important means of communication among Moldovan migrants were daily social contact at work (46%) or by telephone (44%). Forty per cent of Moldovan migrants met in public places on a weekly basis and 66% visited each other's homes in monthly intervals. This high level of social capital is important in order to exchange information and support regarding economic and social conditions, both in the place of migration and in Moldova.

Moldovan migrants also maintain strong links to their home communities

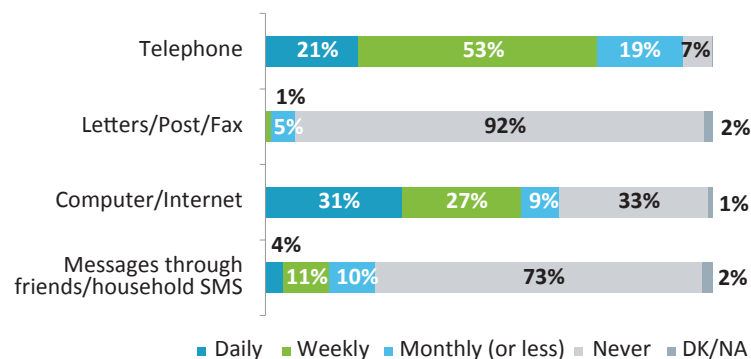


Figure 40: “How often do you use the following means of communication with household members in migration?”
 Source: HH Survey 2013

In general, migrants from Moldova communicate with their families and friends in Moldova by telephone (74% weekly) and internet (58% weekly). In the three years between surveys, a 20% drop was registered for weekly telephone use matched with an 18% increase for weekly use of internet as a communication channel.

Access to Moldovan media in places of migration is relatively high

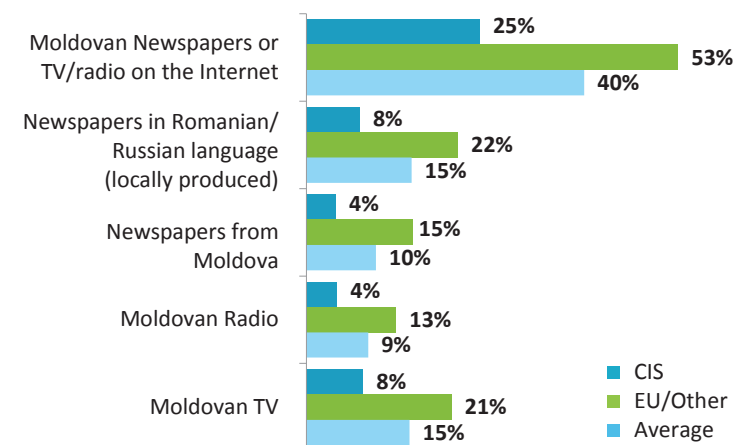


Figure 41: “In your place of migration, do you have regular access to the following media?”
 Source: Migrant Survey 2009

But, personal communication with family, friends and fellow migrants is consistently the most trusted source of information

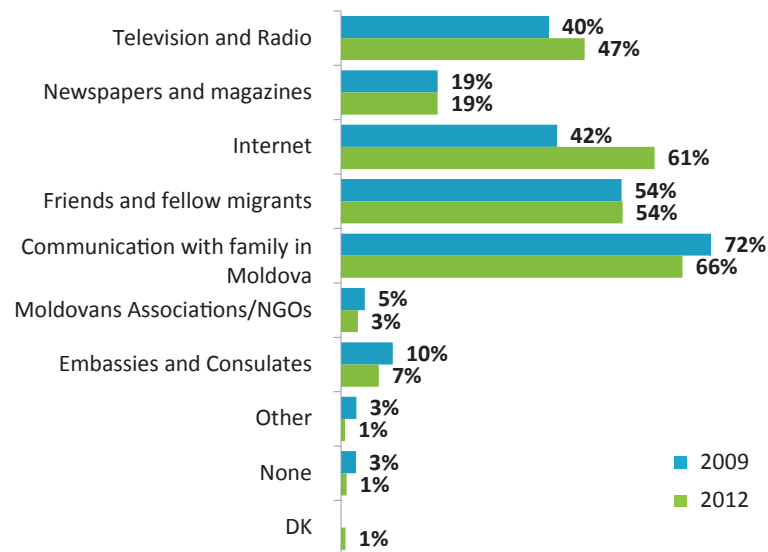


Figure 42: “What are your three most trustworthy sources of information about Moldova?”

Source: Migrant Survey 2009, 2012

As can be seen in Figure 42, Moldovan migrants are rich in horizontal social capital. As first reported in the 2010 market analysis, they are poor, however, in structural social capital (organizations and formal networks that facilitate joint actions). Though migrant and diaspora associations exist, their role and importance to the migrant community and their families seem to be extremely limited. Only 8% of migrants interact with diaspora associations in any way. Of these 8%, only one quarter reported membership in such organizations that can be estimated to be approximately 7,500 members; from a total population of 370,000 long-term migrants. The 2012 migrant survey data show that only 3% of migrants see such associations as “a trusted source of information”. This is a drop from 5% in 2009. Likewise, embassies and consulates registered a decrease in the level of trust, from 10% in 2009 to 7% in 2012.

On the other hand, television/radio and, mainly, internet saw a significant increase in the level of trust expressed by interviewed migrants. This is in line with increased access and use of internet by the migrants (from about 55% in 2009 to 85% in 2012). This increase is more prevalent among migrants residing in the EU region, where 68% use the internet daily and a further 18% make use of it at least weekly.

Horizontal social capital is strongly supported by the channels of communication between migrants and Moldova, where 94% of migrants with internet access use it for communication purposes. The 2009 survey showed a strong link between amount of communication on one hand, and remittance behaviors, return intentions and potential investment activities on the other. This finding is confirmed by the 2012 data. Figure 42 shows a decrease in communication between migrants and family members from country of origin (from 72% to 66%). This is consistent with the increase in family reunification noted above. Equally, the data shows a decrease in return intention (from 71% of respondents with a stated return intention to 59%) and a lowering of the propensity to remit (from 84% of remitting household to 79%). All three factors are reflected in the decrease of communication noted between the 2009 and 2013 surveys.

Increasing access to affordable modern means of communication, such as the internet, VoIP, cell phones, and access to media through satellite or internet, strengthens these channels. These channels serve not only emotional needs, but also facilitate exchanges of information and foster the social and economic development of the country.

But the trends discussed above seem to indicate that even increased access and use of modern communication infrastructures may not compensate for the effects of the maturation of the overall migration cycle (see subsection Maturity of the Migration Cycle).

Circular Migration

Sustainable return and integration is commonly considered the last phase of a circular migration process. From migration and development as well as migration management perspectives, the process of return migration is considered important because this is closely linked to the transfer of accumulated financial capital (retained savings), human capital (experience, skills, knowledge, business practices, ideas, etc.), and social capital (contacts, networks).

Return intentions and actual behaviors are critical determining factors in explaining and forecasting savings, remittances, and investment trends. As a result, they impact the level of development that can be gained from migration.

The data shows apparently contradictory trends in return patterns. On one hand, data shows an increase in number of permanent returnees¹⁸; on the other hand, the overall number of migrants with return intentions is diminishing. Therefore, past permanent return must be seen in a broader context of the maturation of migration cycle. The next pages will first examine past return situation, then examine overall return trends.

¹⁸ Returned migrant is a person who moved for labor purpose to a country other than that of his or her usual residence, but has returned to and is residing in Moldova permanently - and who has no further migration intentions at the time of interview. Those migrants who are visiting family members / or doing some business (days to weeks) are NOT considered returned migrants.

On a personal level, the circular migration process can be either long or short-term. Return migration is a relatively recent phenomenon in Moldova. A 2008 study shows that 10% of all returned migrants had done so in 2003, and that there was a trend towards higher returns, as a result of improvements in the socio economic and political situation in Moldova.¹⁹

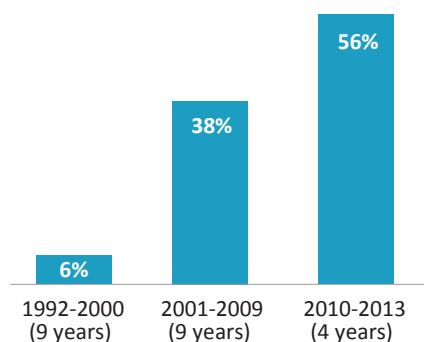


Figure 43: "In which year did your household member return from long-term migration (for permanent stay)?"
Source: HH Survey 2013

The 2013 HH survey seems to confirm an increasing return trend over the last 20 years, as illustrated in Figure 43. Overall, about 44,000 long-term migrants had returned at the time of the 2013 survey with the intention to stay permanently in Moldova, of which 56% returned the previous four years.

The main countries of permanent return are Russia with 49% of all returnees (about 21,500), Italy with 15% (about 6,400) and Israel with 12% (about 5,200). Other countries of migration each account for less than 3% of all returnees.

The average ratio of returnees to current economic long-term migrants is 11%. Looking closer at specific countries, the return pattern is as follows:

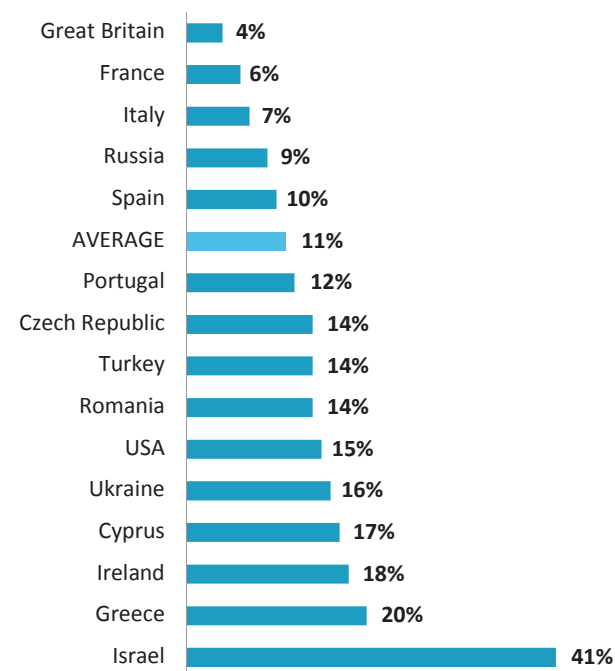


Figure 44: Overall number of permanent returnees (1992-2013), expressed as a percentage of total migrants in that country in 2012-2013
Source: HH Survey 2013

¹⁹ European Training Foundation, The Contribution of Human Resource Development to Migration Policy in Moldova, 2008

Higher than expected levels of permanent return from Israel and USA might be explained by the prevalence of labor migration schemes between Moldova and these countries. On the other hand, higher level of returns from Greece, Ireland and Cyprus might be explained by the recent economic downturn from 2008, which was particularly severe and long running in these countries.

Circular migration, including the permanent return of long-term migrants to Moldova, is an observed trend that seems to be on-going, dynamic and growing. This finding is contrary to the popular view held by both the general population and most national and international analysts that return migration to Moldova does not happen.

Overall, 59 per cent of migrants continue to have a definite intention to return permanently to Moldova, and a further 16 per cent remain undecided

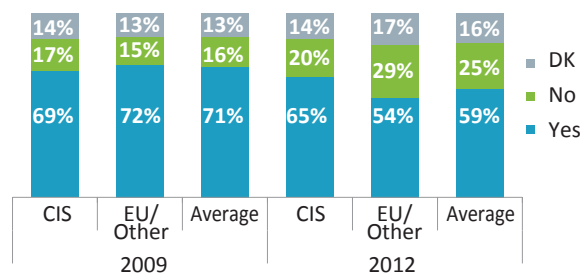


Figure 45: “Do you expect to return to Moldova (for permanent residence) in the future?”

Source: HH Survey 2013

On the other hand, and looking forward, the maturation of the overall migration cycle will continue to have an influence. As can be seen in Figure 45, projected return intentions, while still relatively high, have diminished by 12% since 2009 among long-term migrants.

The preceding figure provides strong signal from long-term migrants that an increasing number, especially among those in EU region, have made the decision not to come back to Moldova on a permanent basis at some future date (almost doubling from 15% to 29% in the three years between the two surveys). Meanwhile, the number of undecided has not changed significantly in this period.

Worryingly, the number of migrants that have decided not to return permanently is almost double among those in the 18-29 age group (31%) compared to those in the 45-65 age group (17%). As noted earlier, in the last three years more people in the 18-29 age group went into initial migration (as a percentage of the total migration stock). At the same time, more people in this age group express also an increased interest to go into long-term migration (see Figure 10). Taken together, these three findings reinforce other studies and demographic forecasts regarding ageing of the Moldovan resident population, as well as decreases in birth rates and economically active population.

Single migrants and those who achieved family reunification abroad are less likely to return to Moldova on a permanent basis. Therefore by 2013, 30% of single migrants (versus 22% of married migrants) as well as 46% of reunified migrants (versus 13% not reunified) had made the decision not to return. In line with this trend, non-remitters are less likely to return to Moldova (41%) than remitters (63%). For more information on remittances' behavior see below.

Moldovan migrants have very clear objectives and conditions before they consider returning

The following figure confirms that, as with other countries studied, for most Moldovan migrants with a return intention, meeting their personal savings objective remains the primary goal before permanent return will be considered

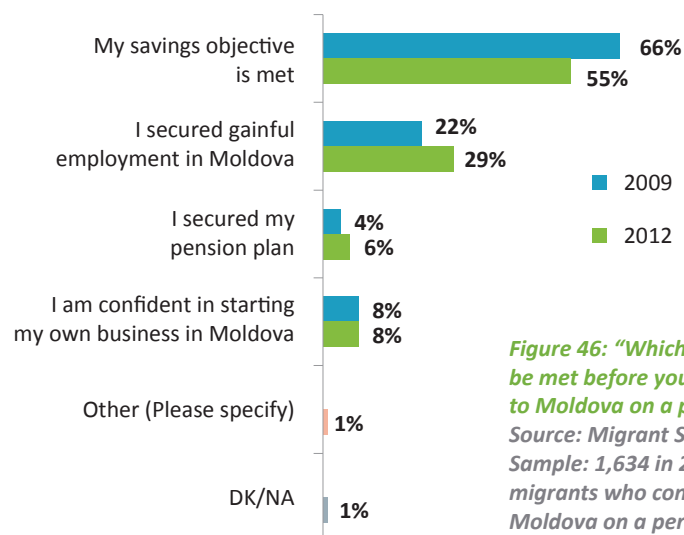


Figure 46: "Which primary condition has to be met before you will consider returning to Moldova on a permanent basis?"
 Source: Migrant Survey 2009, 2012
 Sample: 1,634 in 2009 and 1,460 in 2012 migrants who consider returning to Moldova on a permanent basis.

Comparative data shows a slight shift in the last three years among potential returnees related to their stated preconditions before considering permanent return.

Fewer respondents indicated meeting personal savings objective as a primary condition and more indicated interest in securing gainful employment and pension scheme in Moldova. This might be partly explained by the finding that average progress in reaching the savings target rose from 16% to 25% in the preceding three years.

Generally, females are much more interested in securing a pension plan (11% compared with 3% of males). The same holds for migrants in the 45-65 age group (16% want a pension compared to 3% of migrants in the 30-44 age group).

In any case, a positive assessment of external factors beyond the control of the migrant (i.e. environmental issues), such as employment opportunities and the business climate in Moldova, continue to be important in influencing the decision to return.

Return intentions, while decreasing, remain *higher* for Moldovan migrants than in other countries studied. Experience in other countries shows that family reunification, progressive increases in the migration objectives, integration in the country of destination, and improvement of their socio-economic status all lower the rate of return intentions.²⁰ The above comparisons of 2009-2012 data would seem to indicate that this trend nonetheless holds true for Moldova as well.

The 2012 survey confirms the 2009 findings that:

- ▶ an increased aspiration to return to Moldova is closely correlated with increased age, marital status (those with family in Moldova) and level of achieved savings;
- ▶ those working in agriculture, construction and domestic care are more likely to return compared with other employment sectors abroad;
- ▶ migrants with lower levels of occupation are more like to return as compared to those with middle and high level employment status (i.e. managers, medical professionals, engineers etc.).

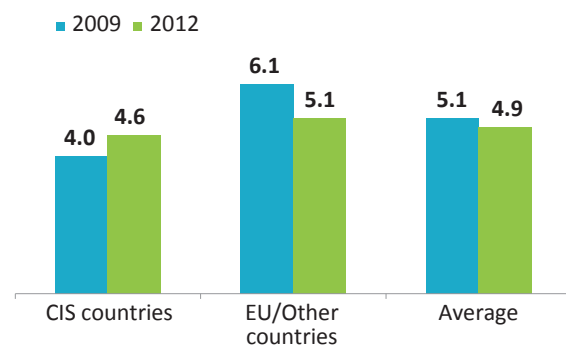


Figure 47: "In how many years do you intend to return permanently to Moldova?"
Source: Migrant Survey 2009, 2012

20 By example, and reflecting this process, surveys carried out by the authors in Albania in 2003-2008 show that the desire of migrants to return actually diminished from 64% to 49%. (de Zwager, et al., 2010)

Comparative data shows (Figure 47) that the average return intention period decreased slightly over the three years between surveys. This decrease is most marked for migrants residing in the EU region. On the other hand, migrants working in CIS expect to stay in migration six months longer than those interviewed in 2009. Consequently, these opposing trends largely balance each other out.

One proxy indicator of return intention is the percentage of property ownership among Moldovan migrant HHs in their place of origin and their country of migration

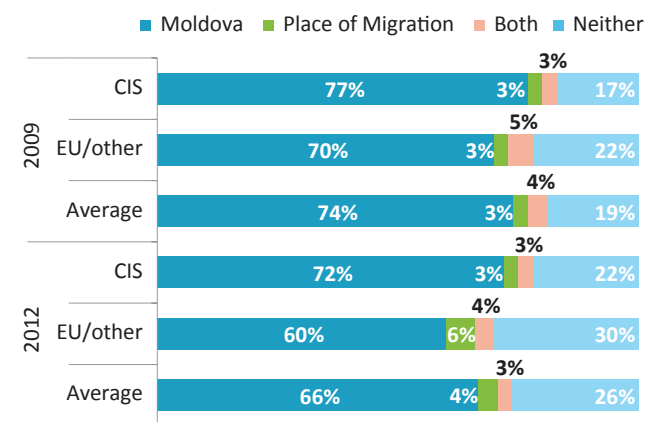


Figure 48: "You currently own property in..."
Source: Migrant Survey 2009, 2012

The above graph shows very limited property ownership abroad among Moldovan migrants, even when compared to the other countries studied to date. At the same time, the majority of these HHs continue to maintain their properties in Moldova, although at a decreasing rate from 72% of home ownership on average to 66%. This combination seems to confirm the high, but nonetheless decreasing overall return intentions of Moldovan migrants, as discussed above.

As Figure 53 shows, accumulating savings for the purchase of real estate (houses and apartments) in Moldova, rather than in the place of migration, remains the primary objective for many Moldovan migrants.

There is a slight increase in interest to purchase real estate in the place of migration. This interest is most prevalent in the EU region, where interest increased from 11% to 16%. This again confirms the decrease in permanent return intentions of migrants from this region.

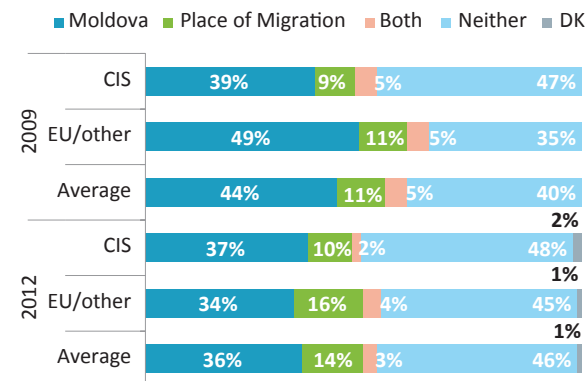


Figure 49: “You intend to purchase property in...”
 Source: Migrant Survey 2009, 2012

At the same time, the data shows a decreasing interest in purchasing property in Moldova as an investment option. This seems to be related to both diminishing return intentions, as well as reduced attractiveness of the real estate market conditions in Moldova since the 2009 survey, where average property prices have decreased.

The overall trend towards decreasing permanent return intention is further reflected in the sales patterns of real estate owned by transnational HHs in Moldova. Data from the Migrant Survey shows that 6% of migrants sold at least one of their properties in Moldova in the previous three years, while another 6% plan to do so in the following three years, predominantly those who have a stated intention not to return permanently. These findings are confirmed by the concurrent household survey with long-term migrants.

Return processes, when they occur, will reinforce the general urbanization trend in Moldova. At the same time, Figure 50 shows a decrease in this trend over the preceding three years (from 22% in 2009 to 13% in 2012).

The vast majority of Moldovan migrants with return intention plan to return to their place of origin

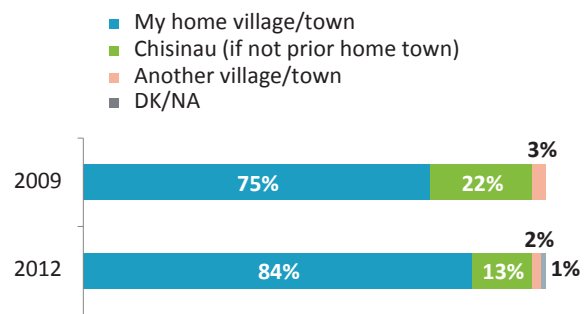


Figure 50: "Where do you plan to return?"
Source: Migrant Survey 2009, 2012

The profile of those intending to return to Chisinau rather than to their place of origin consists of persons that are within the 18-29 age group, have higher income level, and higher levels of savings/investment intentions. Also, those in Italy are more likely than migrants currently in Russia to move to Chisinau.

The main reasons for this preference are presumably the greater employment and investment opportunities found in Chisinau. Return and investment intention are closely correlated (see next chapter).

KEY FINANCIAL CHARACTERISTICS

Incomes, Expenditures and Savings

HH incomes and expenditures continue to be influenced by region of destination; but the gap in savings between EU and CIS was eliminated during the three years between surveys.

Level of income is certainly one important factor in selecting a country of destination. Other factors considered by migrants are the costs and risks of migration, as well as the costs of travel between the two locations (i.e. regulatory framework and distance, respectively).

In the case of Moldova, these types of costs and risks are clearly lower for the CIS region, with established self-help networks, cultural affinities, and visa-free travel (until April 2014) all playing major roles. It is the totality of these factors that influence both destination region and *gross savings* rate, and it is from these gross savings in the place of migration that remittances and net savings (see below) are gained.

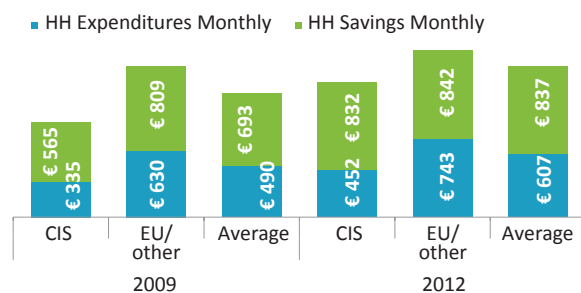


Figure 51: “Can you estimate the total net average of the incomes of all the people you mentioned as part of your HH in migration, including yourself, per month?”; “On average, how much does your HH spend per month in the place of migration?”

Source: Migrant Survey 2009, 2012

The table below shows HH incomes in CIS and EU increased in the period of 2009 to 2012 by an average of 22%. The largest increase is registered in migrant HHs in the CIS region (with 43%), primarily in the Russian Federation.

	2009	2012	Increase
Average	1,183	1,444	122%
EU	1,439	1,585	110%
CIS	900	1,284	143%

Figure 52: Increase in HH monthly income (Euro) by region of destination

Source: Migrant Survey 2009, 2012

This finding is consistent with an overall increase in real disposable incomes in Russia (49% measured in USD) over the same period²¹.

Because of their well-developed social networks and strong communication behaviors (see section *Social Networks and Communication*), most migrants are keenly aware of the relative potential incomes and expenditures of their various migration options.

21 KPMG Advisory N.V., Real disposable income in Russia. Investing in Russia: an overview of the current investment climate in Russia, April 2013, Page. 10.

Therefore, this market analysis confirms previous quantitative and qualitative research suggesting that *it is the determination of potential savings capacity, rather than absolute level of income, which commonly determines migration and economic behaviors.*

As mentioned in Section 1, Figure 14, a *recent reversal in the long-term trend* of increased migration to the EU region has been observed. The 2013 HH survey confirms this trend, with the data showing a marked shift of about 5% in the ratio of long-term economic migrants going towards Russia. This is probably due to increases in general labor costs in that country, thereby making it more attractive to Moldovan migrants.

Shifts from single-person migration to family reunification increases expenses in place of migration almost three fold, while also lowering remittance values (see below). Other factors, including education level of migrant, length of migration, and changes in migration objectives over time also influence total expenses.

It is the determination of potential savings capacity, rather than absolute level of income, which commonly determines migration and economic behaviors.

Moldovan migrants have very clear savings objectives with some shifts in emphasis over the preceding three years...

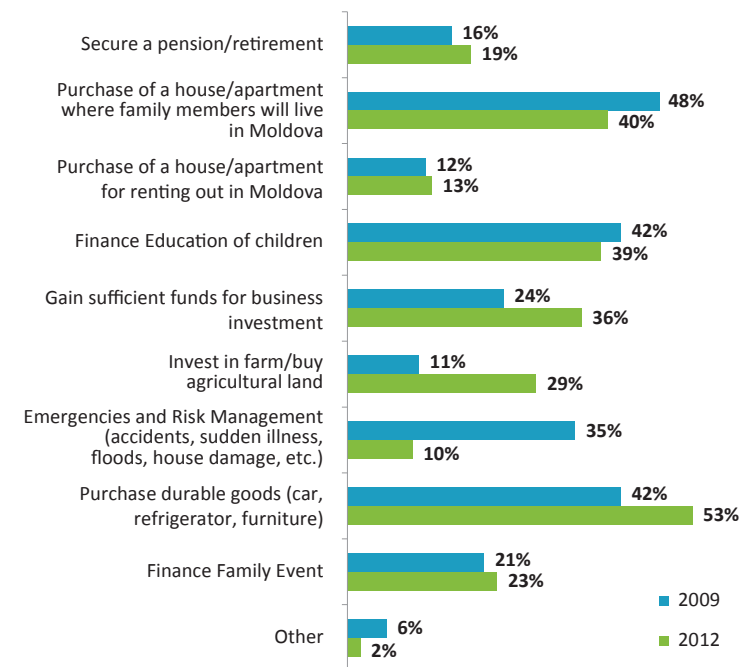


Figure 53: “Please rank the top three savings objectives of your HH to be achieved during your period of migration”
 Source: Migrant Survey 2009, 2012

Figure 53 reflects several trends:

- ▶ There is a strong increase in savings for the purpose of investing in a business (from 24% to 36%) and agriculture (from 11% to 29%).
- ▶ This is reflected in a commensurate decrease in savings for the purpose of purchasing real estate as a home, as explored in the previous section.
- ▶ Likewise, there was a drop in the emphasis of emergencies and risk management since 2009. The decrease from 35% to 10% most probably reflects the lessening of the intensity of the economic crisis in both EU and CIS regions. The current level is more in line with the findings of research carried out in other SEE countries since 2005.

...As well as a clear picture of the amount of money required

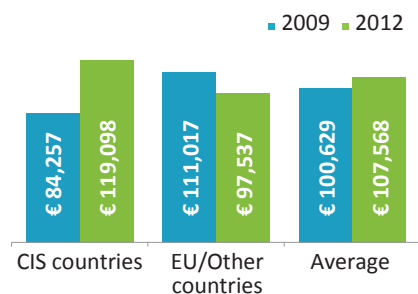


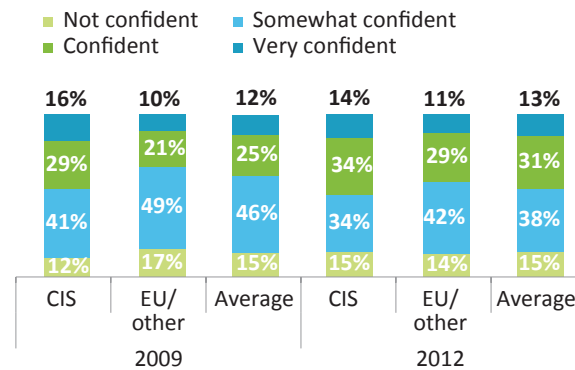
Figure 54: "Estimate the total amount of money needed to meet the above savings objectives"
Source: Migrant Survey 2009, 2012

In 2012 Moldovan migrant HHs had an average annual income of Euro 17,328 (an increase of 22% from 2009), of which Euro 10,044 was saved. This implies a propensity to save (before remittances) of 58% of HH net income (after taxes and other mandatory deductions). The propensity to save has remained at the same level as in 2009, despite this significant increase in total income level.

This savings propensity is very high, even compared with other countries studied; see *Financial Overview Table* below for a detailed comparison with long-term migrants from Albania, BiH, Kosovo and Romania. This high rate of savings can be explained by the characteristics and dynamics of Moldovan migration, including those factors determining the lower mature migration cycle (such as fewer years in migration, higher level of return intention, lower family reunification, lower level of integration in country of migration).

The average income of Moldovan HHs in migration increased by 22% from 2009 to 2012.

As can be expected given the increase in incomes, Moldovan migrants are more confident in reaching their savings objectives than three years earlier



*Figure 55: “How confident are you in reaching you savings objectives?”
Source: Migrant Survey 2009, 2012*

Figure 55 shows that the number of migrants “confident” in reaching their savings objective increased, while the share of “somewhat confident” decreased and the share of “not confident” migrants did not change.

The increase of confidence can be explained by a number of interrelated factors besides higher HH income in both regions and higher savings. These include increased level of integration (sense of personal security) and lessening of the economic crisis (baseline survey was carried out for the 2009 period, which coincided with the height of the financial and economic crises). This sense of confidence is notwithstanding the increasingly harsh rhetoric and policies unfriendly towards migrants in many destination countries, especially UK and Russia. This in turn may be another indicator that the majority of Moldovan migrants enjoy regular status in their respective countries of migration.

Moldovan migrants are increasingly confident in reaching their objectives.

Remittances

Remittances have undoubtedly had a large and positive impact on the macro-economic stability of Moldova. They help finance the large trade deficit of the country, aid in fiscal consolidation, and have supported the value of the currency. The remittance value is higher than export earnings, net foreign direct investment (FDI) and the official development aid received by Moldova combined.

As a percentage of GDP, international economic institutions rank Moldova fifth among leading remittance-receiving countries in the world, and among the top in Eastern Europe and the Former Soviet Union.²² Official estimates of annual remittances, including those sent through formal and informal channels, increased concurrently with the rising number of migrants.

On a private level, remittances have been important in alleviating poverty and supporting consumption. Their current role and future scope in supporting investment and the sustainable development of the country is discussed in more detail below.

The vast majority of Moldovan HHs in migration (79%) continues to send remittances regularly

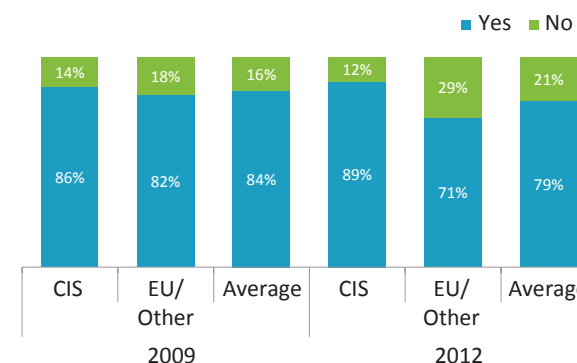


Figure 56: “Have you or a member of your HH in migration transferred money to Moldova in 2009/2012?”

Source: Migrant Survey 2009, 2012

As can be seen in Figure 56, there was a slight increase in the remittance propensity among CIS migrants, matched by a significant decrease from the EU region. This trend is in line with lower return intention and higher family reunification rates in EU countries.

Due to its less mature migration cycle, Moldovan migrant HHs remain more likely to remit than HHs from countries such as Albania, Kosovo or BiH, where the rates of non-remitting HHs are higher.

²² Migration and Development Brief 19, Migrant and remittances team, Development Prospects Group, The World Bank, November 2012

“Supporting spouse and children” and “supporting parents” remain the two most important motivating factors for sending remittances

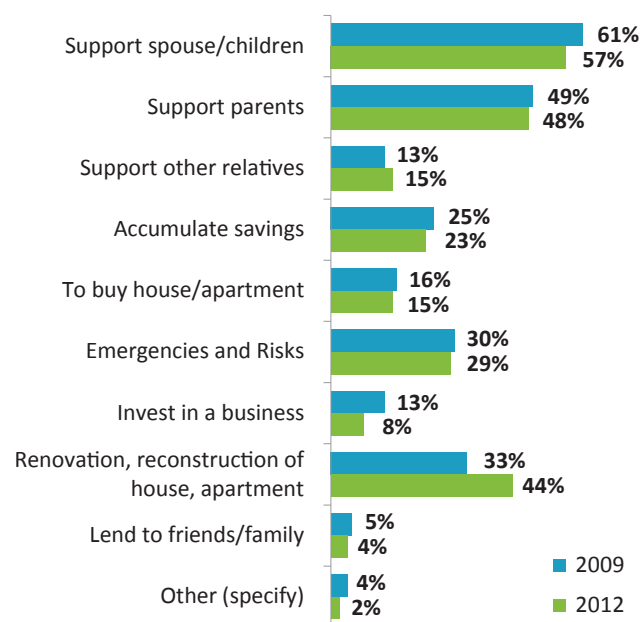


Figure 57: “Can you rank the three most important purposes for transferring money to Moldova?”

Source: Migrant Survey 2009, 2012

The slight decrease in “support spouse/children” may confirm the above emphasized trends: lower return intention, lower propensity to remit and higher rate of family reunification.

Nonetheless, given the relatively early stage of maturity of the migration cycle, the poor economic conditions in Moldova and lower rates of family reunification, the majority of migrants continue to remit in order to support their spouse and children, as well as their parents. Therefore, the main benefit of remittance flows continues to be economic survival and poverty alleviation for many Moldovan families.

After interviewing remittance recipients, our HH survey confirms that these funds are mainly used to cope with basic daily needs (food, clothing, etc.) of the family, and then for improving the living conditions (buying furniture and home appliances etc.), as well as to expand or build a new house. The finding in Figure 57 that 44% of remitters (compared with 33% in 2009) prioritized “renovation and reconstruction of house” would seem to confirm this trend.

For an in-depth comparison of HH incomes and expenditures of Moldovan HHs with and without remittance incomes, please refer to Financial Section of the 2010 Moldova Market Analysis – Annex I: Household Analysis, pages 8 to 16 (available on www.iasci.info and www.civis.md).

In 2012 a notable 8% of remitters transferred money for the purpose of investing in a business (down from 13% in 2009) and 23% remitted for the purpose of accumulating savings in Moldova.

Consequently, remittances continue to improve the living conditions of many families in Moldova, and have some direct role in economic development and job creation.

Factors related to the situation in Moldova that can influence remittance values include the relationship of the remitter to the recipient, the socio-economic situation of the recipient, the level of interest in saving and investing in Moldova, and the interest of the sender in returning to Moldova.

During 2012, the average 'remitting HH' transferred on average Euro 4,488

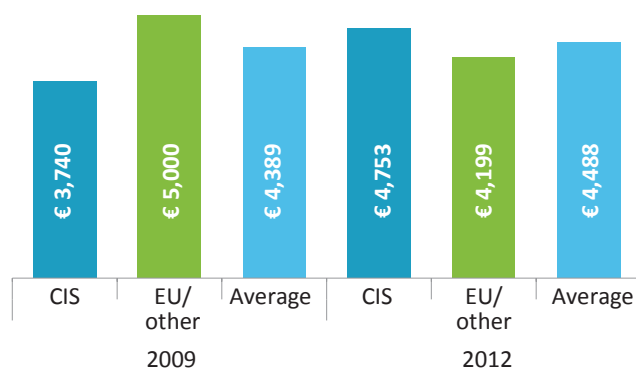


Figure 58: “Can you estimate the total value of transfers to Moldova by you or a HH member?” (only remittance senders)
Source: Migrant Survey 2009, 2012

In general, remittance values are not influenced by HH incomes. While average incomes for Moldovan remittance sending HHs increased by 19% over the three years between surveys, the remittance values increased only by 2% in absolute value. As a result, remittances actually represent a *smaller* percentage of the total income of remittance-sending HHs (27%, down from 31% in 2009), as well as a smaller percentage of the overall (gross) savings of these HHs (44%, down from 51% in 2009). *This finding seems to confirm the hypothesis that for most migrant HHs the accumulation of wealth is a key objective of migration.*

Increases in income and remittance values are clearly not correlated

	Income 2012/2009	Remittances 2012/2009
Average	119%	102%
EU	107%	84%
CIS	140%	127%

Figure 59: Ratio between incomes and remittances of remittance sending HHs in 2012 versus 2009
Source: Migrant Survey 2009, 2012

Data presented in the above figure are in line with expectations and previously described findings on return intention (higher in CIS; lower and decreasing in EU region), family reunification (lower in CIS; higher and increasing in EU region).

On average, remittances represent 21% (drop from 26% in 2009) of the total income of *all Moldovan HHs* in migration (including non-remitters) and 35% of the overall (gross) HH savings (45% in 2009). These rates can be compared with Albania, where remittances amount to 6% of migrant HH income and 16% of the overall savings (BiH: 6% / 18%; Kosovo: 6% / 15%).

Saving and investing represent a surprisingly large and growing share of remittance values to Moldova ...

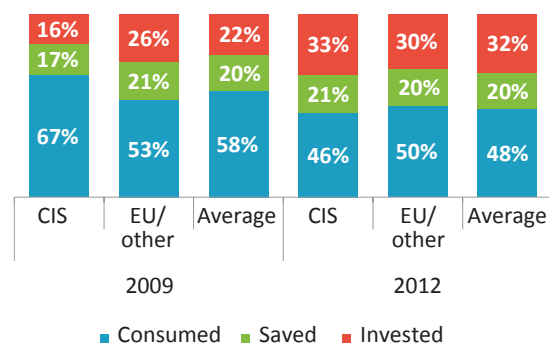


Figure 60: "Of ALL the money transferred by your HH to Moldova, what percentage do you think was..."
 Source: Migrant Survey 2009, 2012

When examining these trends more closely, the following picture emerges. The average value of investment is 1,425 Euro (with 1,575 Euro for CIS migrants and 1,260 Euro for EU migrants). However, the largest part (80%) of this investment is oriented towards real-estate purchases / renovations. The remaining 20% (6% of the total average remittance value) are directed towards investment in a business or other activity.

According to our assessment, approximately 87,900 migrant households (or 34% of all HHs) invested in real estate purchases/renovations in 2012. This translates to an investment value of 234 million Euro.

In parallel, 28,400 migrant HHs invested an average of 1,748 Euro in a business enterprise; making the total 2012 investment value in businesses by long-term migrants approximately 50 million Euro.

The 20% of remittances value sent to Moldova in 2012 with the purpose of being saved, as indicated in Figure 60, translates to a total estimated value of approximately 187 million Euro.

Finally, the 48% of remittance value transferred to Moldova in 2012 by long-term migrants for the purpose of consumption is approximately 438 million Euro.

Different patterns in remittance behavior between CIS and EU based long-term migrants are emerging

		Consumed	Saved	Invested
CIS	2012	2186	991	1575
	2009	2489	644	607
	Diff	-303	347	968
EU	2012	2099	839	1260
	2009	2623	1064	1313
	Diff	-524	-225	-53
CIS	2012	2144	919	1425
	2009	2560	865	978
	Diff	-416	54	447

Figure 61: Comparison of remittance values by purpose in 2012 versus 2009 (only remittance sending HH)

Source: Migrant Survey 2009, 2012

The table above shows significant *decreases of remittance values sent for consumption purposes* from migrants residing in both regions of destination. This drop might be explained by increasing trend of family reunification level (especially in EU region where every third long-term migrant HH is reunified, compared with every fifth in CIS) and lower return intention.

The higher prominence of such factors in the EU region also impacts on savings and investment behaviors. Figure 61 shows a *drop* in remittance values sent for savings and investment purposes. This behavior is consistent with the higher and increasing interest in purchasing property in the EU, noted earlier.

In contrast to migrants working in the EU region, migrants in the CIS region *increased* significantly the savings and investment components of their remittances over the three years period. This is consistent with a higher incidence of migrants in CIS interested in renovating their property in Moldova (48%).

It is worth mentioning that the above trends are in line with primary objectives for sending remittances to Moldova. Overall, migrants residing in the EU region are more likely to support their parents and close relatives in Moldova, while migrants in the CIS region are more likely to support their spouse and children.

		2009			2012		
		Average value per HH	% of remitting HH	S/I value	Average value per HH	% of remitting HH	S/I value
Category 1	100% consumption	3,100	53%	--	2,424	39%	--
Category 2	C+S+I	5,500	16%	3,179	5,635	20%	3,566
Category 3	C+S	5,075	17%	2,813	5,982	11%	3,564
Category 4	C+I	7,238	7%	5,063	5,716	23%	3,415
Category 5	S+I	3,410	0.4%	3,410	6,567	0.3%	6,567
Category 6	S	4,722	3%	4,722	5,287	3%	5,287
Category 7	I	9,660	4%	9,660	6,946	4%	6,946
			100%			100%	
Average consumption		2,748			2,318		
Average saving		2,386			2,678		
Average investment		3,569			3,049		

Figure 62: Grouping of remittance senders by remittance purpose (C-consumption, S-saving, and I-investment) in 2012 versus 2009

Source: Migrant Survey 2009, 2012

Substantial group of non-remitters: At the time of survey, 21% of current migrant HHs did not remit at all (up from 16% in 2009). By comparison, the same figure for Albania was 23%, BiH 35%, and Kosovo 11%.

When comparing remitters with non-remitters, the following profiles emerge. Non-remitters are more likely to be younger and single; if married they are more likely to be reunified abroad; they have lower return intentions than remitters and are more likely to originate from the central region of Moldova and from urban areas.

The above analysis is consistent with a trend of a maturing migration cycle, one which will lead towards lower remittance behaviors in the medium and long term.

Moldovan remittance senders can be divided into seven separate categories:

The largest group includes those migrant HHs that sent remittances expecting the monies transferred to be fully consumed, usually for the purpose of supporting their immediate or extended family. In 2012, this category represented 39% of all remittance sending households (a decrease of 14% from 2009). On average they transferred 2,424 Euro in 2012, down 676 Euro (or 22%) from the 2009 value of Euro 3,100. Over the three-year period, the relative size and remittance impact of this group has therefore decreased significantly.

Within this group, those senders who prioritized remitting for the purpose of supporting a spouse and children in Moldova, sent an average of Euro 3,182 in 2012 (dropping significantly from 3,628 in 2009).

When parents were the primary beneficiaries, this value dropped to Euro 1,634 in 2012 (again, down from Euro 1,976 in 2009). This again illustrates that the process of migration maturity and family reunification leads to a systemic drop in overall remittances to Moldova (assuming that the total stock of migrants remains steady). Another factor that might be significant is that immediate consumption needs of receiving households may have been met, leading to a shift towards other priority goals. Such goals would be achieved by an orientation towards greater savings and investment (in place of migration and place of origin). Many migrant households might therefore have shifted to one of the following categories....

The second group is comprised of migrant HHs that includes some level of savings and investment as well as consumption to their remittances (i.e. Cat. 2: C+S+I in Figure 62). In the period 2009 through 2012, this category of migrant household increased from 16% of all remitting HH to 20%. Their remittance sending values increased from an average of 5,500 to 5,635 Euro over this period. Assuming that the average consumption rate for all remittance receiving households (i.e. 2,321 Euro/year in 2009, decreasing to 2,069 in 2012) are valid for this group as well, then the savings and investment component of the remittances has increased by 387 Euro, or 12%. Taken together with the savings of the following category, these monies, when deposited in the Moldovan banking system, represent two of the main sources of liquidity in the system as a whole.

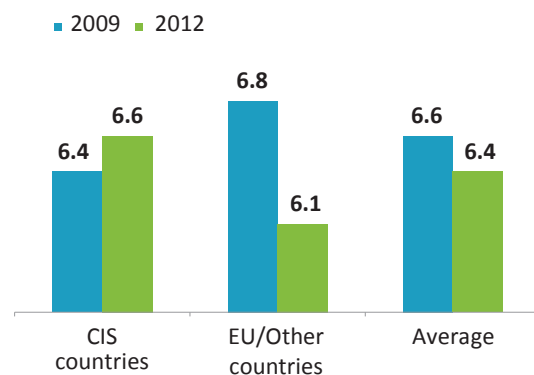
The third group includes migrant HHs that sent monies specifically for consumption and saving purposes *only* (C + S) as a priority part of their 2012 remittances. The average remittance value of this group was 5,982 Euro, of which 3,564 Euro was savings, having the same assumption as above regarding consumption rates. This is an increase from 5,075 Euro of remittance value in 2009 and an increase with about 750 Euro of savings value annually. On the other hand, the proportion of this category of HHs was reduced from 17% to 11% of the total remittance sending HHs. Additional calculations show that the net savings value increased by 7.8 million Euro in 2012, despite the reduced share of this group.

The fourth group includes migrant HHs that sent monies specifically for consumption and investment purposes *only* (C + I). The average remittance value of this group was 5,716 Euro. Using the same assumption as above regarding consumption rates, 3,415 Euro is therefore investment. This is a net decrease of average investment value of 1.650 Euro per remitting HH. On the other hand, this category of HHs saw a significant increase in share from 7% to 23% of the total remittance sending HHs. This resulted in an estimated overall increase in investment value from 54 million Euros in 2009 to 160 million Euro in 2012.

The fifth group is the smallest group (less than 1% of remitting HHs) and includes migrants who sent monies *only* for savings and investment purposes (S + I) and with no consumption.

The last two groups include those migrant HHs that sent monies *only* for a) savings or b) investment purposes (S or I). Over the last three years, the proportion of these groups has remained constant at 3%-4% each. Further calculations show that net savings increased from 21.4 million Euros in 2009 to 32.4 million Euros in 2012. On the other side, investments decreased slightly from 58.4 million Euros in 2009 to 56.7 million Euros in 2012 (including business and property investment).

An average of 6.4 formal and informal transfers took place in 2012



*Figure 63: “How many transfers took place over the preceding 12 months, including carried/sent in cash?” (only of remittance senders)
Source: Migrant Survey 2009, 2012*

The number of transfers decreased significantly for migrants residing in the EU region. That is in line with the previously described patterns (decrease of return intention and remittance values, increase of family reunification etc.). On the other hand, there is a slight increase from the CIS region, which again confirms current trends in migration and remittance pattern for that region.

The data between the two surveys show shifts not only in regard the frequency of transfers, but also with respect to channels used for those transfers.

The next three graphs together show that migrants prefer to transfer smaller values through informal channels, but use formal channels for larger amounts.

Informal channels of transfer continue to be preferred by a large number of remitters

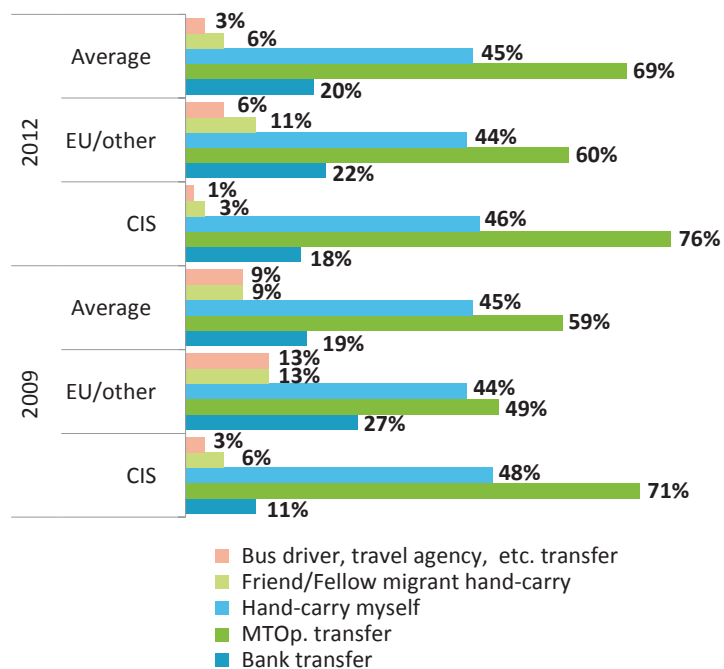


Figure 64: “What is your HHs’ favourite means of money transfer to Moldova?”
 Source: Migrant Survey 2009, 2012

The data shows that there has been no marked change in the preference for various channels of remittance transfer over the three years between surveys. MTOs continue to be most favored, followed by hand-carry.

And, as the HH survey illustrates, recipient HHs continue to receive through both formal and informal channels

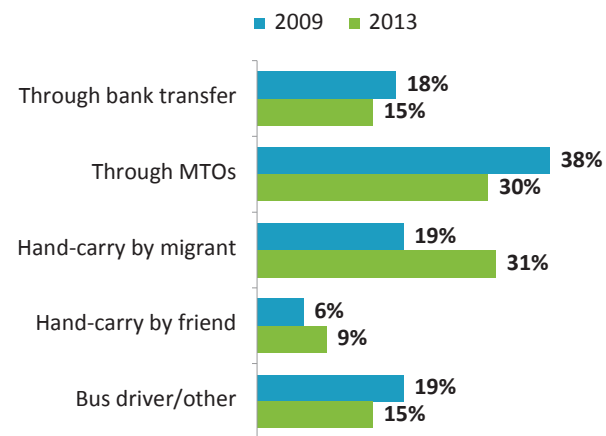


Figure 65: “How did your HH receive transfers from abroad?”
 Source: Migrant Survey 2009, 2012

As can be seen in the preceding two figures, preference does not always translate into practical use. In 2012 HHs receiving remittance were more likely to *receive* through informal channels (55%) than formal channels. This shows a shift from official towards unofficial transfer channels, particularly towards hand-carry by migrant.

But the actual remittance values picture looks quite different

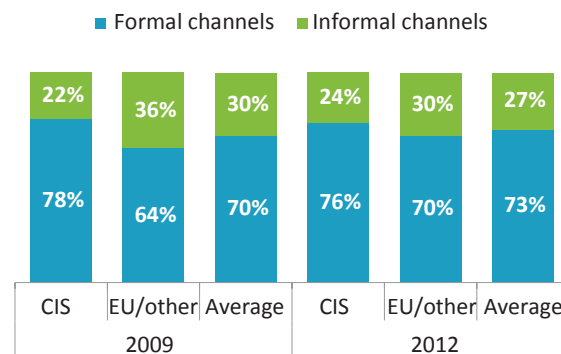


Figure 66: “Of the amount transferred, what amount was sent through ...?” (% based on average amount sent by channel)
 Source: Migrant Survey 2009, 2012

Formal channels increased in use specifically among migrants residing in the EU region. Overall, almost three-quarters of all remittances by value were transferred through formal channels in 2012. In other words, migrants tend to remit larger amounts through formal channels.

Moldovan women in migration are just as likely to remit as their male counterparts. This reflects the unique Moldovan model of both male and female-led migration.

But, in term of remittance values, a gender discrepancy is more apparent, with the data showing that women sent Euro 4,760 (3,638 Euro in 2009) in remittances, compared with Euro 5,400 (Euro 4,506 in 2009) for men (in non-family unification situations for both). This difference might be explained by a range of factors: women recipients are more likely to be homemakers and taking care of children and elderly dependents and less likely to be part of the economically active part of the population; while those women who are employed on average earn less than their male counterparts.

On average, 39% of remitters claimed their HH sent less money to Moldova in 2012 compared with 2011

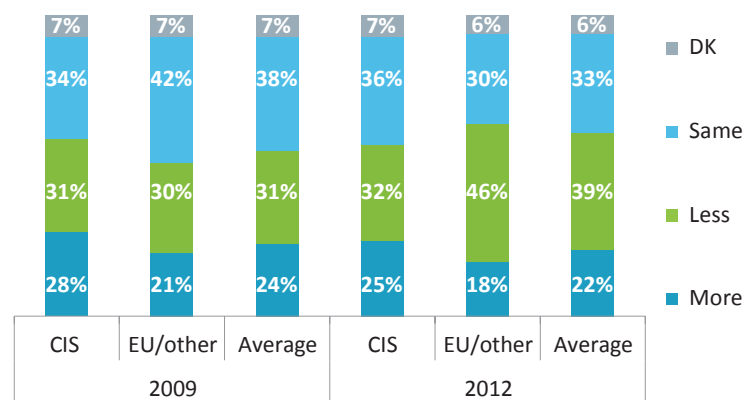


Figure 67: “Do you think more or less money was sent by your HH to Moldova as compared to the previous year?”
Source: Migrant Survey 2009, 2012

The above figure neatly confirms the data presented in Figure 62, which shows remittance values decreasing for those 43% of HHs that remitted for consumption purpose only. Those HHs remitting for the purpose of consumption, savings and investment either increased or kept the same level of remittances, as in the previous year.

As for the expectations for 2013, data in the figure below shows a decrease in the overall insecurity level from 49% in 2009 to 39% in 2012. At the same time, it shows a marked increase in forecasting an increase in remittance value among CIS based migrant HHs. This is mirrored by forecasted decreases of remittance values from the EU based migrants. This divergence seems to confirm the on-going nature of the current trend and maturity of migration cycle, especially in the European context.

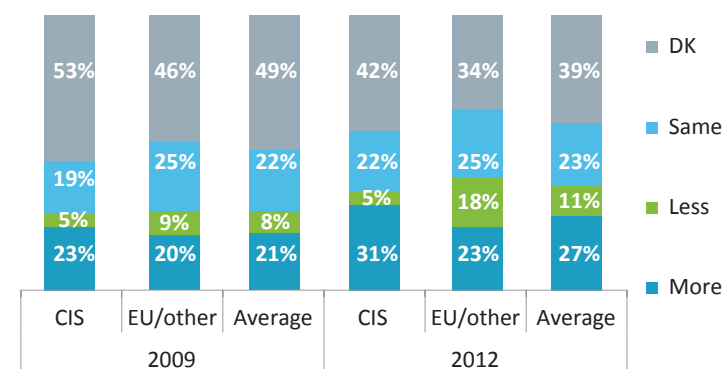


Figure 68: “Do you expect your HH to transfer more or less money to Moldova in the next year, in comparison to the current year?”
Source: Migrant Survey 2009, 2012

In-kind Remittances

Figure 69 shows 38% of HHs with migrants and 5% of HHs without migrants received in-kind remittances from their HH members or relatives and friends abroad. This came to a total number of about 120,000 receiving HHs.

The average annual value of received goods was estimated by the respondents at 478 Euro for HHs with migrants and 137 Euro for HHs without migrants.

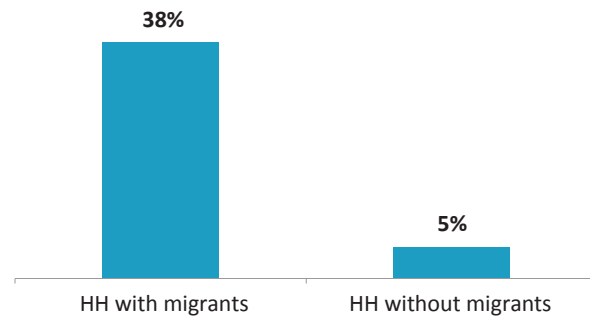


Figure 69: "Has HH received in-kind remittances which migrant sent/brought back in last 12 months?"

Source: HH Survey 2013

Generally, HHs with migrants in the EU region are more likely to receive in-kind remittances than those HHs with migrants in the CIS region.

As for HHs without migrants, an interesting point can be observed: HHs from Chisinau and with a high level of income are more likely to receive in-kind remittances.

There were more than 430,000 in-kind transfers in 2012 (couriered and hand-carried), with an average of about 1,200 of transfers per day.

In 2012, Moldovan households received more than 43 million Euros in in-kind remittances

Trends in Remittances

Moldovan HHs that have achieved family reunification remit, on average, Euro 1,470 less or 30% less than migrants that have not reunified. This 30% is an increase from the 24% difference seen in 2009.

As in other countries studied, the maturation level of Moldova's migration cycle will lead to a lowering of remittance values to Moldova over the medium-term from the current stock of migrants. Our comparative data shows this trend over a three-year period, mainly in case of migrants working in the EU region.

However, migration is not static and the flow of new Moldovan migrants is ongoing. Further, as noted above, many of the new migrants over the three years between surveys were oriented towards the CIS region for reasons described earlier and remitted a higher amount of money to Moldova (see Figure 61). At present, these factors balance the overall remittance value.

As a result, it is expected that the level of remittances to Moldova will remain constant in the near future, or increase in situations where migrants are motivated by appropriate conditions in Moldova to increase their investments and savings there, as they had over the previous three years.

Investment

Based on the 2009 migrant survey, Moldovan migrant HHs were more likely to have provided finance to a Moldovan business enterprise in the past than migrants from other countries surveyed to date. 26% of surveyed migrants reported investing or lending in the past. Migrants in CIS region were more active in this area (31%) compared to those in the EU region (20%). These numbers can be compared to Bosnia, where on average only 6% of migrant HHs have provided such finance, or Albania, where this percentage ranges between 9% and 17%, depending on the country of migration.

The primary sectors of investment in Moldova were in agriculture, retail, trade, restaurants, and construction or real estate. As in other countries, investments in Moldova are often at a small or micro-level and usually carried out individually or together with close family members. This pattern of investing primarily in partnership with family members or individually is expected to remain constant in the near future. This in turn indicates the limited size, complexity and sophistication of the intended start-up, and gives them the typical characteristics of family businesses. This behavior also confirms the relatively low-level of structural social capital among Moldovans in general, as well as within the migrant population.

As noted above, in 2012 only 6% of the total average remittance value were directed towards investment in a business activity.

Moldovan migrants continue to have a very strong investment and entrepreneurial spirit

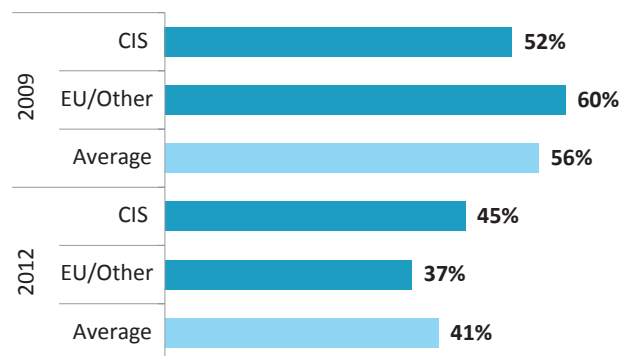


Figure 70: “Do you plan to initiate or expand an investment in a business enterprise in Moldova in the future?”
Source: Migrant Survey 2009, 2012

The desire to initiate or expand investment in a business enterprise in Moldova has decreased significantly from 56% to 41%, but remains very strong among both CIS and EU groups of migrant HHs – even when compared with migrant HHs in the other countries studied.

The larger drop among EU based migrants, from 60% to 37% might be partially explained by the decrease in return intentions described earlier. As expected therefore, there is a continuing connection between return intention and investment behaviors.

SME-style investment in the trade, agriculture, construction and service sectors remain most popular

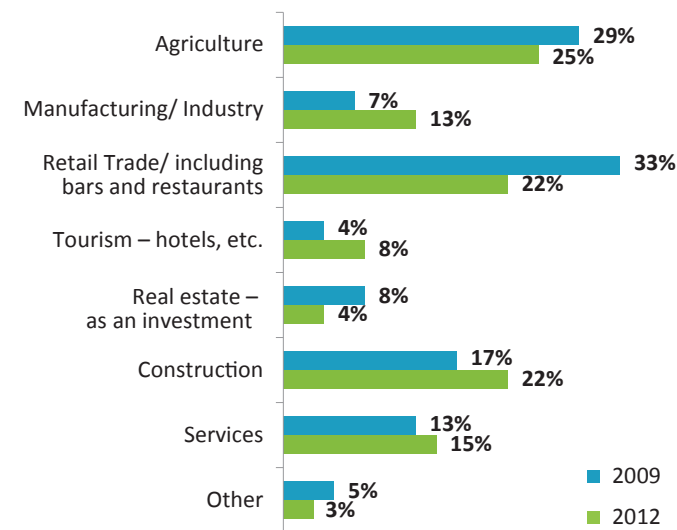


Figure 71: “In which sectors do you plan to invest?”
Source: Migrant Survey 2009, 2012

When comparing future investment trends (Figure 71) with the past (Figure 72), there is a continuing decline in investment interest in agriculture and real estate and an increased interest in manufacturing, construction and services

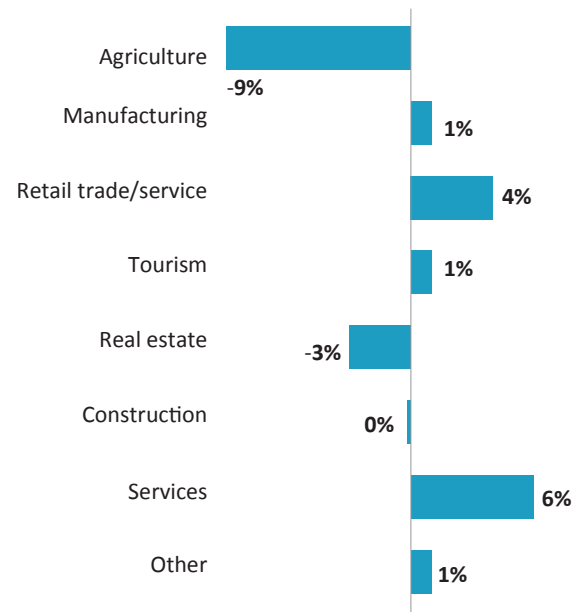


Figure 72: Sectors of investment interest in Moldova- % change in past and future
Source: Migrant Survey 2009

The migration experience itself continues to greatly influence investment intentions

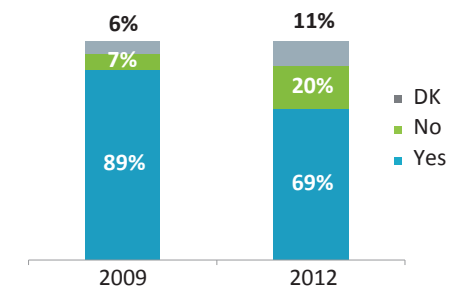
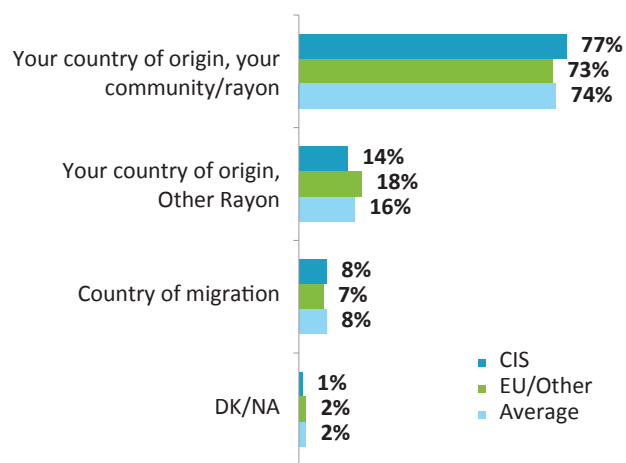


Figure 73: "Have the skills and experience you have obtained during your migration influenced your investment interest?"
Source: Migrant Survey 2009, 2012

The significant decrease seen in Figure 73 might be explained by the decrease in both the current and future remittance and investment pattern as noted earlier.

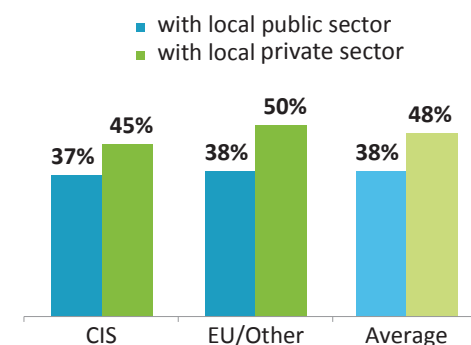
In line with their intention to return to their place of origin, most migrants consider to open a business in their community



*Figure 74: "Where shall this investment take place?"
Source: Migrant Survey 2012*

At the same time, 16% of potential investors with place of origin in rural areas wish to initiate a business in urban centers, such as Chisinau. This finding is consistent with 2009 survey as well as current internal migration trends towards urban centers and away from relatively undeveloped agricultural and rural areas, as well as with the decreased interest in investing in the agricultural sector.

Moldovan migrants have a high level of interest to invest in their community either with private sector partners or with local authorities



*Figure 75: "How interested would your HH be in investing - together with local authorities or private sector - in a public sector infrastructure project or a local private sector enterprise in YOUR COMMUNITY in Moldova, if this investment returned a reasonable profit for you?"
Options "very interested/interested" shown
Source: Migrant Survey 2012*

In 2012, 48% of surveyed migrants had either a “strong interest” or “interest” to invest in a private sector enterprise in their community. This finding reflects that most migrants are savers, many are potential investors and few are entrepreneurs. Moreover, it reinforces the above finding that most migrants still maintain a strong return intention to their place of origin and care about development of their community.

Logically, those with a higher return intention are also more likely (53%) to have an investment interest in their community. What is noteworthy is that 37% of migrants without return intention still maintain an interest in investing in their local community with either local public or private sector. This finding reinforces the principle that migration, both in its costs and potential opportunities, is rather local than international. This phenomenon opens significant scope for local authorities and their partners to engage with their citizens abroad.



FINANCIAL OVERVIEW

In line with other countries researched, Moldovan migration carries within it the potential to substantially impact on the socio-economic development of the country.

	Bosnia Average	Romania Average	Moldova EU/Other	Moldova CIS	Moldova Average	Moldova EU/Other	Moldova CIS	Moldova Average
	2009	2010	2009	2009	2009	2012	2012	2012
HH Income Monthly (Euro)	2,864	1,896	1,439	900	1,183	1,585	1,284	1,444
Number of Incomes per HH	2	1.48	1.33	1.21	1.27	1.36	1.34	1.39
HH Expenditures Monthly	1,999	965	630	335	490	743	452	607
HH Savings Monthly	865	931	809	565	693	842	832	837
HH Income Annually	34,368	22,752	17,268	10,800	14,196	19,020	15,408	17,328
Annual GROSS HH Savings	10,383	11,172	9,708	6,780	8,316	10,104	9,984	10,044
Annual Remittance Values	1,874	2,157	4,108	3,211	3,683	2,984	4,205	3,556
of which Saved and Invested (S+I)	-29%	-29%	-47%	-33%	-42%	-50%	-54%	-52%
of which Consumption in Euro	1,325	1,531	2,177	2,151	2,136	1,492	1,934	1,707
Total Savings/Invest (Abroad + Home)	9,057	9,641	7,531	4,629	6,180	8,612	8,050	8,337
of which Annual HH Savings Abroad	8,508	9,015	5,600	3,569	4,633	7,120	5,779	6,488
of which S+I Component of Remittances	549	626	1,931	1,060	1,547	1,492	2,271	1,849
Annual HH NET % of Income Saved Abroad	25%	40%	32%	33%	32%	37%	38%	37%
Annual HH NET % Saved Abroad + Home	26%	42%	43%	43%	43%	45%	52%	48%
ANNUAL SAVINGS ABROAD TOTAL	4,660 million	11,981 million	468 million	366 million	834 million	789 million	888 million	1,677 million
ANNUAL REMITTANCES TOTAL	1,033 million	2,867 million	338 million	325 million	663 million	311 million	609 million	920 million
SAVINGS TO REMITTANCE FACTOR	4.5	4.2	1.38	1.13	1.26	2.53	1.46	1.82
Non-remitting HHs	35%	40%	18%	14%	16%	29%	12%	21%

Figure 76: Key Financial Characteristics

When comparing Moldova to other countries in the region with high intensities of migration, it is possible to identify some **key characteristics** with some shared and others unique.

Moldova's relatively **less mature migration cycle**, combined with a large migrant population in CIS (58%), results in a lower average migrant HH income of Euro 1,444. This places Moldovan migrant HHs in the **low end of the overall income range**. However, incomes increased during the three years between surveys, which is consistent with the maturity of migration cycle principles described earlier. The most significant increase in the average HH income of migrants was registered for the CIS region from Euro 900 to Euro 1,284, in line with the general increase in labor costs registered for that region, but also due to the increase in number of income earners.

By looking only at EU region migrant HHs, it is possible more accurately to compare their experience with similar figures of migrant HHs from BiH, Romania, Albania and Kosovo. With an average monthly HH income of Euro 1,585, EU-based Moldovan migrant HHs are still at the **bottom of the average income range**. Nonetheless, this is an increase of 10% from Euro 1,439 in 2009.

This finding can be explained by:

- ▶ the **primary destination countries** within Europe, as Moldovan and Romanian migrants primarily reside in lower income countries such as Italy, Portugal and Spain, while migrants from BiH and Kosovo tend towards higher income countries in northern Europe (Germany, Switzerland, Austria, Nordics, etc.)
- ▶ the **number of HH members** generating incomes. In the case of Moldova it increased from 1.27 in 2009 to 1.39 in 2012. This is lower than the average of 1.94 for the other countries. The difference in average Moldovan and Romanian HH incomes is primarily due to the higher number of income earners in Romanian HHs, since both groups work in the same countries of destination and sectors
- ▶ the **sector of employment**, which for Moldovan (and Romanian and Albanian) women is typically in domestic care, while women from BiH and Kosovo are more often engaged in manufacturing, services and the professions
- ▶ a **lower level of qualified employment**, which remains despite higher educational levels among Moldovan migrants. Nonetheless, experience shows that over time migrants tend to rise to their level of qualification

- ▶ the **length of the mass migration period**, which for Moldova and Romania are significantly shorter (14 years each) than for BiH and Kosovo, which have migration histories going back as far as since the 1960s and 1970s, as well as Albania whose mass migration started in 1991

While incomes remain lower than other migrants and in the EU region, the expense levels of Moldovan migrant HHs are also significantly lower than those of their Albanian, BiH, Kosovo and Romania counterparts. This is due to:

- ▶ geographic focus on relatively low-cost countries
- ▶ lower number of HH members in migration (including dependents); and
- ▶ primary sectors for employment (domestic care and construction) often include accommodation and meals in the remuneration package

As well, interviews show that Moldovans, like Albanians and Romanians, make an effort to spend less in the place of migration compared to other migrant groups in the same socio-economic situation.

This combination of HH income and expenditure results in a very high propensity to save among Moldovan HHs of approximately 58% of HH income (compared to 30 to 49% in the other countries studied).

Comparing remittance values, at Euro 3,556 a year, Moldovan HHs continue to remit significantly more than migrants from the other countries studied to date. This can be explained by:

- ▶ **lower family reunification:** Moldovans remit primarily to support their spouse and children whose expenditures are higher than the expenses of recipients (primarily parents) in other countries
- ▶ a **lower level of savings being retained in the place of migration** resulting in a higher component of savings and investment within current remittances (51%, against 19-29%). But, as noted, previously, only 6% of the total remittance value is invested in a business activity
- ▶ a **higher level of poverty** in Moldova resulting in more demand for remittances

It is interesting to note that when the respective savings and investment component of remittances is deducted for each country researched, the **actual consumption component of remittances becomes more similar**, ranging from Euro 1,325 in BiH to Euro 1,707 in Moldova.

Remaining consumption differences may have to do with the family composition and cultural values in countries of origin (i.e. number and relation of dependents), as well as **relative purchasing-power parity considerations** between these countries²³.

In addition, it is important to note that 21% of Moldovan migrant HHs did not remit at all in 2012 (drop of 5% from 2009). Nonetheless, the percentage of Moldovan remitting HH remains the **highest in the region**. Again, this feature can be explained by the lower maturation of the migration cycle (especially low level of family reunification), matched by a higher level of return intentions.

Low income levels combined with high remittance values produce a **Low Remittance to Savings Factor** of 1.82 (compared to an average of 4.7 for the other countries), meaning for each Euro remitted, 1.82 Euro was saved. Nonetheless, the total estimated pool of retained savings among **258,000** Moldovan long-term migrant HHs in 2012 is a hefty **Euro 1,677 million, in addition to the Euro 920 million remitted**. This represents a significant increase from 2009, when savings retained abroad were estimated at Euro 834 million and remittances at Euro 663 million (estimation calculated from a total of 180,000 migrant HH).

NOTE! *The above estimates of remittances and savings apply only to long-term labor migrant households (more than 12 months in migration for labor purpose). This excludes seasonal workers, students and diaspora members without close connection to Moldova.*

23 GfK Purchasing Power Europe 2013/2014 <http://www.gfk.com/news-and-events/press-room/press-releases/Pages/purchasing-power-europe-2013-14.aspx>

Financial Intermediation in Moldova

In summary, Moldovan migrant HHs are characterized by a very high propensity to save (58% of net income), even when compared to other migrants studied to date. The largest part of their **HH savings** - Euro **6,488** on average (Euro 4,633 in 2009), or **1,677 million** in total (834 million in 2009) – is retained in their respective countries of migration.

Concurrently, this group of Moldovan long-term migrants **remitted Euro 920 million**²⁴ (663 million in 2009), an average of Euro 3,556 (3,683 in 2009). Of this amount an estimated 52% (42% in 2009), or about Euro 478 million, was saved or invested in Moldova²⁵, and the balance - Euro 442 million - was used for consumption. The savings to remittance factor is 1.82:1 (1.26:1 in 2009).

Long-term migrants represent an estimated 11% (8% in 2009) of the overall population of Moldova, and although they continue to keep the bulk of their savings abroad, they are nonetheless one of the primary sources of liquidity in the country.

24 Number of HH with long-term migrants in 2009 was estimated at about 180,000; while in 2012 this number increased up to 258,600.

25 Of this amount, about 10% (or Euro 46 million) was invested in a business activity.

In addition, Moldovan migrants are characterized by a very high rate of entrepreneurial behavior and ambition compared to other countries studied. Many have invested in businesses in the past, both in country of migration and at home, and for many, the objective of migration is to accumulate a specific amount of capital in order to initiate or expand a business venture in Moldova.

Moldovan migrants therefore represent both sides of financial intermediation (borrower and lender) and a significant potential market for the financial sector.

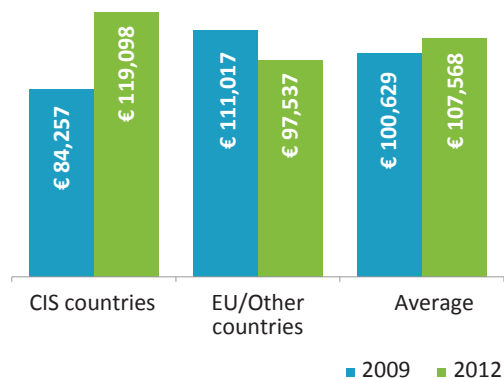


Figure 77: “Can you estimate the total amount of money needed to meet your savings objectives?”
Source: Migrant Survey 2009, 2012

These savings targets are modest compared to other countries studied. They can be expected to increase as the migration cycle continues to mature.

The most important savings objectives for Moldovan long-term migrant HHs are purchase of durable goods, purchase of home, educating children and investing in a business, as shown in Figure 53.

A shift was registered from emergencies and towards other objectives, such as investment in a business or agriculture/farm, for example. Experience and data from other countries studied show that such shifts in qualitative objectives can be expected to continue as the migration process continues to mature.

On average, migrants are getting closer to reaching their financial targets

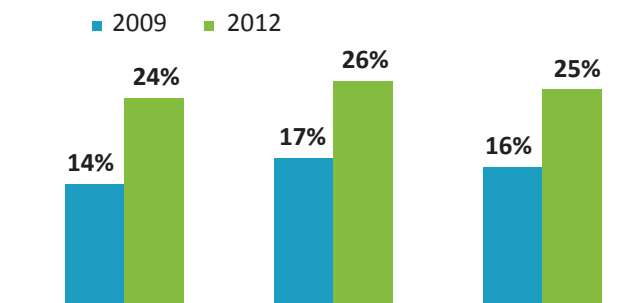


Figure 78: “How much of this have you been able to save to date?”
Source: Migrant Survey 2009, 2012

... and, as shown in Figure 55, they are increasingly confident in reaching those goals.

Migrants keep the largest share of their savings abroad

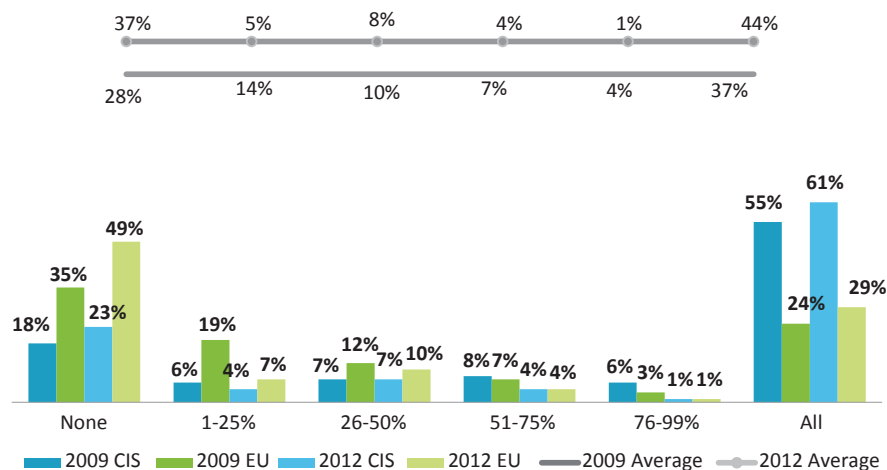


Figure 79: “Can you estimate the share of HH savings kept in Moldova?”
 Source: Migrant Survey 2009, 2012

Migrants in the EU region continue to be much more likely to keep all or a large part of their savings abroad compared to those in the CIS region.

Migrants in the EU are very familiar with banking practices, where 58% of HHs maintain banking relationships, compared to only 20% of migrant HHs in CIS (up from 13% in 2009). The profile of migrants with banking relationships in their country of destination is that they are reunified in their country of destination, have higher levels of education, lower return intentions, lower remittance patterns, more likely to have savings, and more likely to originate from urban areas in Moldova.

35% of EU based and 24% of CIS based migrant HHs (up from 19% in 2009) continue to maintain a banking relationship in Moldova. The profile of this group of migrants is slightly different insofar as they are more likely to return, to send remittances, to have savings and to have a higher level of education.

Banking in Moldova is perceived as more risky and less attractive than other ways to hold their savings

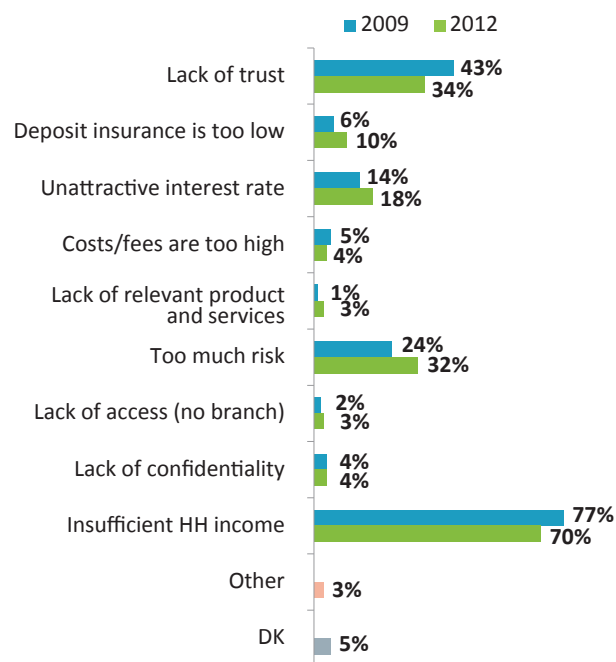


Figure 80: “Why does your HH not have a bank account in Moldova?”
Only HHs with a remittance-sending migrant
 Source: HH Survey 2009, 2013

From the HH survey we see that 22% of HHs with a remittance-sending migrant hold a bank account in Moldova (down from 30% in 2009), while 16% of the control group without a migrant do. As reflected in Figure 80, this decrease of banking among HHs with a remittance-sending migrant can be explained by a number of interrelated factors, including recent disturbances in the Moldovan banking sector.

At the same time, an increasing number of migrants are likely to use Moldovan banks to keep some of their savings. However, considerable parts of the remitted savings remain outside formal financial intermediation

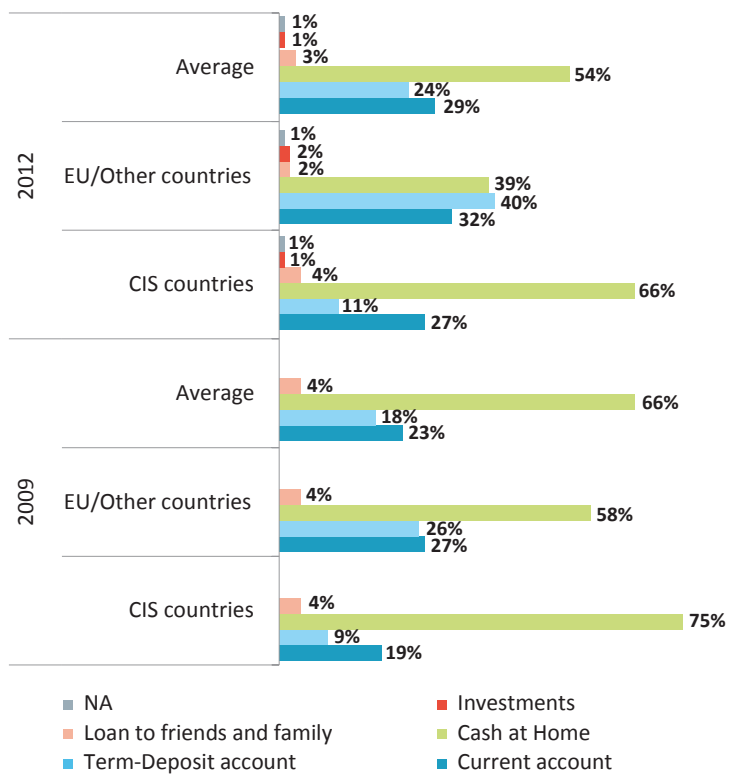


Figure 81: "In Moldova, where do you keep your savings?"
Source: Migrant Survey 2009, 2012

Nonetheless, Moldovan migrants prefer to use financial intermediaries in their respective countries of destination

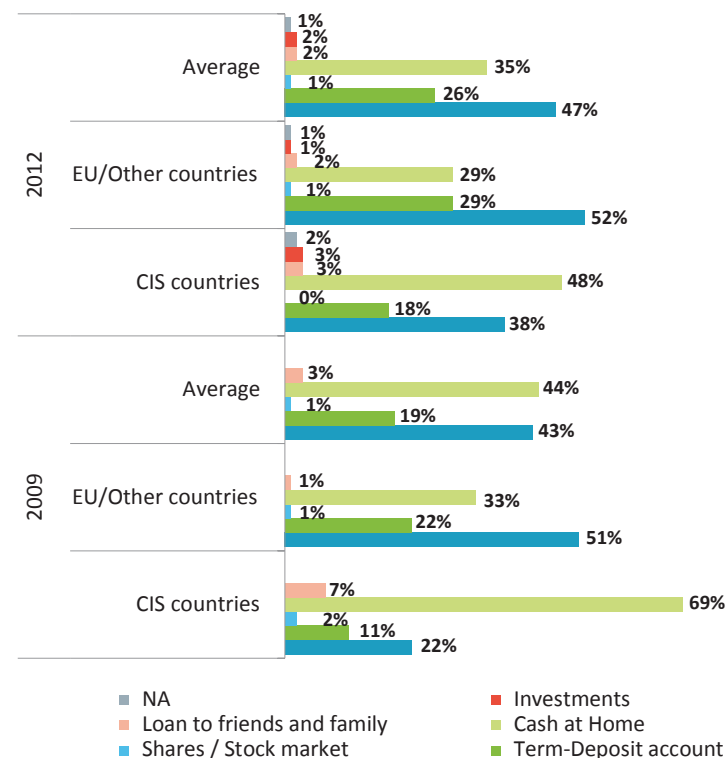


Figure 82: "In country of migration, where do you keep your savings?"
Source: Migrant Survey 2009, 2012

Comparing figures 81 and 82, one can see that Moldovan migrants are more likely to use Moldovan banks for term-deposits and foreign institutions for current accounts. This pattern holds true for both CIS and EU based migrants.

In general, migrants and their HHs continue to maintain a careful and conservative position with regard to their savings. Concerns about trust, risk and cost issues remain.

There is clear potential in expanding access to the following financial products

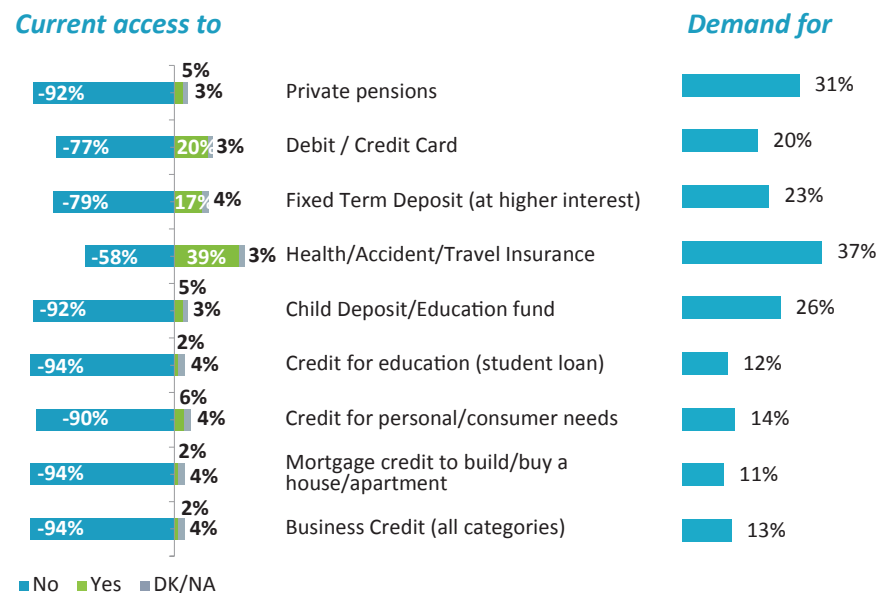


Figure 83: “Which of the following financial products in Moldova does any HH member have / would consider to purchase?”

Source: Migrant Survey 2009, 2012

Figure 83 shows a clear unmet demand for a wide range of financial products.

Interest in the following financial products is generally stronger among migrants in the EU region than in the CIS. Many of the more popular products reflect the concerns of migrants and their migration experience.

The basic profile of migrants interested in private pensions in Moldova is female, 45 years or older and with return intention.

Health and accident insurance appeals to men and women equally and all age groups. Those in CIS and planning to return are more likely to be interested in this product.

Market Opportunities

Market opportunities are much broader than the traditional financial intermediation and remittance transfer mechanisms considered by most analysts and practitioners in public and private sectors. The figure below illustrates the high demand for a wide range of services considered relevant to the whole migration cycle (from pre-departure to return and re-integration). Moreover, since many of these services can originate in Moldova, the evident demand reinforces the link of Moldovans to their country of origin.

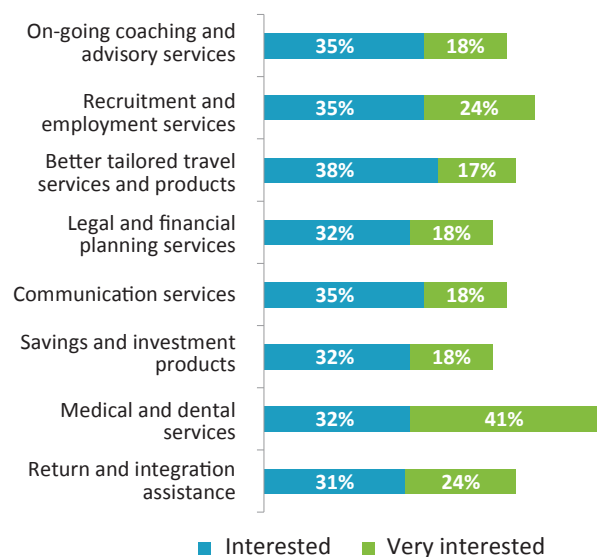


Figure 84: “How interested would current and future migrant members of your HH be in using the following services and products?”
 Source: Migrant Survey 2009, 2012

When looking deeper into the market, it is clear that many of these services, while available in theory, are in fact not tailored or marketed to the specific needs of the migrant community. DEVINPRO and NEXUS experience shows that adaptation of existing services and introduction of new or more relevant approaches is required if these opportunities are going to be realized, and this significant demand is to be met. This in turn requires a more coordinated approach between private and public sectors within the respective service sectors, leading to relevant adaptations of the legal and regulatory frameworks when and where it is necessary.

Market Gaps

Notwithstanding the evident demands and opportunities, clear and significant market gaps between suppliers and clients continue to exist. This is due to two primary causes.

- (i) Service providers / actors from public, private and civil sectors have often focused on the negative aspects of migration (smuggling, trafficking and other vulnerabilities) rather than the actual experience of the vast majority of migrant HHs, as described in sections above.
- (ii) In the financial sector undue attention has been placed on the issue of remittances and financial education rather than looking at the migrant and his/her migration objectives from more holistic perspective. Hence, potential service providers have not perceived migrants as an attractive market segment.

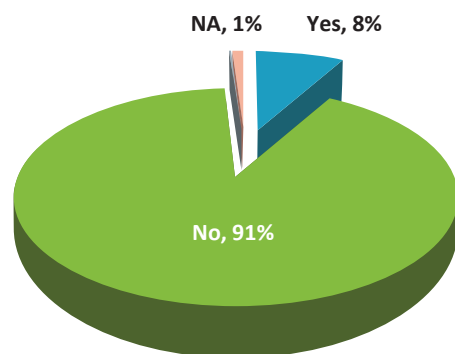


Figure 85: "Do you know any organization, company or ministry providing information or assistance (of any kind) to people planning or currently in migration?"

Source: Migrant Survey 2012

On the other hand, migrants show a very low level of trust in potential service providers from both government and private sector, in particular those from Moldova. This is most likely the result of negative experiences and perceptions of the country of origin. It is these push factors that led many migrants to adopt a migration strategy in the first place, one which relies mostly or even exclusively on migrants' own efforts and resources, as well as significant assistance from fellow migrants and families.²⁶ This in turn leads to ad-hoc and inefficient migration processes, resulting in negative outcomes in migration and development at both personal and social levels.

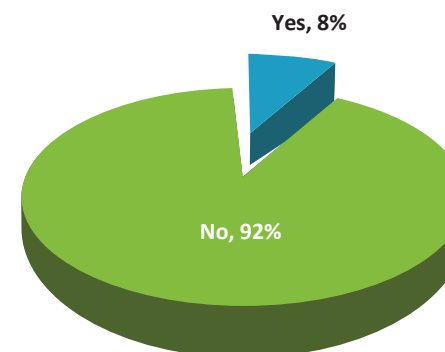


Figure 86: "Do you interact with Moldovan Associations/NGOs in any way?"

Source: Migrant Survey 2012

²⁶ For more information on this topic, refer to IASCI-CIVIS 2010 Market Analysis "Maximizing the Development-Impact of Migration-related Financial Flows and Investment to Moldova".

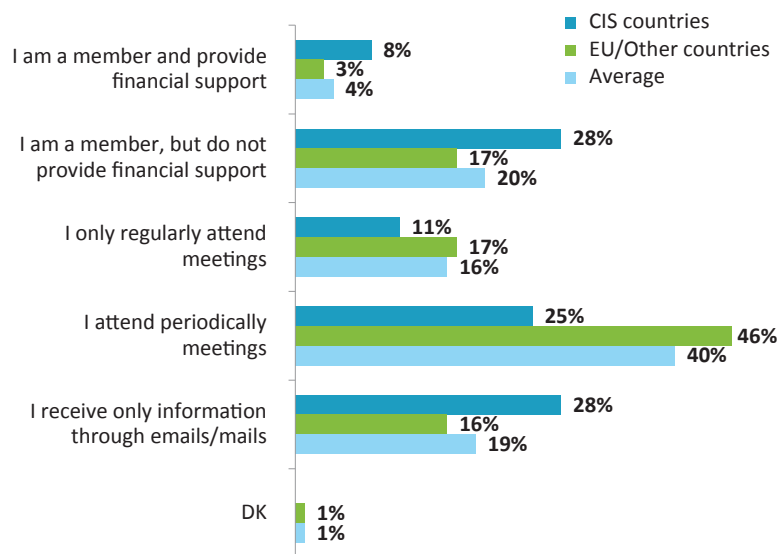


Figure 87: “How do you interact with Moldovan Associations/NGOs?”
 Source: Migrant Survey 2012
 Sample: 186 respondents that interact with Moldovan Associations/NGOs

The same phenomenon of low trust is reflected in Figures 86 and 87. It seems that Moldovan long-term migrants do not perceive *diaspora organizations* as reliable resources or of relevance to their day-to-day requirements. As shown in Figure 42, only 3% of interviewed long-term migrants view diaspora organizations as reliable source of information. The lack of engagement in these formal associations is clearly reflected in the migrant survey, which estimates the number of members (paying and non-paying) to be about 8,300 out of the 370,000 long-term migrants.

MAIN CONCLUSIONS

The Republic of Moldova will continue to be characterized by international and internal migration as well as migration-related financial flows for the foreseeable future. Migration will continue as the agricultural sector consolidates and restructures, shedding surplus in labor, and as people move from rural communities to small rural towns and urban settings and often abroad in search of employment and better facilities.

In large part, evidence from the research complements the existing literature to the extent that recipients use migration-related funds primarily to increase their household consumption rather than to save or invest in businesses or other productive assets. Nonetheless, the results also point to a higher overall household income in migration than is often presumed, and that this income level is combined with a high propensity to save (both at the migrant and remittance beneficiary levels). This propensity to save is as pronounced as previous researches in Moldova and other South East Europe countries studied to date.

It is possible to identify complementary areas between the needs of different Moldovan migrant groups and opportunities presented by migration related financial flows.

The key needs are:

- ▶ to **create large-scale employment opportunities**: the majority of people in Moldova are interested in securing waged employment and only a small percentage of migrants and savers have either the skills or ambition to become entrepreneurs
- ▶ to **provide access to long term finance**: at present this is one of the major constraints faced by many otherwise viable enterprises
- ▶ to **have opportunities for viable investments**: inability to channel funds into productive investments (or 'unwillingness' given the current environmental situation in Moldova) not only discourages return and negatively affects the reintegration process (thereby potentially encouraging recurrent migration) but may in fact lead to a situation of 'forced consumption'
- ▶ to **create opportunities for direct finance and credit-client relationships**: to overcome the deep distrust Moldovans hold about financial intermediaries in Moldova

Opportunities presented for the mobilization of financial resources gained through migration may be summarized as follows:

- ▶ many Moldovan long-term migrants retain a strong attachment to their country of origin and a substantial number express an interest in returning once sufficient capital is acquired or other migration objectives are met (whether they will actually do so is another question, depending on a number of personal and environmental factors and incentives)
- ▶ migrants' savings, whether retained in country of destination or in Moldova, represent a substantial pool of funds that, given appropriate incentives, safeguards and regulatory framework, might be encouraged towards investment and savings opportunities
- ▶ the pool of savings and interest in local investment can be predicted to increase in the long-term, as the Association Agreement with European Union takes hold and other regulatory market conditions improve
- ▶ within the context of the post-transition period and ongoing reform efforts, this expanding pool of savings will be occurring in a macro-economic and business environment that will continue to improve, thereby providing more opportunities for viable savings and investment vehicles to develop

In summary, and under the overall objective of providing the means for migrants to reach their wealth accumulation goals and to shift a part of their savings from abroad to Moldova, from informal to formal channels, and from MTO to banking channels, our proposed areas of intervention can be grouped under the following guidelines:

- ▶ Support the personal objectives of the migrants through the provision of relevant remittance, savings and investment products, as well as related services and interventions. This area of intervention should closely complement, and be complemented by:
 - (i) public and private actors involved in relevant services areas,
 - (ii) local authorities in the context of Moldova's decentralization process, and
 - (iii) actors involved in financial regulation, economic development of marginal regions of Moldova, SME development, credit provision, and migration-management.

- ▶ **Provide for periodic research and data** to better understand migrants as a specific market segment, with a particular focus on the attraction of migrant transfers within the context, and potential, provided by the on-going and evolving migration / return process. Such research, recommended to be carried out every three or four years, should directly support tailored approaches and design of relevant services in both private and public sector, as well as adaptation of public policies, regulation and legislation.
- ▶ **Support the broadening and deepening of the Moldovan financial intermediation market** in relation to migrants as a specific market segment. Encourage the development of a relevant policy and regulatory framework, as well as targeted awareness among key decision makers in both private and public sectors.
- ▶ Moldova and its partner countries of destination could **expand their policies by including the concepts of circular migration, migration management, migration and development**. This would include the development of appropriate legal frameworks to allow financial institutions and local governments to invest in development projects in Moldova.

Bibliography

- **de Zwager N., Gedeshi I., Germeji E., Nikas C.** (2005): Competing for Remittances, Tirana: IOM Tirana
- **European Training Foundation.**, *The Contribution of Human Resource Development to Migration Policy in Moldova*, 2008
- **IASCI-CIVIS** Market Analysis: Maximizing the Development-Impact of Migration-related Financial Flows and Investment to Moldova (2010)
- Labor Force in the Republic of Moldova: Occupation and Unemployment in the Third Trimester (29.11.2013), <http://www.statistica.md/libview.php?l=ro&idc=168&id=4254>
- **NBS**, Labor Force in the Republic of Moldova: Employment and Unemployment, 2014, http://www.statistica.md/public/files/publicatii_electronice/ocupare_somaj/Fora_Munca_2014.pdf
- **ILO-CIVIS**, Assessment of Links between Education and Migration in Moldova, 2012
- **KPMG Advisory N.V.**, Real Disposable Income in Russia. Investing in Russia: an Overview of the Current Investment Climate in Russia, April 2013
- Migration and Development Brief 19, Migrant and remittances team, Development Prospects Group, The World Bank, November 2012
- **Pantiru M C., Black R., Sabates-Wheeler R.**, Migration and Poverty Reduction in Moldova, Working Paper, C 10, Development Research Center on Migration, Globalisation and Poverty, February 2007
- **Pyshkina T. V.**, Economic Consequences of the Migration of Labor from the Republic of Moldova //UN World Institute for Development and Economic Research, Helsinki, 2002
- **Ratha D., Mohapatra S., Silwal A.**, Outlook for Remittance Flows 2009-2011: Remittances expected to fall by 7-10 percent in 2009, Migration and Development Brief 10, Migrant and remittances team, Development Prospects Group, The World Bank
- **UNDP**, Good Governance and Human Development. Moldova Human Development Report 2003

Annex 1: NEXUS Moldova project summary

NEXUS Moldova: “Strengthening the Link between Migration and Development: Testing an Integrated Service Provider to Moldovan Migrants and their Communities.” (Responding to the Thematic Programme of cooperation with third countries in the areas of Migration and Asylum. Reference: EuropeAid/131088/C/ACT/Multi)

NEXUS Moldova is the first prototype of an integrated and durable migration services provider specifically designed to support circular migration. It offers practical guidance and services on all stages of migration from a wide range of public, private and civil sector partners. By helping Moldovan individual migrants achieve their existing goals NEXUS directly supports development in their home communities from personal to social and economic levels.

The initiative brings together a *significant consortium of national and local as well as specialized international agency partners*. Thereafter it connects governments, civil society and private sector players, and migrants in order to achieve maximum benefits for all stakeholders. In doing so, the partners specifically recognize that the ability of the national government to efficiently collaborate with local authorities, private companies and civil society actors is an essential link in a viable migration-development value chain - one where private sector interests meet priority public sector objectives and the interests of the migrants themselves. This initiative provides that link and distributes those benefits.

NEXUS Moldova started on December 15, 2012. It is implemented by a consortium led by IASCI, and is funded by the European Union in the context of the *“Thematic Programme of cooperation with third countries in the areas of Migration and Asylum”* and co-financed by the Swiss Agency for Development and Cooperation.

Background and Challenge

Contrary to conventional belief, repeated research from Moldova and the broader Southeast European region since 2005 shows that *most people migrate with the intention of reaching a wealth accumulation goal and then of returning home*. In other words, the original purposes of migration - and all personal activities related to it - are often directly linked to reaching important personal objectives such as starting or supporting a business, building a home, educating children or securing a pension. Core financial goals are often combined with related ambitions such as learning necessary skill-sets and business-practices, gaining experience, and establishing relevant contacts. *Taken together, this accumulating financial and human capital can be considered as the wealth of migrants and diaspora - and it is the efficient accumulation and eventual transfer of this wealth that has the potential of being a substantial development opportunity.*

Unfortunately, inefficient personal migration practices, in combination with counter-productive legal, administrative, financial, social, and political obstacles, often make reaching these laudable personal objectives and goals more difficult. Such common hindrances increase the likelihood that circular migrants/diaspora delay or give up altogether their voluntary return; and this negative outcome in turn serves to frustrate the migrants' ability to contribute to the development of their home communities.

In short, *most migrants consider returning home only if and when they have reached their wealth accumulation goals, and they feel safe in doing so, financially, socially and politically.* Thus the development potential is dependent on efficient migration practises and the presence of *suitable local conditions and migrant/saver-specific incentives.* The practical challenge is to determine how the energies, ambitions, skills and wealth of migrants and diaspora members can best be supported to the benefit of the migrants and their families, Republic of Moldova, and their countries of migration.

Outline

Overall Objective: To foster links between migration and development *at the local level*, by developing durable capacities and systematic collaboration among national and sub-national authorities, civil society and private-sector stakeholders.

NEXUS Moldova unites the interests, skills and resources of beneficiaries as well as public and private sector service providers - and applies these to migration-related challenges and opportunities that practical experience and history has shown no single actor can manage alone. In an innovative and practical sense it partners with private sector enterprises and public institutions to identify, design, and provide migrants with products and services that support successful circular migration practices.

NEXUS Moldova is positioned to:

- ▶ provide relevant, timely and evidence-based information and consultancy services about migrant interests and needs to its network of private and public sector partners; and,
- ▶ assist partner-clients to deliver high quality advice, goods and services to migrants.

The day-to-day activities of NEXUS Moldova directly address a situation of imperfect information and market fragmentation, resulting in all stakeholders being better placed to confront the social and economic challenges of migration – and seize opportunities in an otherwise largely untapped market segment.

Activities

Activities are grouped in two distinct but mutually reinforcing areas and then organised along systematic, phased and chronological work packages and activities.

Area 1: Capacity-building - directly impacts both policy and technical level capacities of the partners at national and local levels; specifically through its insistence on having service providers engage in a meaningful and holistic manner with a range of beneficiary groups. The distinctive strategy of promoting “evidence-based migrant-centric perspectives” and coordinated (public, private, civil society) interaction with beneficiaries at the local level impacts a number of areas simultaneously: policy development on migration management, reinforcement of links between migration and development, national and local level collaboration, and public, private and civil society collaboration. All these are stimulated and significantly enhanced in an innovative, flexible, responsive and durable context.

Targeted plans of action (PoAs) and capacity building activities at national level and in four pilot areas (namely the rayon and municipalities of Cahul, Edinet, Ungheni and Chisinau) are to be based on a multi-step process of inclusive and evidence-based “*research, recommend, review*”. Execution of the PoAs, combined with ongoing expert support and technical assistance where necessary, aims to lead directly to improved legislation and policy coherence, inter-ministerial collaboration, and improved standards of service delivery.

These outputs, combined with the market-driven **NEXUS Moldova** platform, enhance the ability of the partners at national and local levels to *develop and deliver* high impact and practical outreach to the beneficiaries, both in Moldova and abroad. Incorporating private sector, local authority and civil society perspectives and services significantly increases the attractiveness of the portfolio as a whole and hence strengthens the impact and durability of the initiative. Likewise, incorporating the structured representation of migrants and migrant groups, as well as local businesses, is in the interest of local authorities and reinforces the durability of the impacts.

Area 2: Developing, Testing and Adapting - involves combining service centers in the four pilot areas and an online service centre. The online portal provides migrants/diaspora the services they need with an intuitive and user-friendly interface. From the migrants’ perspective it combines social media and social commerce capabilities, and thus provides them a single location to join, engage in self-help activities, and participate in building community. The network of four service centers provides migrants/diaspora a total solution and serves to develop a high level of trust in **NEXUS Moldova**. Here beneficiaries can receive **NEXUS** face-to-face counselling and migration-related information, including access to the online service centre.

In addition to on-going outreach, advice and counselling on best migration practices, the operational model and service mix is based on the demand identified through ongoing market analysis and online conversations:

Potential migrants	Current migrants	Returning migrants
<ul style="list-style-type: none"> ✓ information on visa regimes and employment conditions in popular countries of migration ✓ recruitment services in regions of migration housing ✓ resume preparation ✓ pre-departure language and cross-cultural training ✓ personal financial planning, financial literacy and training programs ✓ savings, insurance, pension and related products designed to match personal objectives and migration cycle ✓ travel services/products ✓ personal advertisements ✓ social networking services 	<ul style="list-style-type: none"> ✓ savings, insurance, pension, investment and related products designed to match changing objectives ✓ access to social media and self-help ✓ long-term high interest savings products and bonds ✓ education savings funds ✓ transferable pension plans ✓ personal and SME credit facilities; e.g., transnational home loans ✓ remittance transfer services ✓ communication capacities ✓ investment services (for migrants wishing to support a business in their home community) ✓ professional development opportunities ✓ recruitment services (place of return) ✓ travel services/products 	<ul style="list-style-type: none"> ✓ wealth management and personal financial planning ✓ return and reintegration assistance ✓ business start-up training and on-going support ✓ business registration support ✓ finance for SME development ✓ business development services

In order to engage and maintain the active participation of significant service providers from government, private and civil society sectors the emphasis is on maintaining clear evidence-based approaches. This “value added” engages the target groups in a durable and market-driven process of continuous learning and improvement. Further distinguishing the initiative, and uniting Areas 1 and 2, is the introduction of social media tools and other response mechanisms that can efficiently provide meaningful feedback on the effectiveness and attractiveness (or otherwise) of policies and other approaches considered or adopted, as well as on the services that make up the portfolio.

In short, the activities place *the beneficiaries and the service providers at national and local level front and centre*. And then, through its migrant-centric approaches and by facilitating a process of dynamic interaction between beneficiary and target groups, the platform delivers the benefits and hence the durable outputs and multiple impacts described.

Benefits

By connecting key partners and stakeholders for the express purpose of engaging with beneficiaries in a holistic manner – from pre-departure through to return and reintegration – and thereby helping those beneficiaries to *migrate smarter and return better*, the initiative provides clear benefits to partners, stakeholders and beneficiaries alike. In a *practical and hands-on way NEXUS Moldova works with the target groups* at the local level to encourage the contribution of diasporas to the development of their community of origin and increasing the value of migrants’ return. At the same time and in the

same manner it acts to mitigate negative socio-economic developments, in both immediate and long-term.

Key benefits for migrants and diaspora members:

- ▶ reduce personal, domestic and social risks, strains and costs of migration and return
- ▶ reach existing migration-related wealth accumulation goals more efficiently
- ▶ get support for more sustainable return measures and get home sooner.

Related migrant-specific benefits:

- ▶ receive guidance and support to advance their skills
- ▶ find quality advice, products/services that meet real needs
- ▶ enjoy convenience and cost-savings of advice and a range of products/services in one place
- ▶ access like-minded people to develop communities and facilitate self-help activities
- ▶ develop trust of the source and of being protected from possible exploitation
- ▶ reinforced feelings of being valued, respected and supported
- ▶ feel empowered to help themselves better and fulfil their rights
- ▶ strengthen connections to family, friends and community
- ▶ gain a sense of belonging in the membership group
- ▶ have voice through member interest groups and forums
- ▶ gain lobbying strength in numbers

Key benefits for the public sector:

- ▶ reach a major target group in a significant setting and manner
- ▶ better social demographic indicators
- ▶ enhance outreach and awareness raising capacities
- ▶ promote efficient and orderly circular migration practices from pre-departure to return
- ▶ gain public-private outreach, dialogue and partnership capacities
- ▶ reduce migrant vulnerability to exploitation
- ▶ address social issues to improve integration practices
- ▶ facilitate return, including brain-gain
- ▶ stronger tax base
- ▶ close significant data gaps related to migrants and migration processes
- ▶ promote evidence-based policy development and regulatory frameworks
- ▶ improve dialogue and policy cohesion with international partners
- ▶ increase the development impact of circular migration

Key benefits for the private sector product and service providers

- ▶ reach a major target group in a significant setting and cost-effective manner
- ▶ develop entry strategies and mechanisms towards an attractive market
- ▶ address a sizeable and under-served market
- ▶ access reliable and systematic market information enabling the identification of market opportunities
- ▶ increase awareness raising and advertising capacities
- ▶ share and participate in direct feedback mechanisms
- ▶ close knowledge gaps of the markets
- ▶ add additional distribution channels
- ▶ increase customer base
- ▶ generate additional profit

Potential future revenue streams to **NEXUS Moldova**, implying the opportunity for self-financing and lasting durability beyond the 36 month project period, originate from five sources: members, partners, corporate sponsors and advertisers, governmental clients and advertisers, and agents and franchisors.

The **NEXUS Moldova** mission is to build vibrant public-private partnerships that help beneficiaries “migrate smarter and return better.” **NEXUS Moldova** is based on the core value that migration is ultimately a positive force, and every aspect of the initiative will reflect that value.

Annex 2: Non-response rate

Migrant Survey

Selected most sensitive questions		DK/NA
31	What was [NAME] main source of income in the past 12 months?	0.6%
32	What was your average “net” monthly income (not of your household) in migration over the past 12 months? (i.e. cash in hand)	2.8%
33	What is the <i>average net monthly</i> income of your household in migration? (i.e. cash in hand, of all incomes persons, per month?)	2.8%
34 and how much does your household spend in the place of migration per month? (<i>not including remittances, and not money spent in Moldova</i>)	2.6%
54	Did you or a member of your household in migration transfer money (incl. hand-carry) to Moldova over the preceding 12 months? (i.e. since November 2011?)	0%
56	Can you estimate the <i>total value</i> of these transfers, including carried/sent in cash over the preceding 12 months? <i>Subsample</i>	9.4%
57	Of the amount transferred over the preceding 12 months, what amount was (amount from Q56)	0%
	Electronic <i>Subsample</i>	8.3%
	Cash <i>Subsample</i>	2.0%
66	Does your HH regularly save money (<i>either in country of migration or in Moldova</i>)?	3.4%
67	<i>Where</i> does your HH regularly save money? <i>Subsample</i>	0.4%
68	In [country of migration], you keep your household savings in: (<i>please, rank in order of importance</i>) <i>Subsample</i>	1.3%
69	In Moldova, you keep your household savings in: (<i>please, rank in order of importance</i>) <i>Subsample</i>	1.0%
72	Can you estimate the total amount of money needed to meet the above savings objectives? <i>Subsample</i>	17.3%
73	How much of this have you been able to save to date? <i>Subsample</i>	30.6%

HH Survey with migrants

Selected most sensitive questions		DK/NA
46	Can you estimate how your monthly HH expenditure was allocated on average in 2012?	1.2%
47	Can you estimate your household's average monthly income from ALL sources mentioned below in 2012?	1.2%
48	Did you receive money from Migrants abroad in the past 12 months (since May 2012)?	0%
49	How did your household receive this money from abroad? (<i>multiple answers possible</i>) Subsample	2.6%
52	What was the total value of ALL money (<i>INCLUDING HAND-CARRY</i> you received from abroad in the past 12 months (since May 2012)? Subsample	12.9%
53	Were any of the financial transfers sent to your HH from abroad in 2012 sent <i>with the specific purpose</i> ? Subsample	0%
54	Can you estimate the value of above Financial transfers to your HH in 2012: Saved Subsample	12.5%
	Invested Subsample	11.7%
54A	Did your HH receive in-kind remittances from Migrants abroad in the past 12 months (since May 2012)?	2.2%
54B	Could you estimate:	
B1	How often did your HH receive in-kind remittances from Migrants abroad in the past 12 months (since May 2012)? #..... Subsample	1.7%
B2	What was the value of in-kind remittances received from migrants abroad in the past 12 months? Subsample	17.8%
55	Financial overview 2012 (<i>Ask for every item, and write in amount in MDL for every one!</i>)	17.3%
56	Financial overview 2012: (<i>write total amount of all transfers in the last 12 months</i>)	1.2%
58	Does your HH save money out of the money your HH receives from all sources (including from abroad)?	1.8%
60	Can you estimate the total amount of money needed to meet the above savings objectives? Subsample	17.5%
65	Where are the savings in Moldova kept? (<i>please, rank in order of importance</i>) Subsample	12.9%
67	Does your HH have a bank account in Moldova?	1.8%

NEXUS Moldova is EU-funded,
implemented by a consortium led by
IASCI, and co-financed by SDC



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC
Agenția Elvețiană pentru
Dezvoltare și Cooperare

