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Moldova at a crossroads:

The impact of emigration on the internal social and economic development

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[POLICY PAPER (2017): MOLDOVA

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Introduction

In the post-Soviet period, Moldova has been deeply affected by the transition policies towards a market economy. In the beginning of the '90, the number of jobs has decreased substantially due to the privatization of the state-owned companies and the breakdown of the collective agricultural farms. The high rate of inflation and the low economic incomes were predominant across the rural and urban population. A first social phenomenon characteristic for that period was the gradual resettlement of the countryside middle-aged people to the urban areas and Eastern Europe. A second phenomenon was related to the emigration of educated social class from the cities to the Western Europe. These emigration trends, based on the type of community and educational background/professional skills, remained actual until nowadays and have an important impact over the internal social and economic development of this country.

When referring to the title of this paper, a few clarifications should be given for a proper understanding of the key terms. First, I measure the 'impact' in terms of social and economic consequences, therefore focusing over these specific policy areas. Second, I define 'emigration' as 'the act of departing or exiting from one State with a view to settling in another'², using a comparison between the migration towards the Western region and the Eastern one. Nonetheless, the 'development' refers to the socio-economic growth or progress, assumed as the main objective of Moldova in the transition period.

In my attempt to develop a comprehensive argumentation over this topic, I will argue that the massive emigration from Moldova in the last 25 years had a negative leverage over the socio-economic development and has been addressed insufficiently by the governmental authorities. Through an overall analysis over the emigration trends, my aim is to establish the link between the migrants' profile, regions where they emigrated and the average period of resettlement. Furthermore, this study will focus on the consequences of the emigration over the economic and social sectors, including the national GDP and the role of remittances for the annual budget. Another dimension of the paper will cover the public policies of the governments for decreasing the migration flows and the results of these measures on the short and medium period of time. In the end, I will propose a set of recommendations for combating the socio-economic problems related to emigration and establish a better communication between the public institutions and the diaspora.

² <https://www.iom.int/key-migration-terms#Emigration>, 20 April 2017.

Emigration trends: profile of Moldovan emigrants and their country of arrival

When analyzing the emigration trends of the Moldovan population, one should consider the roots of migration or the motivation standing behind the will to emigrate. The first reason is the poor economic situation of the country. According the Human Development Index, Moldova is the poorest country in Europe, being ranked on the 107 position out of 188 world countries³. The level of absolute poverty in Moldova is 9%, with more than 35% of the people considering they are lacking sufficient money for the daily needs⁴. The employment rate has reached 42.4 percent in 2015, with a 4.9 percent rate of unemployment⁵. Moreover, these statistics prove the existence of a high number of informal and seasonal jobs, which accounts around 30% of the total number of jobs. The non-declared business is causing important losses for the budget revenues and exempts the target group of people from social benefits related to healthcare, pensions and others.

The second reason is the linguistic affinity between Moldova and the countries of arrival. As Moldova is a post-Soviet state and the majority of people use Russian as the second language for communication, there are no linguistic and cultural barriers for the Eastern migrants. Furthermore, Romanian, the native language for almost 80% of Moldovan people⁶, is a Latin language. Therefore, the migrants going to the Western countries such as Spain or Italy, are able to learn the arrival country language in a fastest way.

Nonetheless, the third reason which causes the growing migration rate are the travelling and working regulations from both Eastern and Western Europe. Moldova is a member of the Commonwealth of Independent States (CIS), a Russia-led organization which facilitates, through its internal provisions, the right of movement for all the workers in the territory of the CIS. When it comes to the Western migration trend, the procedures for the acquisition policy of Romanian citizenship⁷ by the Moldovan people were simplified after Romania became a member

³ United Nations Development Program, *Human Development Report: Moldova*, United Nations Development Program, New York, 2016, p.1, available at http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDA.pdf, 10 April 2017.

⁴ Expert-Group, *State of the country report: Republic of Moldova 2016*, Expert Group, Chisinau, 2016, p. 11, available at https://expert-grup.org/media/k2/attachments/State_of_the_Country_Report.pdf, 10 April 2017.

⁵ Ibid., pag. 21.

⁶ <http://www.statistica.md/pageview.php?l=ro&idc=479>, 11 April 2017.

⁷ Romania offers the right to reobtain the Romanian citizenship for all the Moldovans who have a parent born in the period which the Moldovan territory was part of Romanian (1919 – 1940; 1941 – 1944). The principle behind this policy is called *jus sanguinis*, which argues that the nationality of one individual is established considering the country of origin of his or her parents.

of the EU in 2007⁸. Data provided by the national Romanian institutions show that until 2015, more than half of a million of Moldovans have reobtained their Romanian citizenship, most of them with the objective to work in the EU without any restrictions. These particular external elements have influenced the decision of a sizable number of people to emigrate in a foreign country.

The emigration trends for Moldova can be defined through the dualism between West and East. The Western trend (countries within the EU) has developed in late '90, starting with an acute economic crisis that hit both Moldova and Russia. The emigrants from Moldova started to move in countries searching for workers in the services sector (Italy and Ireland) or for agricultural seasonal jobs (Spain and Greece). On the other hand, the Eastern trend, dominated by Russia, has attracted workers in the construction field. Moldovan migrants preferred Russia because of the low level of qualifications required by the employers, socio-cultural proximity and the free movement of people across post-Soviet space⁹.

	Rate from overall emigration (%)	Male (%)	Female (%)
Italy	16.3	36.5	63.5
Russia	61.9	74.3	25.7
Turkey	2.1	32.2	67.8
Portugal	4.5	67.9	32.1
Greece	2.5	29.6	70.4
Ukraine	2.2	63.2	36.8
Other countries	10.5	-	-
Total	100	65.9	34.1

Fig. 1. Distribution of emigration by destination and gender (2015)¹⁰.

The profile of emigrants can be described upon their occupation and the regional habit. The Western trend has been characteristic mainly for women, coming from urban areas (62%) and well-educated (76% have obtained a high school diploma and 51% finished a college or a

⁸ Constantin Iordachi, *Country Report: Romania*, EUDO Citizenship Observatory, Robert Schuman Centre for Advanced Studies, European University Institute, 2010, p. 7, <http://eudo-citizenship.eu/docs/CountryReports/Romania.pdfm> 11 April 2017.

⁹ Boris Ghencea and Igor Gudumac, *Labour Migration and Remittances in the Republic of Moldova*, p. 32, available at http://pdc.ceu.hu/archive/00002327/01/Raport_Migration_Remittances_2.pdf, 12 April 2017.

¹⁰ CBS-AXA, *Migration and Remittances in Moldova*, 2015, first quoted in Maria Cristina Pantiru, Richard Black & Rachel Sabates-Wheeler, *Migration and Poverty Reduction in Moldova*, 2007, p. 10, available at http://www.migrationdrc.org/publications/working_papers/WP-C10.pdf, 12 April 2017

professional school)¹¹. Their area of work includes social assistance, personal care and trade-related activities (fig. 2). The Eastern trend is led by men, coming from rural areas (71%) and low-educated. Their working fields include construction, manufactory, technical and mechanical services (fig. 2). In this context, the migrants profile is shaped by their professional skills and the market demands both in the Western and Eastern Europe.

Area of work	Distribution of migrants (%)	Male (%)	Female (%)
Construction, maintenance	30.9	95.0	5.0
Baby-sitting, personal care and social assistance	31.3	4.0	96.0
Trade-related activities	10.8	36.4	63.6
Plant, factory workers	9.8	68.6	31.4
Technical and mechanical services	6.3	95.6	4.4
Agriculture	4.5	75.0	25.0
Other	6.4	60.9	39.1
Total	100.0	54.5	45.5

Fig. 2. Working areas of Moldovan emigrants by gender¹²

The Eastern and Western emigration trends were built upon the migrant networks. As Massey mentioned, ‘network connections constitute a form of social capital that people can draw upon to gain access to foreign employment’¹³. The first waves of Moldovan emigrants facilitated the integration of the newcomers and created local communities based on shared identity, religion and language. In other cases, specific for the Russian emigrants working in construction, the migrants’ networks were established as a matter of trust. Once an emigrant got a job in the construction field, he/she invited other relatives or friends to become part of his/her working team. This particular aspect has influenced the growing number of Moldovan emigrants moving abroad for a long period of time, setting up a structural type of migration concentrated in key developed regions of the previous mentioned countries.

¹¹ Ibid.

¹² Boris Ghencea and Igor Gudumac, *Labor Migration and Remittances in the Republic of Moldova*, first quoted in Maria Cristina Pantiru, Richard Black & Rachel Sabates-Wheeler, op. cit., p.11.

¹³ Douglas Massey et al. ‘Theories of International Migration: a review and appraisal’, in *Population and Development Review*, vol. 19, no. 3, 1993, pp. 431 – 466.

The consequences of the migration flows for the Moldovan society and economy

The impact of emigration in Moldova can be observed in three major domains: demography, macroeconomics and education. In this section, I intend to offer an overview analysis of these three spheres, interfering both the direct and the indirect consequences of immigration. As stated in the research question, the objective is to establish the effect of emigration, focusing on the quantitative measures and statistics.

The demographic dimension has been seriously affected by the growing number of emigrants. According to the national census, in 2014 the number of people living in Moldova was 2,9 million people¹⁴, 1 million less than in 1991. Over 0,52 million people have emigrated through the official channels and are registered as workers in their receiving country. However, the unofficial numbers speak about more than 1 million people which emigrated in the last 25 years, which counts around of 25% of the whole amount of Moldovan citizens. According to the UN prognoses, if this negative trend continues, the population of Moldova will decrease to 2 million people in 2050, 33% less than nowadays¹⁵.

As Moldova's main economic sector is agriculture, the labor migration had a devastating repercussion over the depopulation of the rural areas. To this day, approximately 40% of the active working forces from the rural areas have left their villages for emigrating in the last two decades¹⁶. The annual reports speak about a decrease of approximately 8,000 people per year¹⁷, which causes the disappearance of a few villages every year. The human resources, one of the key dimensions for the exploitation of land, is decreasing in Moldova due to the small number of people in the villages, unwilling to work for low wages.

When analyzing the macroeconomic impact of migration, the most important variables are unemployment rate and the financial remittances from abroad. The unemployment rate has decreased in the last two decades from 11.7% in 1998 to 3.8% in 2016¹⁸. These patterns were influenced by the ongoing emigration and the aging process, lowering the active population proportion. Furthermore, the role of remittances for the Moldovan economy has become crucial for the GDP growth. As the GDP is directly influenced by the rate of consumption, remittances

¹⁴ <http://www.statistica.md/pageview.php?l=ro&idc=479>, 13 April 2017.

¹⁵ <http://www.moldova.org/proгноза-ONU-moldova-in-criza-demografica-populatia-va-scadea-in-jumatate-pana-in-2100/>, 13 April 2017.

¹⁶ <http://www.europa.md/subpagina/arata/36/Reforma%20agriculturii>, 13 April 2017.

¹⁷ Daniela Bolganschi, *Rural out migration and land use in Moldova*, Centre for Policy Studies, 2011, p. 19, available at <https://cps.ceu.edu/publications/bolganschi/2011/23586>, 14 April 2017.

¹⁸ <http://www.statistica.md/category.php?l=ro&idc=107>, 14 April 2017.

were one of the main factors for supporting the economy growth. However, experts are less optimistic when it comes to the relation between migration and remittances:

'the current situation, with very high remittances and somewhat disappointing level of investment, suggest that Moldova could be saddled on a path where migration and remittances reinforce each other. (...) The current trend of persistent emigration leading to rising remittances is, therefore, to be expected under the circumstances'¹⁹.

The value of remittances as part of the GDP has decreased in the last years from 33% (2008) to 19% (2015)²⁰. The main reason behind this involution is the economic crisis which has affected the EU job market starting with 2008. As Moldova is facing a banking crisis after an economic breakdown in 2014, the percentage of remittances is expected to fall in the upcoming years, leaving the government in the position to seek other solutions for economic rehabilitation. However, without developing local projects for small and medium enterprises, the role of remittances as further investments becomes less significant. Therefore, a culture of investments promoted by the migrants is needed both in agriculture and industry.

In the sphere of education, emigration has enhanced the process of so-called 'elite movement'. Its consist of students, high qualified teachers, scholars and members of the scientific community which emigrated to the Western countries, leaving behind a massive gap in terms of intellectual resources. Low incomes among the teaching staff and researchers (the medium salary in Moldova is 265 euros) and the growing number of fellowship and jobs offered as part of European educational projects have raised the emigration of these social group towards the West. An example in this sense is Romania, who invites the Moldovan students to apply for a yearly 5600 scholarships²¹. As the Moldovan government doesn't have financial incentives to attract them back, the 'brain drain' phenomenon provokes structural problems among public administrative institutions.

Public policies towards reducing the emigration rate: political rhetoric and governmental strategies

The reduction of emigration was not a key priority the first governments after 1991. The negative consequences of this phenomenon have not been predicted in the first years of major

¹⁹ International Monetary Fund, *Republic of Moldova: selected issues*, International Monetary Fund, Washington, 2005, p. 19.

²⁰ <http://moldnova.eu/ro/infografic-evolutia-remitentelor-2000-2016-economia-pierde-un-pilon-important-12668.html/>, 14 April 2017.

²¹ <http://www.jurnal.md/ro/social/2016/6/29/romania-ofera-pestre-5600-de-burse-tinerilor-moldoveni-pentru-anul-de-studii-2016-2017/>, 14 April 2017.

emigration flows. As the emigrants leaving the country were disappointed by the governments' performance, they didn't represent the target group for the electoral debates, campaigns and afterwards strategies. The Moldovan political sphere, dominated before 2009 by a communist party with a conservator rhetoric and a nostalgic Soviet vision, has stimulated the emigration through a very poor management of economic policies and a high rate of unemployment.

After 2009, a pro-European government started to launch initiatives addressing the emigration issues. These projects, supported financially by the European Union, were part of the Eastern Partnership cooperation platforms and were emphasizing the need to develop the internal labor market through the creation of new jobs. In 2011, the Moldovan government established the National Strategy in the field of Migration and Asylum (2011 – 2020), which mentions the institutionalized cooperation with the diaspora as the first step for attracting the Moldovans back home. In this context, a Bureau for the relations with the diaspora was launched in 2012, being responsible for organizing social and cultural events for the Moldovan emigrants and building links between Moldova and the country of arrival.

The economic projects were orientated towards encouraging the emigrants to invest in the creation of small and medium enterprises (SME) through cutting significantly the taxes for the business plans of emigrants. Moreover, a governmental pilot program was initiated with the aim 'to attract financial transfers to the country's economy through the PARE 1+1 for 2010 – 2012'²². The privileges for the Moldovan emigrants consist in a grant offered by the Moldovan government in cooperation with the EU as an added value for the business plan.

In the youth and education field, the government developed a Plan for protection of children left without parental care (2010 – 2011), which was concentrated over the difficulties faced by the kids left under the custody of relatives. A Strategy of Youth Affairs is in place form 2009 and provides the young graduates from foreign universities with the chance to pursue an internship in one of the state institutions or ministries. Starting with 2012, a special program was established for young professional who were willing to return and activate in the central or local administration.

Although the above initiatives were a step forward for rethinking the government approach towards diaspora community, there is still a lack of institutional capacity in the implementation stage. The financial incentives offered by the government are not sizeable

²² Valeriu Mosneaga, *Moldova: Emigration and Diaspora*, Consortium for Applied Research on International Migration, 2012, p. 4, available at http://brd.gov.md/sites/default/files/document/attachments/emigrare_si_diaspora_carim-east_2012_eng.pdf, 15 April 2017.

enough to attract a high number of applicants. Moreover, the so-called 'pro-European' government which is in power does not inspire to much trust among the diaspora, who voted in large proportions the opposition candidate during the last presidential elections. In the Moldovan communities living abroad, there is still a predominant pessimistic feeling about the internal affairs and the prospects of Moldovan politics. The internal electoral division between East and West can be observed in the pathways of the Moldovan emigrants, with half of them supporting a Russia-oriented foreign policy and another half being the promoters of the European integration.

A new set of policies for the Moldovan diaspora: implication through representation

In the previous sections of this paper, I have emphasized on the overall impact of emigration over the social and economic sectors of Moldova and how the government decided to respond to the massive migration which started in the late '90s. Given that the purpose of this paper is to study the short and long term impact of emigration over the sending country, I believe it is necessary to propose a set of visionary recommendations for responding to the emigration challenges and gain the most benefits from the experience accumulated by the migrants abroad. Therefore, the following proposals intend to generate a common cooperation framework between the emigrants and the national Moldovan authorities:

- **Attract European funds for creating financial incentives for diaspora.** Moldova should request economic assistance from the EU for trans-border cooperation projects and diaspora policies. Through increasing the number of grants and the areas of development, the government would facilitate the investments and stabilize the internal market. Furthermore, the authorities should decrease the fiscal provisions for the initiatives launched by the diaspora and design special mechanisms for bank loans and their return.
- **Set up a program for hiring high qualified young professionals from abroad in the board of public institutions.** If the government lacks the financial capacity to attract young Moldovan professionals in the state institutions, then they should facilitate their employment in advisory and expertise positions where the emigrants could make a change. The Europeanization of Moldova and the transposition of the European welfare model require firsthand experience in the European countries. Launching a program orientated towards bringing back the brightest experts and giving them the instruments to

lead the reforming process would improve considerably the performance of the governmental bodies.

- **Reform the local administration of villages and establish larger rural communities with a bigger budget and land ownership.** The resources crisis specific for the rural areas can be solved through a better administration of the budget. By reuniting the low populated villages in a common administrative framework with a larger land ownership, the budget provisions would be spent more efficiently and would generate more foreign investments. The development of the rural zones could raise the number of emigrants who returned home, therefore contributing to their resettlement in Moldova.

Conclusions

The impact of emigration over the internal social and economic development has been characterized by three important elements: demographic crisis, strong interdependence between the external remittances and the GDP growth or decrease and a fractured educational system. These three phenomena provide us with an overall analysis of the emigration consequences for Moldova, a country which is deeply affected by a very high emigration rate and an ongoing process of transition. The results of the emigration have been multilateral, leaving behind structural problems which concern the budget revenues and the continuous decreasing rate of life expectancy. As stated in this study, the migrants profile is set by his/her professional skills, the level of education and the labor market demands. Therefore, the dual emigrant trends (West vs. East) are clearly delimited and gender non-balanced, illustrating not only the emigration impact on the sending country, but also Moldova's structural problems influence over the emigration trends.

In this paper, I have tried, through analyzing the quantitative data, to establish what the impact of emigration was over Moldova's internal growth. Through proposing a set of recommendations for the improvement of cooperation between the government and the diaspora, I tried to expand my own contribution for the research of this topic, which should be addressed accordingly by the state actors and the international organizations. The emigration process taking place in Moldova has its roots in the beginning of the Soviet Union destruction and needs to be addressed as part of the future development strategies of this country.

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