

**MIGRATION AND DEVELOPMENT:  
A EUROMEDITERRANEAN P E R S P E C T I V E**  
26 AND 27 APRIL 2007  
RHODES

## **Emigration and Economic Development in Moldova**

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### **Moldova: isolated between the East and the West**



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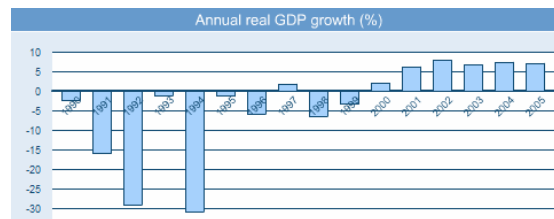
## The Moldovan Economy



- Per capita GNI<sub>2005</sub> = 810 \$
- Few natural resources
- strong trade dependency
- highly indebted

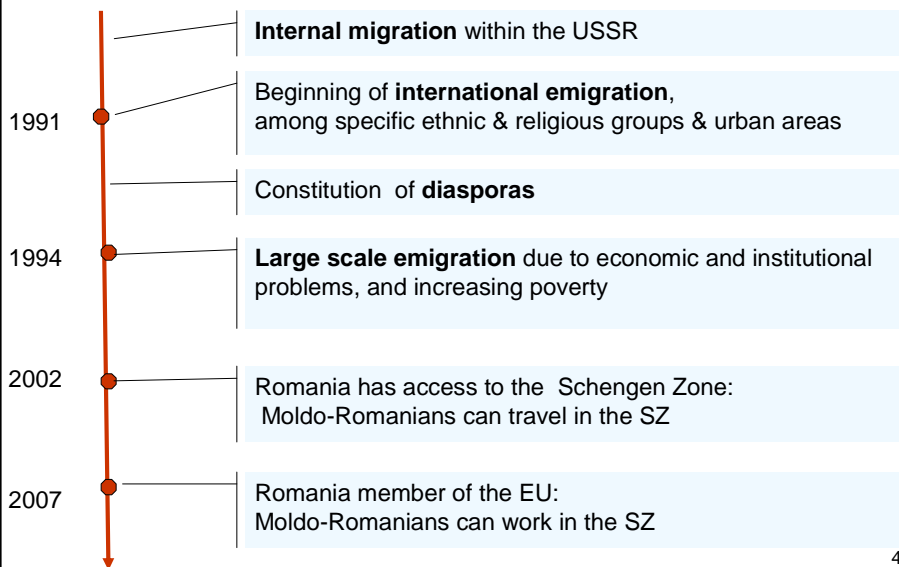
1991-2000: Output decline  
 2000-2005 growth: expansion of

- remittances
- consumption
- service sector



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## Moldovan Migration Over Time



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## Moldovan Migration Today



Autumn 2006: 300 000 applications  
 January 2007: 800 000 applications

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## Measuring Migration

		number	% of total pop. in 1992 (4,3 mln)
Official data	Total cumulative flows, 1989-2003	417 775	<b>10%</b>
Official data	Total annual stock, 2003	290 966	<b>7%</b>
UN, 2000	Total number of migrants	350 000 - 400 000	<b>8 - 9%</b>
EIU, 2002	Total number of migrants	650 000	<b>15%</b>
Survey Data (G&G, 2003)	Total number of migrants	354 544 - 388 386	<b>8-9%</b>

OECD	<b>Total number of Moldavians in the OECD, 2003</b>	<b>45 396</b>
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## Who are the Emigrants?

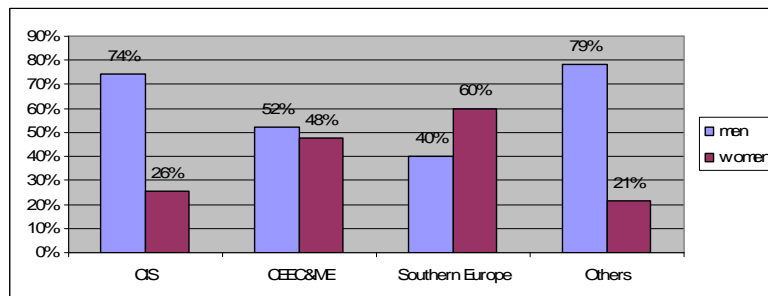
- ✓ 55% men, 45% women
- ✓ Mostly between 18-54 years old
- ✓ Most emigrants are married prior to departure
- ✓ 48% from urban areas, 52% from rural areas
- ✓ Education prior to migration:
  - 51% technical education
  - 26% higher education
  - 23% secondary education
- ✓ Occupation prior to migration:
  - 32% unemployed
  - 32% employed in the public sector
  - 23% in the private sector

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## Migrant Destinations

4 main destination zones:

1. **Southern Europe:** Greece, Cyprus, Italy, Spain (51%)
2. **Commonwealth of Independent States (CIS) :** Russia, Ukraine, Kazakhstan etc (28%)
3. **Central Eastern European Countries and Middle East:** Romania, Czech Republic, Slovakia, Poland, Turkey, Israel (11%)
4. **Others:** Germany, France, USA, etc (10%)

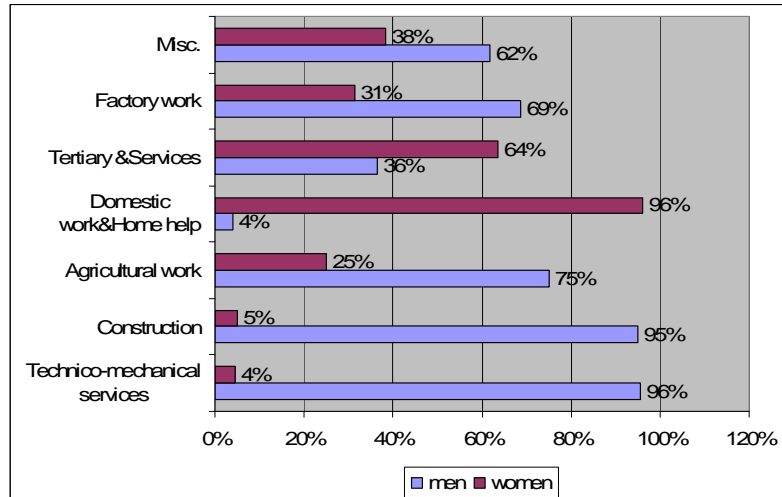


Choice of destination and stated reasons for migration vary systematically with household income

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## Brain drain, gain, or waste ?

### Migrants' employment after migration by gender



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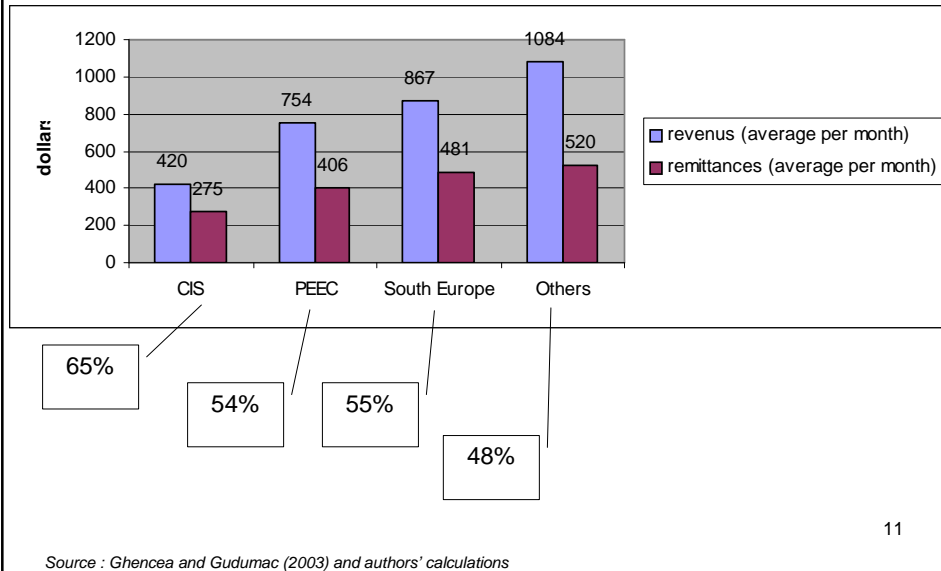
Source : Ghencea and Gudumac (2003) and authors' calculations

## The Size of Remittances

Remittances in millions of dollars			
	1997	2000	2004
Workers' transfers	.....	0.5	221.4
Total transfers (TT)	113.0	159.5	701.4
TT /Exports	12.7%	34.1%	70.5%
TT /Imports	9.1%	20.7%	40.0%
TT /Aid	108.5%	101.6%	491.2%
TT /FDI	143.5%	107.3%	282.7%
TT /GNP	5.9%	12.4%	27.0%

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## Revenues and Remittances by Destination, 2003



## Factors Determining Remittances

### Some of the most important factors:

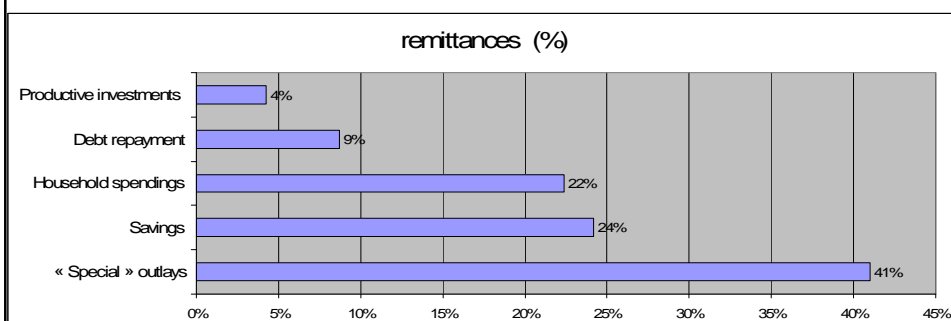
- Intention not to return (-)
- Number of emigrants in household (-)
- Marital status (+)
- Duration of migration (+)

## Inequality and Remittances

- **Lowest and highest income** households get the same amount of remittances
- **Medium income households** get the largest amounts of remittances
- Remittances **reduce poverty**, but **increases inequality**
  - the proportion of households earning less than 500 lei/month from 45% to 5%
  - Gini coefficient up from 0.46 to 0.54

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## The Use of Remittances



Source : Ghencea and Gudumac (2003) and authors' calculations



No investment in local development

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## Migration and Development ?

### Since 2000:

- emigration has relieved labour market pressure
- remittances have contributed significantly to growth and to a reduction in poverty

### But:

- Weak multiplier effects
- Increased inflation
- Deterioration of balance of trade, depreciation of lei
- No stable flow in the long run:
  - strongly conditioned by host countries' immigration policies
- Negative social effects of emigration:
  - abandoned/neglected children
  - human trafficking

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