

The Socio-Economic Impact of the Economic Crisis on Migration and Remittances in the Republic of Moldova

Early Findings – Spring 2009

International Organization for Migration



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Introduction

At present, the Republic of Moldova faces a very pronounced phenomenon of the labor force migration. But, when analyzed from the historical point of view, a country faces this phenomenon in any shape in its transition phases. Not only the post-socialist countries have experience of labor force migration - for which the process of very intensive labor force emigration was and continues to have place since 1990s, it was present also in other countries, that overcome already this phenomenon (Ireland, Italy, Turkey). In countries like Mexico, Dominican Republic, El Salvador and many others the process of labor force emigration still exists and lasts for a longer period of time.

The phenomenon of the labor force emigration in Republic of Moldova, as an ex-Soviet Union country, had different forms since the soviet period, when there was a promotion of labor force migration inside the Union (“fallowing”, “Baikal Amur Main Line”, “Komsomolsk na Amure,” forest clearing in Siberia etc.).

Currently, the Republic of Moldova is one of the countries mostly affected by the emigration for labor purposes, on a short or long term basis. This phenomenon, with its present features and the series of economic, political and social effects, originates from the dissolution of the Soviet Union. The highest magnitude of the migration - as the number of involved citizens, and as the volume of the remittances (the money sent to the emigrant’s country of origin), was registered already in XXI century and one can think of the migration tendencies nowadays being stable and even increasing. Also in this period, the international organizations and national institutions began to pay the necessary attention to the migration phenomenon, by studying it and developing, implementing appropriate policies in order to decrease the negative impact of this phenomenon.

The impact of emigration is highly debated from two main perspectives: one from social-demographic perspective and another from economic and financial perspective. The first perspective takes into consideration the issues of labor force, family, and the destiny of the emigrants’ children. The second one has as central discussion subject the impact of remittances that are the financial resources gained by the emigrants and sent by them to Moldova. There was initiated a project that deals with issues of the second perspective. The goal of the project was to estimate the degree of awareness on opportunities to invest, to develop something in Moldova and to increase the general financial thinking by the Moldovan emigrants and their households. Other goals of the project were to maintain relationships of the diaspora with Moldovan communities abroad and in the country of origin. Meantime, as the global economic crisis deepens, and its negative consequences on our country gradually increasing, it was decided to include an additional objective of the study- to assess the impact of the crisis on the migrant contingent.

This objective is important because, even before the crisis, it was announced that the group mostly affected in Republic of Moldova will be the emigrants, which constitute an important source of financial inflow, with a substantial economic and social impact in the country. In this sense, it is considered that change in the volume of remittances would be the first sign of global economic crisis entering our country.

This research investigates various subjects. In this context, the present paper has the basic elements: Perceptions on the Moldovan business environment, Entrepreneurship, Banking system and banking services consumption, Economic crisis, Migration. The following additional elements were included in order to deeper analyze the basic elements: Perceptions of the population on the migration phenomenon, Experience of emigration and of the remittances.

Methodological aspects

The study was carried out on a national representative sample, amounting to 2027 persons aged 18 years and older.

Sample: stratified, probabilistic, two-stage;

Stratification criteria: 12 geographic regions, concurring with the territorial administrative units before returning to rayons, the place of residence (urban-rural), the size of urban localities (2 types), the number of people living in rural localities (3 types of rural localities).

Sampling: The size of urban strata and total per regions (previous counties) and the size of rural strata were calculated proportionately with the number of inhabitants in accordance with the 2004 Population Census data.

Stages of randomization:

- a. *Locality:* within adjusted strata, the selected localities (123) were randomly established, based on a table with random figures.
- b. *Household:* the maximum number of interviews conducted in one sampling point was 5. The families where the interview took place have been selected by the method of random route, with a statistic step computed as the total number of households on the route divided to the number of interviews that shall be taken.
- c. *Person:* when in the selected households there were several adult persons, the interviewed person was selected by the method of the closest birthday.

Representativeness: the sample is representative for the population of the Republic of Moldova aged 14 years and older, with a maximum error of $\pm 2.18\%$

Period of data collection: 10 - 28 March 2009. The interviews were conducted at respondents' home. The questionnaire was developed in Romanian and Russian, the respondents being offered the opportunity to choose the communication language.

After analyzing the structure of the in field sample, it was ascertained the consistency between the distribution of inhabitants known from the available statistical data and the obtained data, within the permitted statistical deviation. A difference was noted in case of respondents' sex, referring to the overrepresentation of females.

Such deviations are due to the labour force migration abroad, the extent of which isn't possible to record in current official statistics.

With a view to correct, the weighting of results was undertaken, so that the structure of considered sample to be the average between the distributions recorded in the official statistics and the in field data. Thus, the results provided are weighted. The difference between the weighted results and non-weighted results does not exceed 1.8% in all the questions.

Perceptions on the migration phenomenon

The linkage between the migration phenomenon and economy elements (banking system, entrepreneurship), expressed through use of remittances, is caused to a certain extent by the people's perceptions on the migration. In this chapter it will be described the way the phenomenon is perceived in terms of impact at the national level, and not solely at the level of each separate household.

As a rule, within large international migration phenomena, the underdeveloped countries or less developed if compared with migrants' countries of origin act as providers of work force. Thus, the perceptions on employment and investment opportunities, quality of life, as well as perception on the overall development of the country is of interest in approaching the current and future impact of the migration and remittances. To scale up the impact of remittances on the national economy, the positive perceptions of country as employment opportunities, business, and attractive living standards are needed.

To this end, the study reports a negative ratio in perceptions distribution, with a larger share of pessimists than of optimists.

In attempt to gradate the considered elements, we found out that the labour market supply has the most negative appreciations. Thus, 78.1% appreciated in a negative manner the labour/employment opportunities in our country. Here we must note an increase in people dissatisfied with this aspect, a proportion which from July 2008 (in July 2008 the share was of 72.8%) has increased over 5%.

In July 2008, the most negative appreciations were given to the evolution of the origin country, amounting to 72.5%. Nor can we say that after half a year the population started to be more contented with the direction followed by our country, the proportion of optimists with respect to this appreciation even decreased (21% in comparison with 21.8% at the last survey), while that of pessimists decreased only by 1%. This aspect, insignificant at first sight, would indicate the scale up of a confusion state people were thrown into, which after a year, before elections, in the period of the election campaign with much, often contradictory, information promoted by the political parties involved in the campaign, didn't have well-defined expectations.

A particular distribution, but already confirmed in the second survey, is ascertained in case of investment opportunities. When appreciating investment opportunities, the number of pessimists (63%), although much larger than the number of optimists (28.8%), is nevertheless lower among the four appreciated aspects. We shall remark here a depreciation of situation as well, as in 2009 the appreciations of our country as investment field became quite negative.

The appreciation of RM as a place favourable to create a family/good quality of life is given by a number of pessimists (66.5%), being the only aspect that didn't record significant evolutions.

Tabelul 1) General perceptions on the quality of life, investment and employment opportunities in the Republic of Moldova

	Perceptions share (July 2008)		Perceptions share (March 2009)	
	positive	negative	positive	negative
Moldova is a favourable place to create a family/with a good quality of life:	31.2%	66.3%	30.4%	66.5%
In Moldova there are great opportunities for investment:	31.2%	57.7%	28.8%	63.0%
Situation in Moldova keeps on the right track:	21.8%	73.5%	21.0%	72.5%
In Moldova there are many job/employment opportunities:	24.7%	72.8%	19.8%	78.1%

How will you appreciate the following assertions?

Once the study is aimed at establishing the linkage between migration and other economic situation elements, it is important to see the perception on the situation in Moldova through the migrational status of respondent (the person interviewed within the study). In this respect, the respondents were divided into three categories and namely:

- respondent with own migration experience - people that were employed abroad in the last two years; these respondents amounted to 12.0% of the total of people interviewed in 2008 and even 17.1% this year;
- respondent from a household with migrant members - households that at the moment of the study or in the last two years had any of its members left abroad; such respondents constituted 29.1% in 2008 and 18.9% this year;
- respondent from a household without migration experience - cases when neither the respondent, nor any member of the household weren't employed abroad in the last two years - such respondents amounted to 58.9% in 2008 and 64% this year.

In order to easier draw the comparison, the answers provided within each category were reduced to a single synthetic indicator¹, whose value can range between 100 (when absolutely all respondents fully agree with the appreciation) and -100 (when absolutely all the respondents fully disagree with the appreciation).

The decrease of optimistic appreciations once the migrant status obtained can be clearly drawn from the comparison or, in other words, people involved in the migration process are more negative in appreciating the employment opportunities (indicator value -56), but give a better degree to other aspects, i.e. the quality of life (-29), investment opportunities (-31), but also the country direction. Respondents who aren't migrants, but belong to families with migrants are more skeptical with regard to the quality of life (-33), investment opportunities (-41) and even the direction followed by the country. Less negative appreciations (compared between groups) are recorded among households without own experience of migration, the indicator of (-48) being obtained in appreciating the employment opportunities, (-28) of investment opportunities and (-42) in the direction followed by the country. It is to be mentioned that this category of respondents appreciated the quality of life as being lower than migrants did.

Exceptions from the detected trend are only the appreciations about the overall situation of the country, where the persons with own migration experience are less pessimistic (-45) and the respondents from households with migrant members are the most pessimistic (-46).

To summarize, migrants are mostly dissatisfied with the employment opportunities, investment opportunities and the quality of life, followed by the members of households with migrants, the less dissatisfied being the members of households without migrants. As for the overall evolution of the country, migrants are more optimistic, even more optimistic than the members of households without migrants.

Tabelul 2) General perceptions on the quality of life, investment and employment opportunities in the Republic of Moldova depending on the migration experience (March 2009)

	Respondent with own migration experience	Respondent from a household with migrant members	Respondent from a household without migration experience
In Moldova there are many job/employment opportunities:	-56	-54	-48

¹ The indicator expresses the amount of weight of each answer, where the negative values (I do not quite agree and I fully disagree) were attributed a negative value, the extreme appreciations (fully agree and fully disagree) the real value and intermediate appreciations (rather agree and rather disagree) 0.75 of the real value.
Calculation procedure: fully agree plus rather agree * 0.75 minus rather disagree * 0.75 minus fully disagree.

Moldova is a place favourable to create a family/with a good quality of life:	-29	-33	-32
In Moldova there are great opportunities for investment:	-31	-41	-28
Situation in Moldova keeps on the right track:	-49	-51	-43

In comparison with the previous survey, these indicators prove to be quite mobile. The appreciation of the investment opportunities in Moldova by the respondents from households with migrant members have decreased the most (by 15 points). As for the migrants, the decrease is not very significant (-4), and in case of respondents from households without migrant members the decrease is (-6).

Among aspects, the lowest oscillations refer to the appreciation of the quality of life, except for migrants, where an increase by 5 points was recorded. This would suggest the idea that migrants recently returned (the increase of their share among respondents indicate that a certain number of migrants have returned) are people that worked abroad in conditions less favourable, for example the constructions area in Russia.

The appreciation (content) with regard to the employment opportunities and the direction followed by the country decreases in equal proportion.

Tableul 3) Evolution of indicators from July 2008 to March 2009

	Respondent with own migration experience	Respondent from a household with migrant members	Respondent from a household without migration experience
In Moldova there are many job/employment opportunities:	-7	-9	-7
Moldova is a place favourable to create a family/with a good quality of life:	5	0	-1
In Moldova there are great opportunities for investment:	-4	-15	-6
Situation in Moldova keeps on the right track:	-7	-9	-7

Once the Republic of Moldova as an environment for living, work and investments is appreciated by its own citizens rather negative than positive, it is necessary to approach the issues such an unattractive country faces.

The most stringent problems for our country are the low salaries – 29.2% of respondents, followed by the unemployment – 17.8%, prices and inflation – 16.6%, corruption – 15.2% and inefficient governance – 7.1%. The perception on the danger presented by the global economic crisis is also noticed by the citizens, being the sixth as importance (as % of remarks) and noted as being currently the gravest problem for Moldova (6.4%).

It is important to mention that the migration/exodus of qualified staff isn't perceived as a stringent problem for the country, as only 2.7% of respondents saw it as a problem.

The comparison between groups in terms of migration experience shows a differentiation of perceptions on the country problems that migrants have if compared with other two groups. Comparative analysis shows that migrants mostly focus on unemployment and we draw the conclusion that this is one of the main factors that caused their migration, as well as the economic crisis, mentioned by every tenth migrant. At the same time, migrants are less frustrated

with prices/inflation and low wages, problems less faced by them than the people that don't work abroad, migrants having a better income/cost of living ratio.

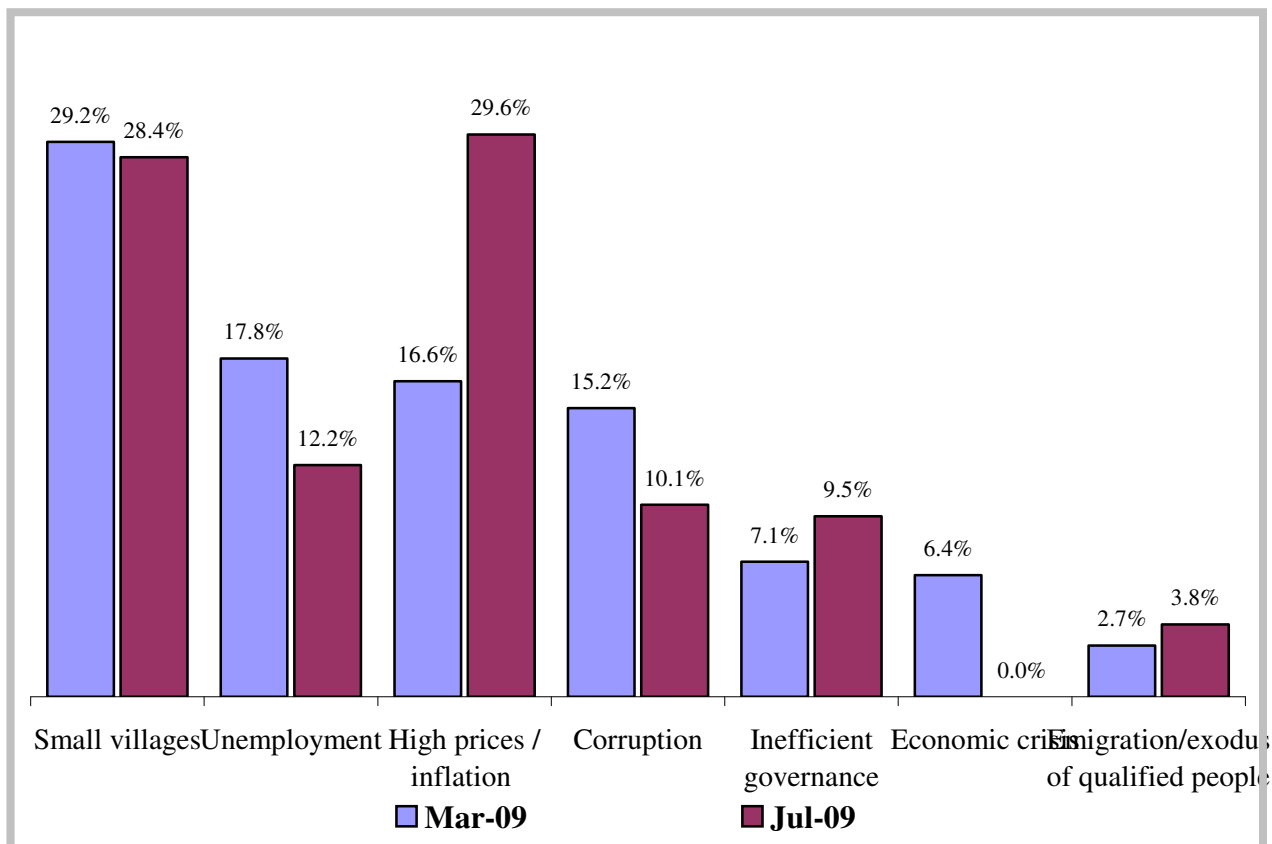
Tabelul 4) Problems faced by the Republic of Moldova

	General	Respondent with own migration experience	Respondent from a household with migrant members	Respondent from a household without migration experience
Low salaries	29.2%	25.4%	29.0%	30.2%
Unemployment	17.8%	21.9%	20.8%	15.8%
High prices/inflation	16.6%	14.8%	14.7%	17.6%
Corruption	15.2%	13.8%	15.9%	15.4%
Inefficient governance	7.1%	4.3%	6.8%	7.9%
Economic crisis	6.4%	10.3%	6.6%	5.3%
Emigration/exodus of qualified staff	2.7%	4.1%	2.2%	2.5%
Other	3.7%	3.9%	3.6%	3.4%
n/a	1.5%	1.4%	.5%	1.8%

nowadays Moldova, the biggest problem is:

The last half of the year is marked by the rise of people's preoccupation (concern) with regard to job opportunities, corruption and entry of the economic crisis in the field of interest. These certain problems have risen in importance in the population perceptions since the summer of 2008 until now.

Tabelul 5) Problems faced by the Republic of Moldova in comparison with July 2008

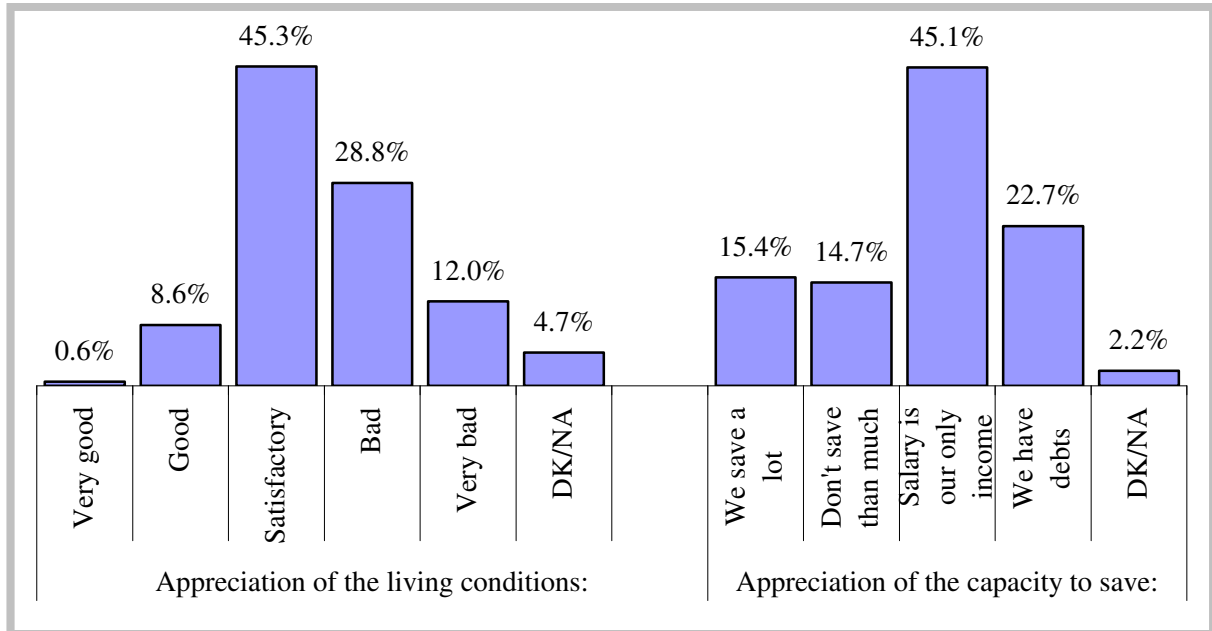


The formula of our fellow citizens' content seems to be as follows: „if we have money from a salary to another, then we had a good living”. This is suggested by the fact that 45.3% of respondents appreciated their living conditions as satisfactory and a similar proportion (45.1%) which states that money in the household are enough from a salary to another.

A significant part of population is nevertheless dissatisfied with the conditions they live in.

30.1% of households manage to save something, out of which 15.4% even manage to save a lot.

Appreciations of living conditions and capacity to save



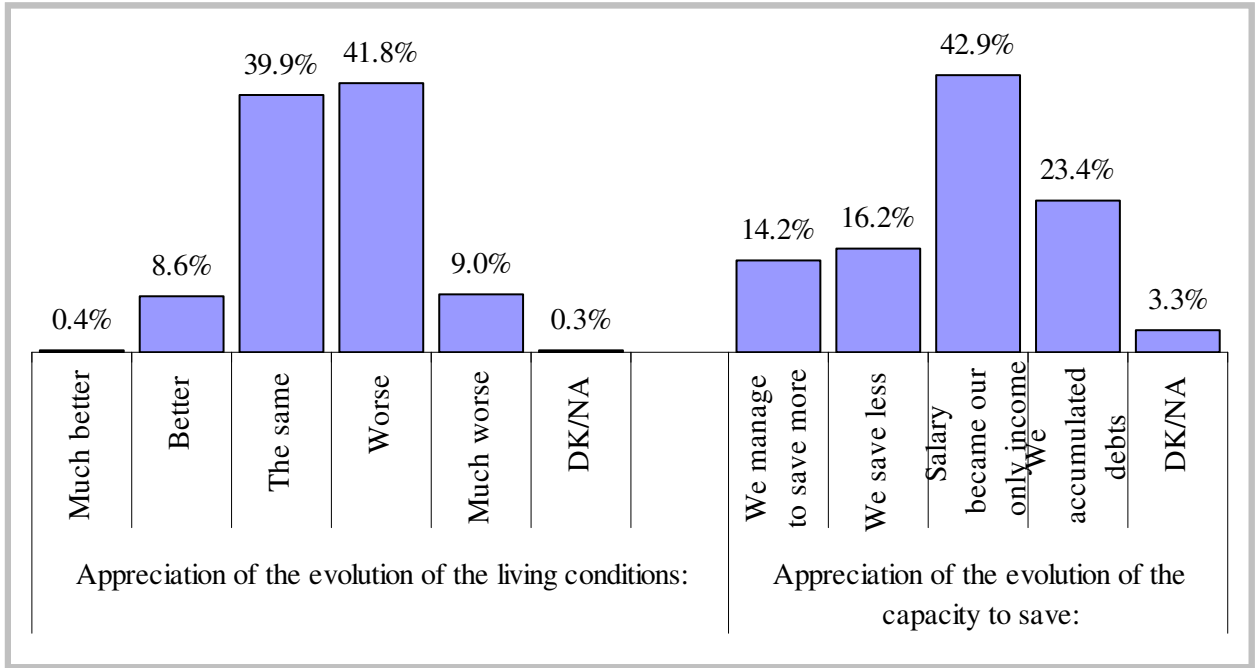
With respect to the evolution of inhabitants' living conditions, as well as financial capacity, we have the opportunity to make comparisons from two points of view.

Comparing the situation six months ago (the previous survey) we note a dramatic decrease in the capacity to save. In July 2008, 22.5% of households managed to save a lot and 28.7% saved to a certain extent. The cumulative share was 50.6% if compared with the current share of 30.1%. The appreciation of living conditions worsened significantly, which in July 2008 were appreciated as good by 14.2% of respondents and as satisfactory by 53.1% of respondents, while in the survey carried out in March 2009 these shares are smaller, i.e. 9.2% of people appreciate the living conditions as good and very good and 45,3% as satisfactory.

This comparison can be considered as semi-objective, being realized on the perceptions at the moment in two different time periods. At the same time, we can see the evolution perceived by the respondents. Most of respondents grasp the worsening of living conditions and financial capacities of household, 41.8% stating that the living conditions worsened if compared with six months ago and 9% saying that worsened a lot.

As for the capacity to make savings, a minor part of households (14.2%) registered an increase in savings, the household being able to save currently more than two quarters ago. A quarter of population even accumulated debts during this period.

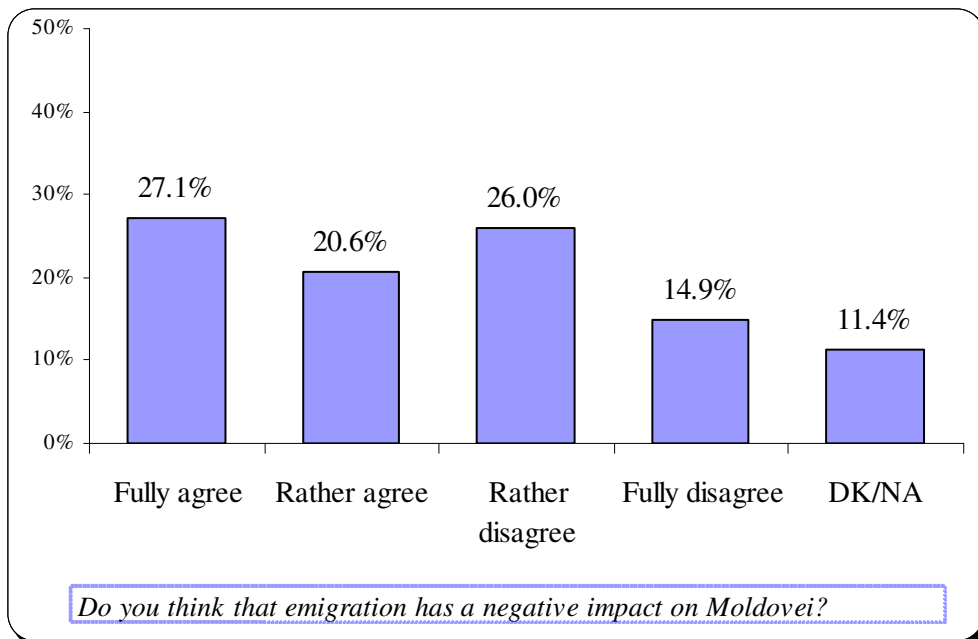
Perception on living conditions change as of 6 months ago



Attitudes towards migration

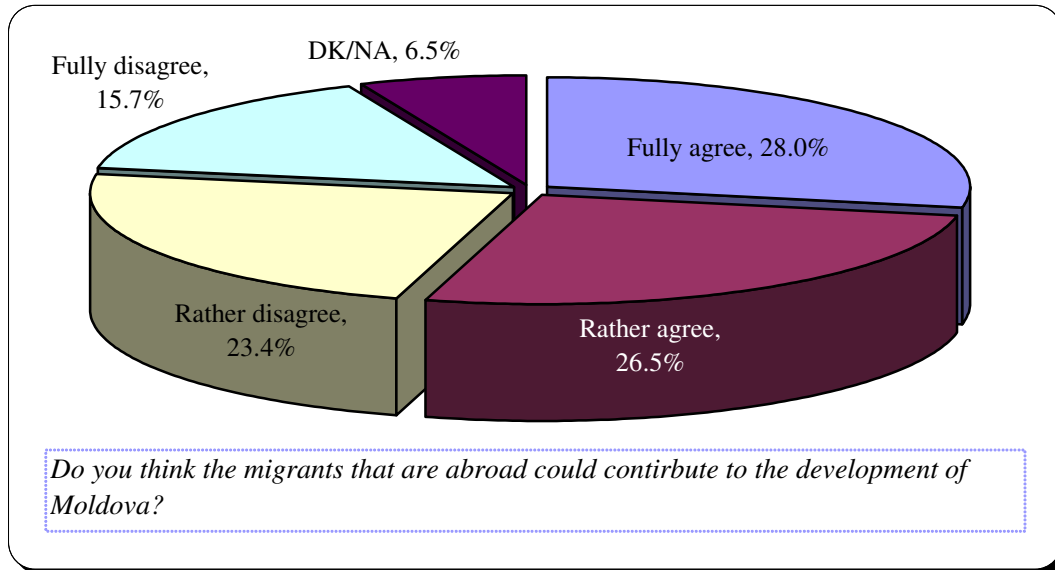
We ascertained a phenomenal change of attitude if compared with the situation in the previous summer with respect to the impact of labour force migration phenomenon over the country in general. Last summer 60% of inhabitants thought that migration has a negative impact over the country. In half a year the perceptions on the migration impact over the country though didn't turn in a positive one, improved in a considerable way. Only 47.7% think currently that migration would have a negative impact, while 40.9% think the opposite, if compared with 31.9% of respondents that negated the assertion on the negative impact of migration in the last summer. It is to be noted that in this case there is a unanimity depending on the migration experience. The percentage share does not register significant differences between the three groups.

Diagrama 1) Perceptions on the migration impact over Moldova



But most of respondents assert that migrants can contribute to the development of Moldova (28.0% fully agree and 26.5% rather agree with this assertion). The share of skeptics remains though significant, with 15.7% fully disagreeing with the affirmation and 23.4% partly disagreeing with it.

Diagrama 2) Can or cannot the migrants contribute to the development of Moldova?



The contribution expected from the migrant citizens abroad has a financial character and as we know migrants act exactly like this. And namely 51.1%, i.e. every second citizen thinks that the contribution made by migrants refers to the remittances for their families in the country. Thus, the perception of major positive impact that the migration process had so far can be clearly detected and namely the provision of money for households living, that at level of national economy can be perceived as a positive impact only in terms of rise of consumption.

It is highlighted also the understanding of remittances as a potential for economic development of the country, by investing this money in business affairs, mentioned by 26.2% of respondents or contribution to promote the export of Moldovan goods through their consumption abroad - 2.5%.

Although in comparison with the previous study, the „objectives” set for migrants remained practically unchanged, an objective related directly with the last developments of global economy emerged. Thus, the third place is held by the option that migrants should support the country during crisis - 5.2%.

Tabelul 6) How can migrants contribute to the development of Moldova?

	2009	2008
To send money at home	51.1%	51.6%
To start a business/to invest in a business in Moldova	26.2%	26.9%
To help the country in times of crisis	5.2%	0.0%
To promote the country image abroad	5.1%	7.4%
To defend the interests of Moldova abroad	3.5%	5.5%
To build cultural relationships/linkages with people from other countries	2.1%	3.0%
To buy Moldovan export goods, being abroad	2.0%	2.5%
To remain politically active (voting, etc.)	1.6%	0.4%
Other	1.3%	0.6%
DK/NA	1.9%	2.2%

How can migrants contribute to the development of Moldova

Emigration experience and remittances

Although these aspects (emigration and remittances) weren't the main object of the study, their explanation is necessary in order to analyze the relationships between the migration phenomenon and entrepreneurship, banking system, but in particular to try to see the evolution of the phenomenon under the circumstances of global economic crisis.

That is why, in this chapter the findings on the scale of migration and remittances will be stated.

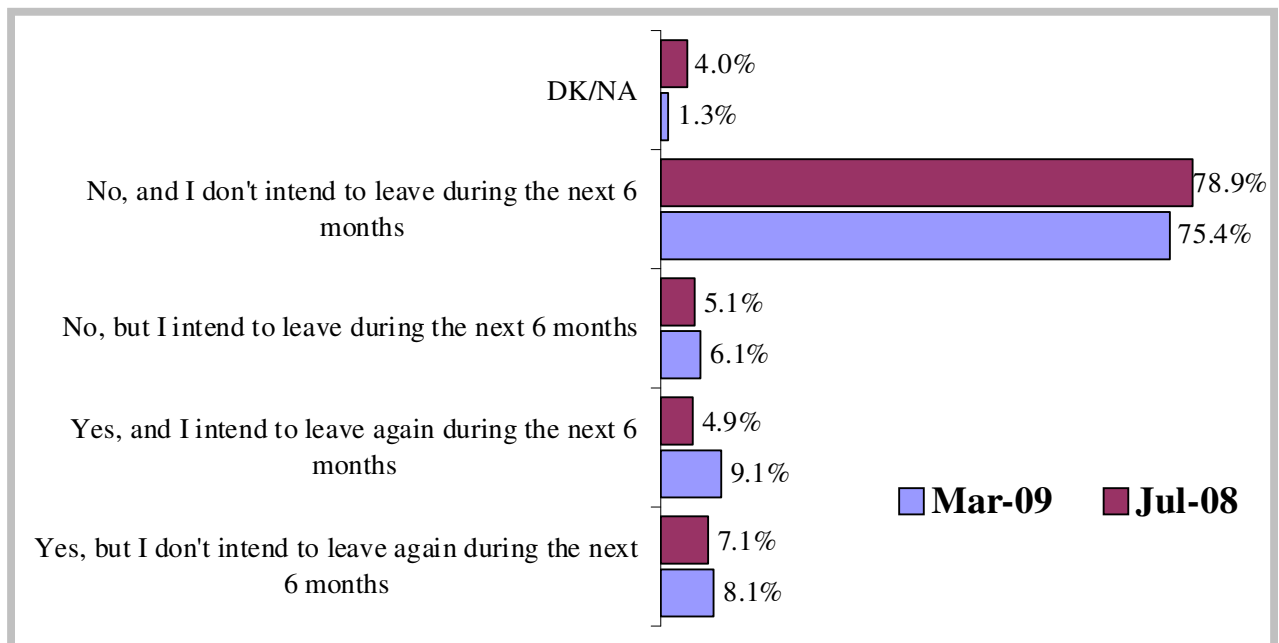
The people interviewed within the study are the inhabitants currently living in the country, hence the population that at the time of study was in the Republic of Moldova. The size of migrant contingent within this population in March of current year was of 17.2%, consisting of:

1. 9.1% of inhabitants that were abroad in the last 2 years and plan to leave the country in the following 6 months;
2. 8.1% of inhabitants that were abroad in the last 2 years, but who don't plan to leave the country in the following 6 months;

We have to mention the potential migrants that didn't go abroad in the last 2 years, but have in plans to leave the country in the following 6 months, their share being of 6.1% of the inhabitants present at the moment of study in the country.

In comparison with July 2008 the situation had a significant evolution, manifested through the increase in the number of migrants present in the country at a certain moment, especially increasing the number of migrants temporarily returned, that practically had doubled (from 4.9% in 2008 to 9.1% in 2009) on the one hand and at least the maintenance of the number of possible new migrants, which even increased by a percentage point against July 2008.

Diagrama 3) The share of respondents with migration experience



Have you lived or worked abroad in the last 2 years?

The major increase in the number of migrants definitively returned (as intention) seems to be due only in part to the economic crisis. Every second migrant (48.3%) that returned at home for family reasons and don't plan to leave the country (at least in the following 6 months), hence the return is less related to the crisis.

In other cases the problems refer to the direct effects of economic crisis over the labour market abroad or the domestic policies of the host countries, these also being affected by the precarious economic situation. After losing their job abroad 16.3% of migrants have returned home, other 9.7% gave up their job abroad when they had their salary cut off. A considerable share

constituted the migrants returned because they had their legal term of staying expired in the host country.

In case of migrants temporarily returned, the crisis-related reasons are less as share. In case of these migrants 57.5% returned for family reasons, 9.1% because they had their legal term for staying expired. For reason of losing their job 8.9% of migrants returned home for a period, hence a share is two times lower than in case of those definitively returned. It is surprising that the measure to facilitate the migrants return home, undertaken by the authorities of several host countries, is on the one hand used rarely and, on the other hand, does not cause the migrants' intention to stay. This thing is suggested by the fact that only 0.8% of the temporarily returned migrants and none of the migrants definitively returned indicated this as a reason for return.

Tabelul 7) Reasons for definitive return

	Definitively returned	Temporarily returned
Family reasons (for example, a family member got sick)	48.3%	57.5%
I've decided to continue my studies in RM	1.0%	4.7%
I've fulfilled my plans that I had when I left abroad	3.2%	4.6%
I've lost my job abroad	16.3%	8.9%
My salary was cut off abroad	9.7%	2.2%
Problems appeared with the authorities of the host country	2.3%	1.5%
The legal term for staying has expired	9.4%	9.1%
I was banished/deported from the host country	1.1%	
The attitude of inhabitants of host country towards migrants worsened	1.7%	
The host country authorities provided financial assistance to facilitate the return		.8%
Other	5.7%	6.5%
n/a	1.0%	4.3%

Contrary to the expectations of the experts' community on the impact of economic crisis on the migration of Moldavans, firstly we cannot talk about the massive return of migrants from abroad as a consequence of the crisis and secondly the migrants from constructions sector don't seem to be the most affected. If is to compare the migrants definitively returned with those temporarily returned, we state that migrants that work within the household sector (14.9% definitively returned and only 9.4% temporarily returned) or trade sector (10.8% against 7.8%) express to a larger extent the intentions to stay, and not only migrants that worked in the construction sector (where 54.9% of those definitively returned and 48.5% temporarily returned had worked).

To summarize, at this moment large trends for migrants' return home aren't registered, but if this would happen, the people affected will be from the construction sector, as well as from the household and trade sector, these sectors being the main activity areas of Moldovan migrants abroad.

Tabelul 8) The returned migrants by activity area abroad

	Definitively returned	Temporarily returned
household sector	14.9%	9.4%
education	1.1%	.6%
health care		.9%
administration or public authorities	2.0%	1.8%
constructions	54.9%	48.5%
trade	10.8%	7.8%
agriculture	2.8%	4.2%
transports	5.9%	7.6%
industry	.9%	4.3%

services	5.9%	8.7%
unemployed		1.4%
Other		.3%
n/a	.8%	4.3%

From the perspective of the internal labour market, it is very important to direct the definitively returned migrants in the Republic of Moldova. It is to be mentioned in this respect that not all migrants express the will to find a job in the Republic of Moldova, a significant share of migrants planning to live as much as possible from the money accumulated abroad – 19%. Only 42.1% intent to look for a job, while 17% have the intention to work in the agriculture. The share of those intending to invest the money gained abroad in business is very low – 5%.

Tabelul 9) The future intentions of migrants definitively returned

	Definitively returned people
I will try to find a job	42.1%
I'll get involved in agriculture	17.0%
I will try to live as much as possible from the money accumulated abroad	19.0%
I will try to start my own business	5.0%
I will try to obtain a credit	1.4%
I will try to obtain an unemployment allowance	1.1%
Other	9.1%
n/a	5.3%

As for the future plans of people intending to migrate, if compared to the survey as of July 2008, a confusion or the lack of clear intentions can be noted. During the survey conducted in March this year each third migrant (30.4%) that intended to leave abroad in the following 6 months (irrespective of the fact if he/she was previously abroad or will leave for the first time) didn't have clear plans about the period of staying or the long-term plans in the sense of definitive establishment.

Although this seasonal aspect of migration will persist, most of people intending to leave plan a period of time shorter than a year (62.2% of the total in 2008 and 46% in 2009). Moreover, a large share of these people (43.7% in 2008 and 38.8% in 2009) intend to spend abroad not longer than 6 months.

At the same time, one in every ten citizens that expressed the will to leave abroad in July 2008 reported the intention to stay definitively abroad, out of which 5.5% planned to establish there alone (solitary people) and 6.3% with the whole family. In the survey conducted in March 2009 these groups of migrants constituted 4.3% and 5.4% respectively.

Tabelul 10) Future plans for emigration

	2008	2009
To work 6 months or fewer and to return home	43.7%	38.8%
To work 6-12 months and to return home	18.5%	7.2%
To work more than a year and then return in Moldova	13.0%	9.3%
To work more than five years and then return in Moldova	7.6%	4.7%
To leave Moldova forever and to establish abroad alone	5.5%	4.3%
To leave Moldova forever and to establish with my family abroad	6.3%	5.4%
DK/NA	5.5%	30.4%

Which are your long-term plans?

Being asked what changes they experienced in the host country with respect to the migrants in general, the respondents recently returned indicated first of all the labor market-related aspects,

in terms of job opportunities (62.7% indicated that many migrants had lost their jobs) and remuneration (61.7% indicated that the salary of many migrants was cut off).

Tabelul 11) The changes experienced lately by migrants in the host country

	% of people indicating that
Many migrants started to lose their jobs	62.7%
Migrants' salaries were cut off	61.7%
The living costs increased	53.6%
Many migrants started to lose their places of residence	46.6%
The authorities from the host country became more severe	43.2%
The attitude of local people became distant/negative	37.1%

At the moment of IOM – CBS-AXA 2008 survey the rough number of people left abroad for work in the summer of 2008 was 325 thousand people. Labour Force Survey (NBS) estimates that the number of people who went to work abroad is 340 thousands in the third quarter of 2008.

Although the survey provides an overestimated number of migrants because it isn't adjusted to such estimates and doesn't have it as a priority, we can judge about an increase in the number of migrants if compared with the similar survey in 2008. Thus, with respect to the estimates on the number of migrants currently living abroad, the survey suggests a number of 350 thousand, that would signify a decrease by about 18% in the number of migrants at the moment abroad if compared with the survey conducted in 2008.

On the other hand, we remind that the number of migrants that have been abroad for work, but present in the Republic of Moldova at the moment of study is somehow greater against the similar survey in July 2008 (17.2% of the population present in Moldova in comparison with 12.0% in March 2009).

In this context, taking into account the confidence intervals of the estimators, we can assert that the number of migrants left currently abroad changed, i.e. decreased.

But our opinion is that it would be early to announce the start of the decrease in number of the population involved in migration, taking into account that the last measurement took place on the eve of Easter holidays (when migrants return temporarily home in large numbers), but also the experience of oscillations recorded in the previous studies. In particular LFS, being conducted on a quarterly basis, often indicated oscillations of ten thousands in the number of migrants left abroad from a quarter to another.

Remittances

We ascertain a significant share of people directly affected by the migration process at the level of households to which the interviewed persons belong. At the moment of survey, 24.6% of households have at least one member left abroad, while 5.6% although didn't have any members left at that moment, had members that had been abroad in the last 2 years.

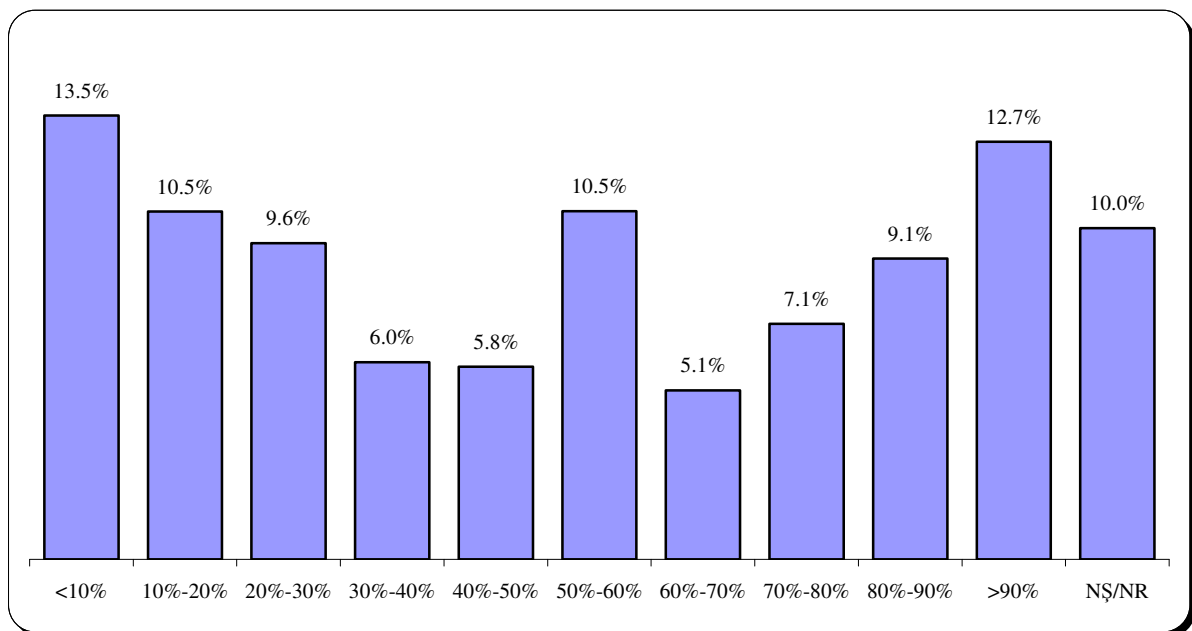
Within another category, that of remittances, the conclusion is that 29.3% of households benefited from remittances in the last 12 months, without changes in comparison with the survey in July 2008 (30%). The fact that the number of households benefiting from remittances remained the same confirms once more that it is precocious to talk about a massive return of migrants.

Tabelul 12) Households directly affected by migration

Households with at least one member left abroad at the moment of the study	24.6%
Households with at least one member that was abroad in the last 2 years	5.6%
Households benefiting from remittances in the last 12 months	29.3%

For 44.5% of households the remittances are the main source of income, these constituting 50% of their amount. Moreover, one in five households (21.8%) can be considered totally dependent on remittances (in these households 80% of income come from remittances).

Share of remittances in the household income

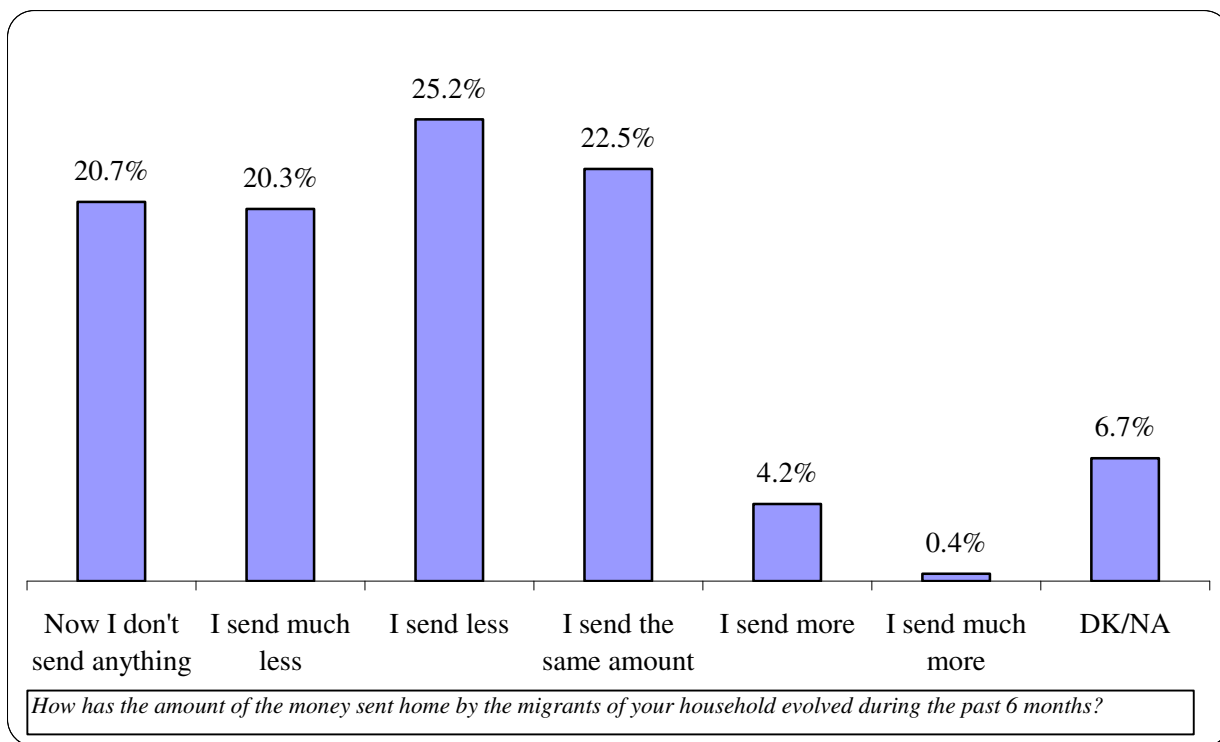


At the same time, the Balance of Payments Statistics (National Bank of Moldova) indicates the reduction of the remittances flow starting with the IV quarter of 2008.

And it really seems that the trend for the decrease in number of households benefiting from remittances started, because although the number of households that received remittances during the last 12 months remained the same, in other question referring to the (last) 6 months as reporting period, every fifth household (20.7%) declared the cease of transfers from abroad, while other 45.5% of households have declared about the reduction of remittances size.

Thus, the data of our study would indicate that the reduction of remittances size refers not only to the reduction of remittances size of the same household, but also to the decrease in number of households benefiting of remittances in the last 6 months.

Tableul 13) Evolution of the remittances size received by the household



Aspects of entrepreneurship and labor force market

Entrepreneurship

This aspect is included in the research in light of the need to approach one of the project components: "Beyond poverty eradication: development of a legal, regulatory and institutional framework for the use of remittance with the purpose of improving the business environment in Moldova", i.e. increase the Moldovan migrants' and migrant households' awareness of the opportunities for investment and development in Moldova.

In this respect, the study was focused on the following aspects:

- distribution of the population by the level of participation in entrepreneurial activities;
- the main reasons for the lack of entrepreneurial involvement;
- the reasons for giving up the business;
- problems encountered by entrepreneurs over the past 6 months;

In addition, it approaches the issue of inclusion into / exclusion from the labor market over the past 6 months.

According to the statements, currently 4.1% have a business and 11.4% intend to start up a business for the first time.

If compared to the size of the group of entrepreneurs, a significant number of people used to have a business, but don't have it any more – 3.5%. Moreover, the number of people who closed their business and don't intend to start up a new one (2.9%) is much higher than the number of those who expressed their intention to start up a new business after the failure of the previous one (0.6%).

Regarding the relationship between the business environment and migration, the study reveals a sharp diminution of the entrepreneurial involvement of migrants if compared to the situation of one year ago. The sudden decrease in the number of migrants who own a business currently (2.4%), as compared to the 6.8% half of a year ago, is quite surprising. This happened because many migrants gave up their business during the past six months (7.1% in this survey against 4.3% of returned migrants who gave up their business in the survey of July, 2008), most of them giving it up for good (5.2% against only 2.6% in 2008). It becomes obvious that the migrants' businesses collapse very soon, due to different reasons. There is another explanation here, besides the investment environment in the country. We have seen earlier that the number of migrants, who returned at the time when the study was carried out, increased significantly. Thus, the number and type of migrants of 2008 survey doesn't coincide with this survey. It is possible for the lower entrepreneurial involvement to be explained by the fact that there have returned a significant number of migrants, with fewer skills and less professional experience, who, on the one hand, are more vulnerable to the worsening of the labor market situation, and on the other hand, have lower entrepreneurial skills.

Similar trends (of diminution in the entrepreneurial involvement) are noticed at the level of the general population. We especially notice a twofold increase in the percentage of the population that gave up both their business and the intention to start up a new business in the future (2.9% against 1.3% in 2008). Moreover, 12% of the migrants who used to have a business and don't have it any more, closed down their business during the past 6 months.

However, it is encouraging that the total share of potential entrepreneurs (both the share of those who have a business at the moment and those who do not have a business at the moment but intend to launch one in the future), increased to 15,5% from 12.4% in 2008.

Tabelul 14) The existing businesses and plans to start up new businesses by the experience of emigration

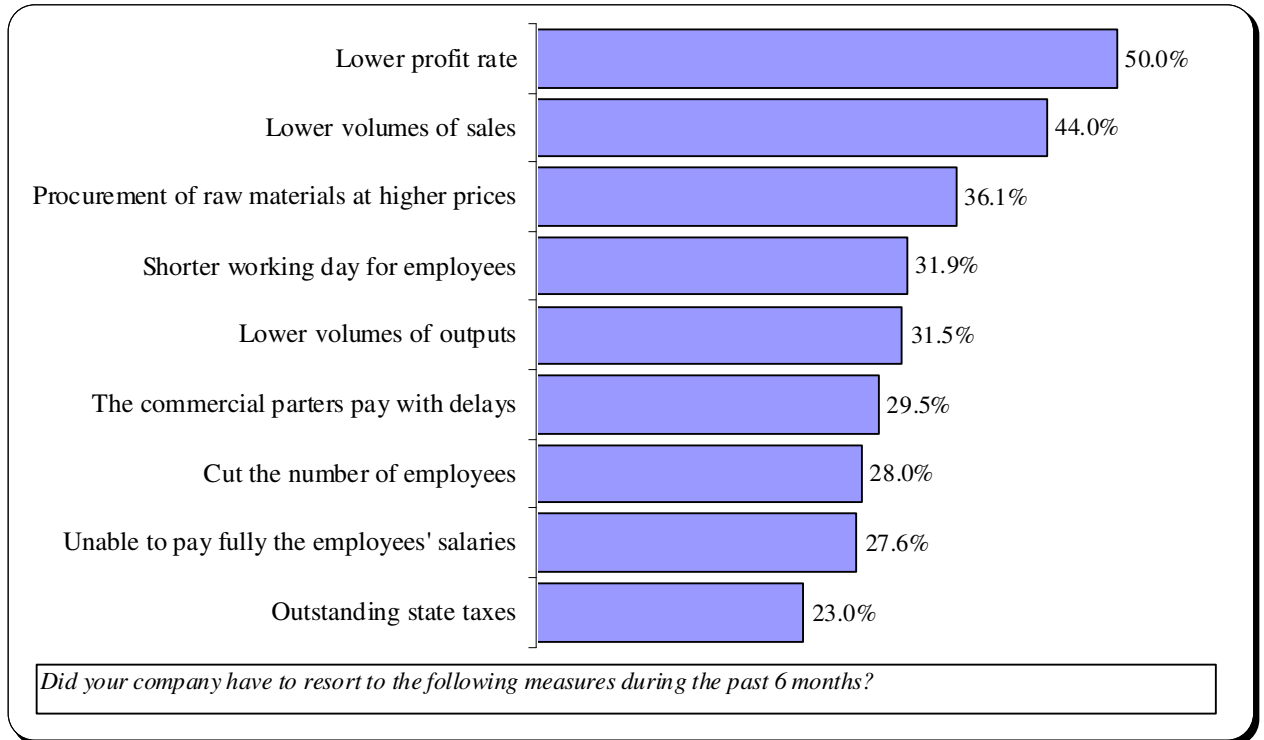
		General	Respondent with own experience as migrant	Respondent with migrants in the household	Respondent from household without any experience of migration
Have you ever had your own business or do you plan to start up a business in the next future?	Currently I don't have any business	4.1%	2.4%	4.4%	4.5%
	I had a business in the past, but I don't intend to start up another one in the future	2.9%	5.2%	3.6%	2.1%
	I had a business in the past and I intend to start up another one in the future	0.6%	1.9%	0.5%	0.2%
	I have never had my own business, but I plan to do it in the next future	10.8%	17.5%	10.8%	9.0%
	I have never had my own business, and I neither plan to do it in the next future	81.6%	72.9%	80.9%	84.2%
	The potential number of entrepreneurs (people who have or intend to start up a business)	15.5%	21.8%	15.7%	13.7%

During the past 6 months the entrepreneurial environment has faced a number of major problems. Half of the people who currently have their own business (4.1% of the total) reported that during the past 6 months their profit rate had decreased as a result of the diminished of the sales volume (44%) and the increase in price for raw material (36.1%). 29.5% of the companies have to cope with a delay, on behalf of their partners, in the payment for the procured products or services.

As a result, the entrepreneurs have to shrink the length of the working day of their employees (31.9%), fire some of their employees (28%), or decrease the volume of output (31.5%).

27.6% reported their inability to pay the salary in full, 23% of the companies have outstanding state taxes.

Problems, which the entrepreneurs encountered during the past 6 months

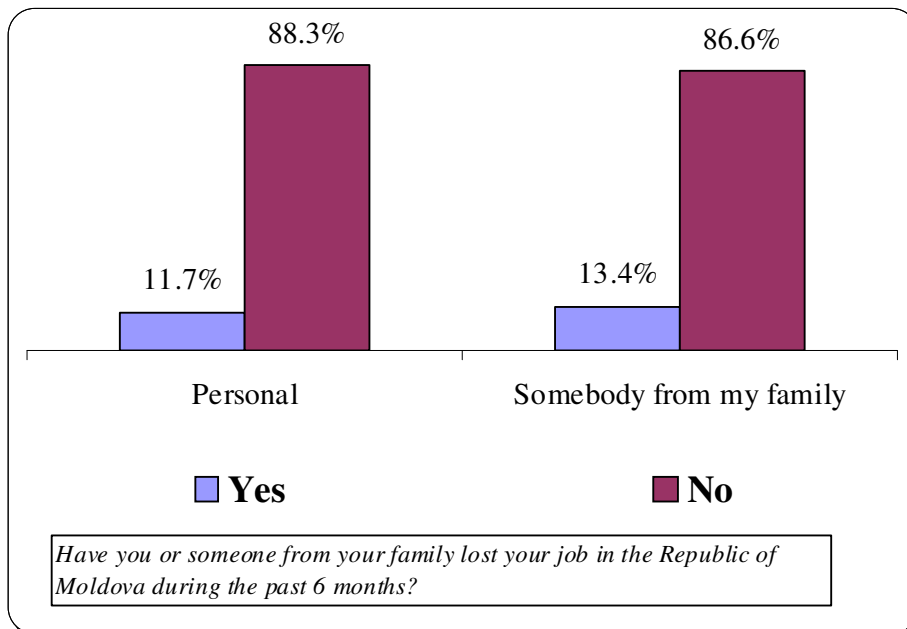


Labor force market

During the past 6 months the unemployment has become a reality for at least 20% of households. More than one of ten respondents interviewed (11.7%) reported that they had lost their place of work during the past 6 months, and in case of 13.4% of the respondents, a member of the household had lost his/her job.

The incidence of dismissals is higher in rural localities (21.1% households if compared to 18.5% in rural localities), with trade, education, agriculture, constructions being the most affected areas.

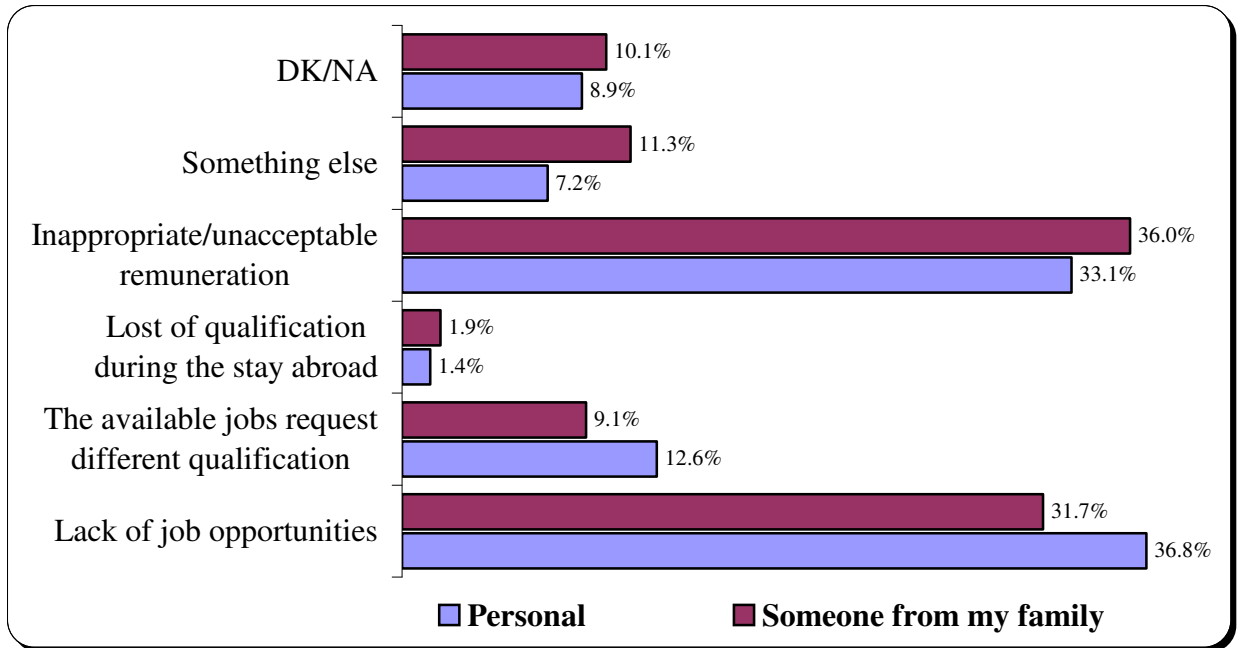
Incidence of dismissals



During the past 6 months, 24.3% of respondents were looking for a job, and 23.2% reported that their household members were searching for a job.

Jobseekers in the Republic of Moldova most often encounter the two “classical” problems: lack of employment opportunities (36.8% personally and 31.7% - somebody from the household) and low salaries, if a job opportunity is found (33.1% personally and 36% - somebody from the household).

Problems encountered when searching for a job



Banking system and service consumption

The connection between remittances and banking system represents one of the aspects of efficient use of remittances. This connection does not confine only to the mediation that the banking system accomplishes between the sender and the beneficiary of remittances, the bank benefiting of considerable income in terms of commissions for transfers.

This considerable cash influx has a major economic impact, the effects it causes including those which directly relate to the financial system and market.

- inflation,
- national currency rating in relation to other currencies,
- increase of investments,
- increase of the reserves of the National Bank.

In such conditions, paying attention to this money stock, trying to guide the influx with a view to using it more efficiently and obtaining a positive impact not only at the level of household, but also at the regional and national level, would constitute a special area of concern for the authorities.

In addition to the aim of "Think twice" information campaign, to raise Moldovan migrants and their households' awareness about the opportunities of investment and development in Moldova and to improve general financial culture of the beneficiaries of remittances, this survey comprises in detail such topics as using banking services, the degree of awareness and confidence in the banking system among population and especially of the beneficiaries of remittances.

In this respect the following issues were particularly tackled:

- use of banking services, personal finance
- knowledge in the financial area
- attitudes and confidence in banking services

Use of banking services

The table below shows the actual parameters of use of banking services. On the one hand, we find a very low level of use of these services. Every second household (48.4%) uses no banking service for the time being, although this indicator decreased as compared to 2008, when 50.9% of households used no banking services.

As compared to 2008 survey, the biggest decrease of users was registered among the banking services directly related to remittances, such as currency exchange (-2% users as compared to 2008) and money transfers (-2.6%). Nonetheless, the currency exchange services are used by one third of the population, as it is the most used service.

In terms of the number of beneficiaries, the payment of banking services at the bank follows (21.5%), this service showing the highest increase over the past 2 quarters (+6.2%).

Then follows the remittance transfer; at present 10.2% of respondents use bank transfer services (quick transfers) and 4.5% transferring money from abroad through bank transfer and 1.2% through a bank card.

The current accounts are owned by 5.4% of adult population (+1.6% in comparison with July 2008), while 10.2% own a saving account to obtain interest, including 7.1% in MDL and 3.1% in foreign currency. These total shares that registered an increase of 6% in comparison with those from July 2008 can not be efficiently compared, because in the previous survey the saving accounts were not distinguished by Moldavian Lei and foreign currency. Thus, the increase may be due to some households which hold saving accounts both in Moldavian Lei and in foreign currency.

Credits of any form are among banking services which are most seldom used, except, maybe, for personal credits, ranking the eighth place as the number of users (3.7%).

Besides payment of public utilities, banking services showing even the least increase are deposits with and without interest, current accounts, personal credits, mortgage and small business credits, credit cards, leasing.

The debit card and life insurances have also lost part of their users, besides the services directly related to remittances.

Tabelul 15) Banking services consumption

	Used in July 2008	Used in March 2009	Change (July 2008 - March 2009)
Currency exchange	33.2%	31.2%	-2.0%
Payment of public utilities at the bank	15.3%	21.5%	+6.2%
Money transfers	12.8%	10.2%	-2.6%
Deposits with interest in Moldovan leis*	4.2%	7.1%	+6.0%
Deposits with interest in foreign currency*		3.1%	
Current account	3.8%	5.4%	+1.6%
Reception of remittances through bank transfer	6.1%	4.5%	-1.6%
Personal credit	3.6%	3.7%	+0.1%
Deposits without interest in Moldovan leis*	1.0%	2.1%	+1.6%
Deposits without interest in foreign currency*		0.5%	
Credit cards	1.1%	2.1%	+1.0%
Bank safes	0.9%	1.2%	+0.3%
Reception of remittances through bank card	1.4%	1.2%	-0.2%
Debit card	1.4%	1.1%	-0.3%
Life insurance	3.6%	0.9%	-2.7%
Small business credit	0.6%	0.9%	+0.3%
Leasing	0.4%	0.5%	+0.1%
Mortgage credit	0.4%	0.5%	+0.1%

The average number of used banking services per person increased, although we can not speak about a very big increase. On the whole a citizen uses an average of 0.98 banking services, as compared to 0.86 in July 2008.

As for the difference in the number of banking services used at the same time, there are wild fluctuations depending on the migration and business experience.

By comparison, a migrant (a person who has been abroad over the past two years) uses an average of 1.26 services, a member of a family with migrants – 1.32, while the members of the families with no migrants – only 0.8 services.

By business experience, persons who have of have had a business in the past use more banking services (1.22 in the average).

As compared to July 2008, the average number of services used by the population without migration or business experience increased – the members of the families with migrants (1.32 against 1.05 in 2008), persons who do not have migrants in their households (0.8 against 0.61), persons without business experience (0.91 against 0.81 in 2008).

However the “involvement” of those who in 2008 survey seemed to use much more banking services decreased, namely the “involvement” of migrants (from 1.57 to 1.26) and entrepreneurs (from 1.5 to 1.22).

Tabelul 16) Cumulative consumption of banking services / emigration and business experience (1)

		The average number of services used for the time being or in the past	The number of services used			
			„0”	„1”	„2”	„3+”
General		0.98	43.2%	30.5%	16.9%	9.3%
Migration experience	Respondent was a migrant	1.26	33.4%	31.9%	20.4%	14.5%
	Respondent from the family with migrants	1.32	30.7%	32.5%	20.7%	16.1%
	Respondent from the family without migrants	0.80	49.5%	29.6%	14.8%	6.2%
Business experience	Respondents with experience in business	1.22	36.0%	28.5%	21.2%	14.4%
	Respondents without experience in business	0.91	45.4%	31.1%	15.6%	7.9%

The low level of consumption of banking services is determined mainly by two factors, monetary poverty (a large number of population do not have additional money besides the money required for current consumption) and lack of confidence in banks. It is these reasons that the respondents bring forward when they are asked why they do not open a bank account; and the quota of those who do not open a bank account increased over the past time.

Besides the lack of money for savings (59.4%) and distrust in banks (13.8%) there are other factors as well, although less important, thus, two groups looming out. The one relates to the monetary market supply, the population avoiding depositing money at the bank accounts because of low interest rates (2.6% of respondents), inflation, which imposes money consumption, and not depositing in the banks (0.6%). It should be said here that the efforts made by the government in 2008 in terms of maintaining inflation have been noticed by the population, so that the percentage of those who do not open a bank account under the pretext if high inflation has decreased significantly (from 1.3% to 0.6%).

Anther group of factors relates directly to the “banking infrastructure” and banks' requirements, namely the large number of banks, to choose a bank where to open a bank account becoming very difficult (2.2%), the lack of bank subsidiaries in settlements (1.1%), the perception as to whether to open a banking account is a difficult procedure (1.4%) or whether the banks' requirements are too strict (1.1%).

Tabelul 17) Causes of lack of a bank account

	2008	2009
I do not have enough money to make savings	56.1%	59.4%
I do not trust banks	11.6%	13.8%
I am not satisfied with the interest rates offered	4.4%	2.6%
There are many banks, I do not know which one to choose	4.2%	2.2%
It is too complicated for me to open a bank account	1.6%	1.4%
The annual inflation is very high, it is better to use money	1.3%	0.6%
The bank's requirements are very high	1.2%	1.1%
Nobody benefits of a bank account	1.2%	1.1%
There are no subsidiaries in my settlement	1.1%	1.1%
I have had a wrong experience with banks in the past	1.1%	0.9%
Other	1.0%	5.0%
It is difficult to answer	15.2%	10.8%

If you do not have a bank account, why do you not open one?

Keeping personal savings

Let us come back a little to the savings of households. I saw previously that the actual financial position of the studied households got even worse over the past 6 months.

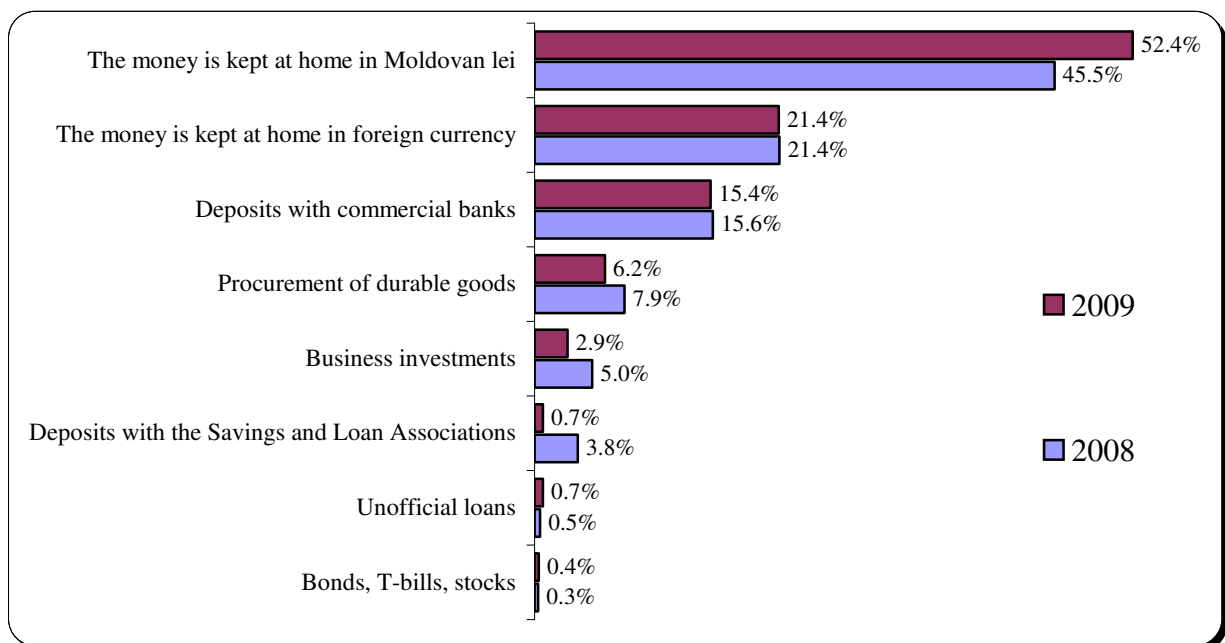
Data on the procedures of savings keeping which were used by the population are in line with the causes of avoiding to open a bank account.

To compare practices of 2008 and of 2009 the households that did not make savings were excluded.

Data suggests that the population prefer mainly to keep its savings at home, particularly in Moldovan lei. More than half of households making savings (52.4%) prefer particularly this practice of keeping savings; this quota even increased as compared to 2008, when it constituted 45.5%. Other 24.1% of households also keep savings at home, but converted into foreign currency and only 15.6% of households practice keeping savings at commercial banks. These ways of keeping the savings practically remained unchanged as percentage of population who make use of them.

As compared to the latest survey, we find a decrease in the number of households which use their savings to procure goods of long use, to invest them in business, but especially the number of those who deposit their savings at the savings and loan associations (from 3.8% to 0.7%).

Diagrama 4) Keeping the savings



At the same time, the receipt of remittances doesn't necessarily imply differentiated practices of saving. It is a fact that the beneficiaries of remittances are more inclined to keep their savings in the financial and banking system.

The currency issue marks one obvious difference. If most of the households that don't benefit of remittances prefer to keep their savings at home in Moldovan lei (61.4%) rather than foreign currency (16.3%), the beneficiaries of remittances give more preference to foreign currency (30%), but anyway priority is given to the national currency (37%).

If compared to 2008, both groups are more predisposed to keep their savings at home in Moldovan lei, which probably is determined by the favourable evolution of the Moldovan lei, especially in 2008. In the previous study this method was preferred by 53% of families that don't benefit of remittances and 32.4% of families that benefit of remittances.

Tabelul 18) Keeping the savings

	Households that receive remittances	Households without remittances
The money is kept at home in foreign currency	30.0%	16.3%
The money is kept at home in Moldovan lei	37.0%	61.4%
Procurement of durable goods	8.5%	4.7%
Deposits with the Savings and Loan Association	1.0%	.6%
Deposits with commercial banks	20.5%	12.4%
Investments in businesses	2.4%	3.3%
Something else	0.7%	1.3%

How do you prefer to keep your savings?

Note: this distribution is made only on the basis of households that make savings

The purposes why people make savings indicate their orientation towards consumption, on the one hand, and the fact that the savings are so small in size that they are not enough for bigger investments. We identify two groups of different orientation.

In half of the cases (52.9%), the savings are made as a measure of security against some emergency cases (emergencies in general, the situation when some family member gets sick, ensured money for the elderly period or funerals, unemployment).

People also make savings for investments in expensive goods or human capital (education, leisure time, procurement or repair of real estate, household equipment, car). About 20.2% of households make savings for these purposes.

The households, who make savings for other purposes that the two broad categories mentioned above, save for some family events (3.7%), business investments (2%) or an eventual emigration (1.3%)

It is worth mentioning that the share of people who make savings as an insurance against critical situations increased, if compared to 2008. Thus, there is an increase in the number of households who save money for eventual sicknesses, unemployment, expenditures during the winter period. People are not that interested in other purposes for saving.

The share of those who save for the elderly period and funerals has decreased sharply. Given that this practice is characteristic for the elderly, the decrease of this type of savings indicates that they don't have any capacity to make savings, i.e. the higher financial vulnerability of the elderly.

Tabelul 19) Purpose of savings (of the intentions to save)

	2008	2009
Cases of emergency	17.6%	16.3%
If any family member gets sick	11.7%	16.9%
For the education of children or other family members	10.3%	11.0%
For the elderly age, for funerals	8.8%	3.5%
For expenditures during the winter period	8.3%	9.3%
To buy/repair the house or apartment	6.8%	4.1%
Family events (baptizing, Christening party, etc.)	4.5%	3.7%
In case of unemployment	2.9%	6.9%
For the leisure time (holiday...)	2.6%	1.9%
To start up a business	2.5%	2.0%
To buy some expensive goods (TV set, computer ...)	2.1%	1.7%
To buy a car	1.8%	1.5%
To migrate abroad	1.3%	1.3%
Something else	1.0%	3.6%
We don't make any savings and don't intend to	17.5%	14.9%
DK/NA	0.3%	1.4%

What is the purpose (intentions) of savings in your household?

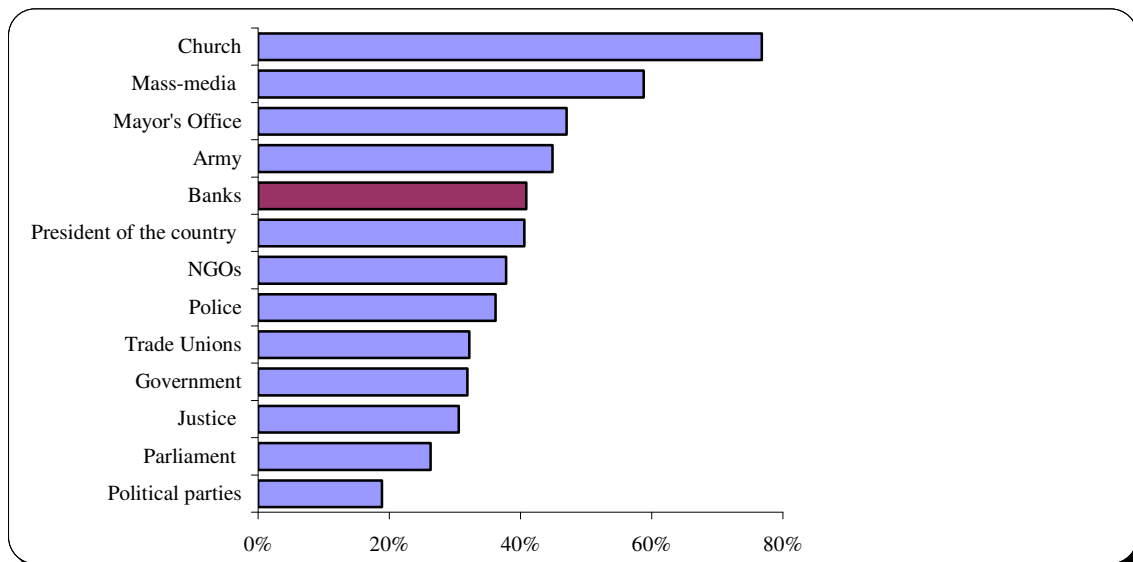
Attitudes and confidence in banking services

The confidence in banking system is another subject tackled in this survey, the need to do so being determined by the impact of the confidence on the financial behaviour of the population in general and of the beneficiaries of remittances in particular.

How much do the citizens trust in the financial and banking system in general and in its individual structures, what are the causes of confidence or of no confidence, how have the things changed in this respect over time, what development of the system is expected by the population in future, these are some of the questions we will try to answer.

As compared to the main social institutions of the country, the banks are ranked among the first five institutions the population trusts most, following the church, mass-media, mayor's office and army. However, the share of the population expressing confidence in the banks is lower than half.

Diagrama 5) The level of confidence in various social institutions.



Source: Public Opinion Barometer, May 2008. The percentage shows the sum of the weights of very much and much confidence.

In this survey the degree of confidence in banks (supposing the concept of “banks” was associated by the respondents with the banks from our country) is alike the one carried out by the POB. At the same time, the level of confidence in various types of institutions of the financial and banking system is closely related to the general level of knowledge and access to its services.

Thus, 7.4% of citizens have very much confidence in the banks of Moldova, while 32.9% are inclined to have confidence. After the Moldovan banks those from other countries follow, which is determined by the trend of the population to trust the institutions that are nearer to the region, which was noticed in time from the first opinion surveys which measured the confidence in the social institutions.

They are followed further, in order of the degree of confidence, by the insurance companies, savings and loan associations, micro-financing institutions and leasing companies, which are ranked the last, being at the same time the least known to the population.

Tabelul 20) Confidence in financial institutions

	Trust much	Rather trust	Rather do not trust	Do not trust at all	DK/ NA
Moldovan banks	7.4%	32.9%	32.4%	24.3%	3.0%
Banks from other countries	5.1%	24.2%	35.2%	30.9%	4.6%
Micro-financing institutions	1.8%	19.2%	37.7%	36.1%	5.1%
Savings and loan associations	2.8%	20.4%	37.1%	35.1%	4.6%
Insurance companies	3.6%	20.2%	37.3%	34.9%	3.9%
Leasing companies	2.5%	17.1%	37.6%	38.0%	4.8%

What do you think about these financial institutions?

The confidence in the financial and banking sector changed dramatically as compared to 2008 summer. If then, at least, in the case of the banks (both Moldovan and foreign) the numbers of persons having confidence prevailed, for the time being none of the institutions enjoys a positive rate.

Tabelul 21) Evolution of confidence in the financial and banking institutions

	Coefficient of confidence, 2008	Coefficient of confidence, 2009	Change rate
Moldovan banks	28.2%	-24.6%	-52.8%
Banks from other countries	12.9%	-42.9%	-55.8%
Micro-financing institutions	-7.0%	-57.6%	-64.6%
Savings and loan associations	-6.8%	-54.1%	-60.9%
Insurance companies	-1.0%	-53.5%	-54.5%
Leasing companies	-10.8%	-60.3%	-71.1%

What do you think about these financial institutions?

Data suggest that such a dramatic reduction of the level of confidence in the financial institutions was caused mainly during the past 6 months. At least this is what the respondents' self-assessment suggests.

Judging by the ratio between the number of persons whose confidence increased during this period and those whose level of confidence decreased, we can find that for any financial institution in question the number of persons who lost part of their confidence to these institutions during the past 6 months prevails over those whose confidence increased, although previously the situation was otherwise.

The only explanation of these changes is the world economic and financial crisis, both in terms of its real impact over the national economy, and in terms of mass-media coverage.

Tabelul 22) Change in confidence in financial institutions

	Gained more confidence	Had confidence previously, still have it now	Did not have confidence previously, neither have it now	Lost part of confidence as compared to previous time
Moldovan banks	6.9%	32.1%	45.4%	12.5%
Banks from other countries	3.7%	25.0%	53.8%	13.1%
Micro-financing institutions	1.7%	19.5%	60.1%	13.8%
Savings and loan associations	2.1%	20.8%	58.1%	14.5%
Insurance companies	2.2%	21.0%	59.5%	13.3%
Leasing companies	1.4%	17.3%	61.9%	14.5%

How did your confidence in the following financial institutions change during the past 3 years?

In summer 2008 the expectations of stability of the financial and banking system could be described rather as indifferent and pessimist. Presently the pessimism increased. In this respect the population can be divided into three groups:

- Persons that do not think it is important, are not interested in the situation of this system, and thus, could not provide any appreciation (34.9%), which remained the same against summer 2008.
- Pessimist persons, who formed the largest group (40%) and now account for 50.1%, admit the possibility of bankruptcy of some banks in the next 2-3 years. Among them most pessimists (23.5%) do not admit the possibility of a crisis, expecting a relatively stable situation, or, if the bankruptcies were to take place, that these would happen at some small and medium-size banks. The greatest rise was in the number of pessimists who think that a big crisis is possible, like the one in 1998, and thus, some of the main banks may go bankrupt, their number increasing thrice as compared to the previous survey;
- Optimists decreased almost half in number, accounting for 14.9%. These persons expect a stable situation without bankruptcies.

Tabelul 23) Expectations of the stability of the financial and banking system in the next 2-3 years

	2008	2009
Think that the situation will remain stable, no bankruptcies will take place	25.9%	14.9%
Think that the situation will remain relatively stable and only small and medium-sized banks may go bankrupt	27.6%	23.5%
Do not think a crisis can be expected, but some large banks may go bankrupt	7.7%	10.7%
A large crisis is possible, like the one of 1998, thus, some of the main banks may go bankrupt	4.7%	15.9%
Difficult to answer / do not know	34.1%	34.9%

In your opinion, how stable will be the situation of the financial and banking system in the Republic of Moldova in the next 2-3 years?

Only 14.5% of the population thinks that the situation in the financial and banking system has improved against the situation 6 months before, as compared to 37% of respondents who claimed this in the 2008 survey. Half a year before, the percentage of the positive rating was much higher than the one of negative rating, while for the time being the ratio is reverse.

The population does not seem to expect some positive changes in future (in the next 12 months), the percentage of pessimists (25.4%) exceeding twice those who share a certain optimism (13%).

Tabelul 24) Appreciation of changes in the financial and banking system

	Better	Worse	Unchanged	Do not know
In your opinion, what direction took the situation of the banking system in Moldova during the past 6 months?	14.5%	26.4%	36.1%	23.1%
In your opinion, what direction will the situation of the banking system in Moldova take during the next 12 months?	13.0%	25.4%	31.4%	30.3%

Present economic position of the country. The perception of the world economic crisis

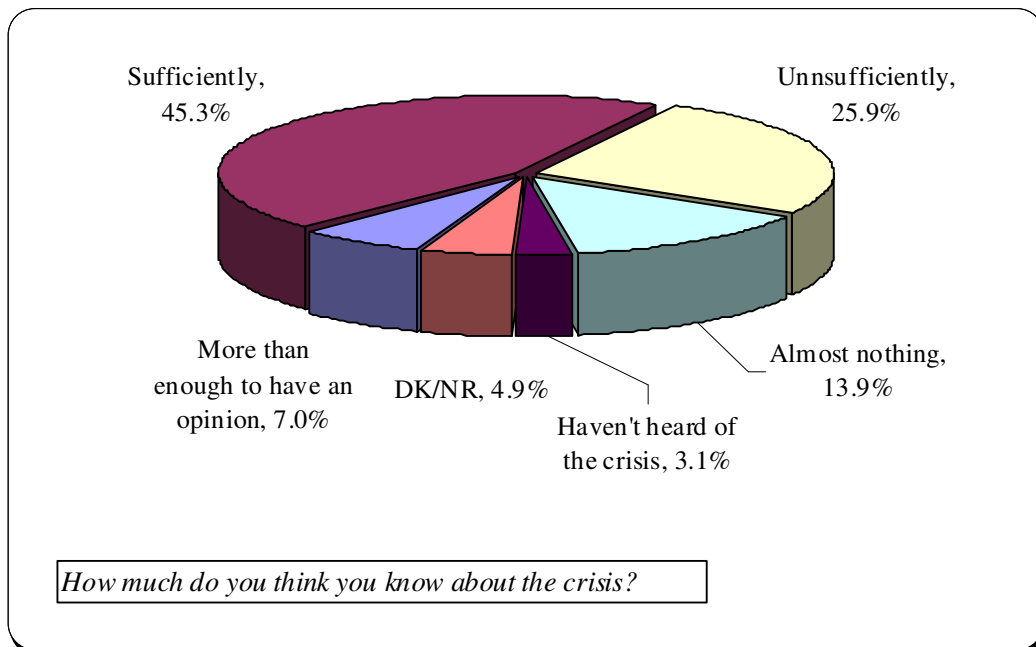
As mentioned previously, the survey included an additional section on the perception of the population of the economic position of the country, and the impact of the economic crisis.

First, let us see how well the population is informed about the world economic crisis, or better said, how well it thinks it is informed.

On the whole, taking into consideration the high media coverage of the subject, it is not surprising that the degree of the population's awareness about the world economic crisis is high. Only 3.1% of respondents stated that they had not heard about the crisis, and 13.9% claimed that although they had heard about it, they knew almost nothing about this topic.

More than half of the population (52.3%) state that they hold enough information about this subject.

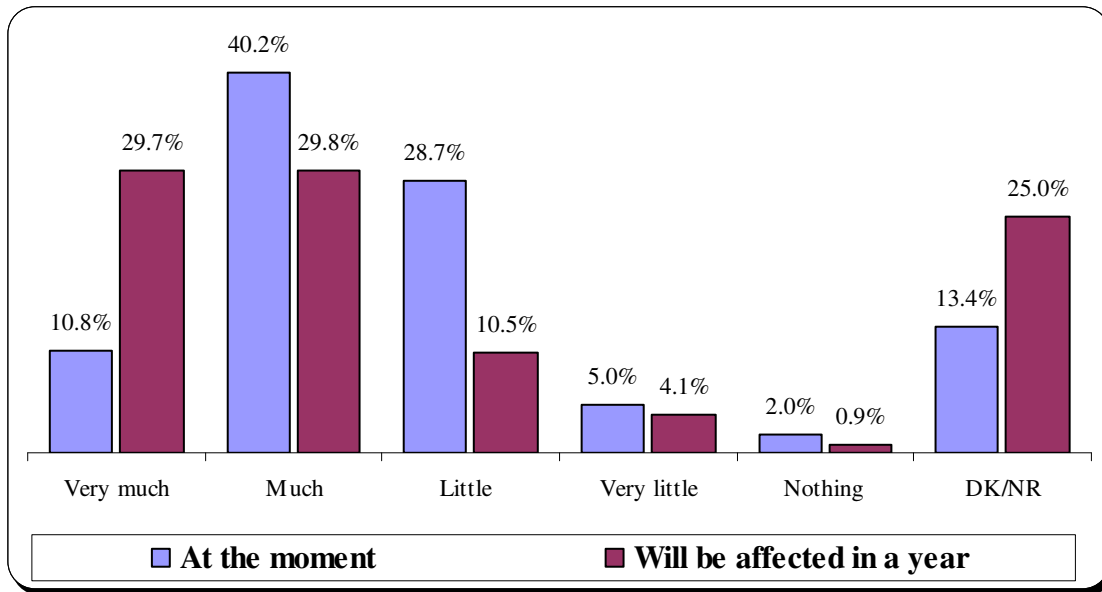
Diagrama 6) Appreciation of the level of awareness about the world economic crisis.



Although quite recently the government claimed that our country would not be affected by the world economic crisis, the population seems to have much more negative expectations. The interviewed persons mainly share the opinion that the crisis is already affecting us, and in future it is going to affect us even worse.

Each second respondent thinks that for the time being the crisis is already affecting us, of whom 10.8 claim that the crisis affects us very much. Other 28.7% think that, although we are not exempted from some effects of the economic crisis, they are not felt too much yet. Instead, in future (in 1 year) our country will be affected strongly, 29.7% think and a similar percentage shares the same opinion, although they did not choose the extreme appellation.

Perception of the crisis impact over the Republic of Moldova



The population perceives the risks of the crisis firstly in terms of their own living conditions. Firstly, the crisis has caused the price increase, which will continue in future (62.7%). The unemployment is perceived as highly probable, being already felt by 61.5% of respondents while others think that, although this is not felt at the moment, it will definitely happen in future.

Each second household (53%) has reported a cut in incomes, which determines them make savings on account of the consumption of the essential products (43.9%) and use savings accumulated previously.

It is only behind these three major risks that the impact over the national economy, which is already felt in opinion of 50.6% of respondents, is ranked.

Besides these risks the population expects a rise in criminality, 50,6% consider that this process has already begun, and other 28,8% think it will take place in the future.

As for their personal (specific) interests, one of ten respondents (9.8%) state that because of the crisis they encountered the risk of loosing their job, and 15.6% expect this in future.

The crisis, the interviewed persons say, will have a major impact over the migration, both as the number of migrants, and as the fall in remittances. Thus, 7.6% of respondents said the crisis had already determined their family members come back from abroad and 31.3% of the respondents claimed that the amount of remittances decreased on account of the difficulties of the world economy, and in the job markets of the countries the Moldovan migrants work.

Tabelul 25) What are the crisis effects?

	Already yes, and in future even more	Not yet, but in the future we expect this	Not yet and never in future	None	DK/NA
Prices increased	62.7%	24.8%	3.1%		9.4%
The unemployment is going to increase	61.5%	23.7%	2.3%		12.5%
The incomes of your family have	53.8%	28.1%	4.8%		13.4%

decreased					
The economy of the Republic of Moldova is affected	55.0%	26.5%	4.6%		13.8%
You have been determined to save money on account of the essential products	43.9%	36.5%	9.9%		9.6%
The criminality will increase	50.6%	28.8%	2.6%		17.9%
The savings you managed to accumulate decreased	51.9%	24.8%	3.6%		19.6%
The amounts of money sent from abroad by the members of your household decreased	31.3%	14.3%	5.3%		49.1%
The risk emerged to lose your job	9.8%	15.6%	7.6%	60.5%	6.5%
The members of your household were determined to come back from abroad	7.6%	10.5%	5.2%	69.7%	7.0%

In your opinion, because of the crisis how true is the following?

Conclusions

Generally speaking, the results of the study confirm the low level of migrant and remittance participation in the business environment and banking system, as well as the continuous worsening of the entrepreneurial and general economic context. These facts lead to the following conclusion: the last half of the year is marked by a decay of the population's living standards, accompanied by an increase in unemployment and a decrease in the ability of households to make savings, as well as a reduction in the extremely negative assessments of our country as a place to live, work, and make investments.

Migration and Remittance Dimensions

- Although there is no streamline for a mass return of migrants from abroad, it seems that the migrant contingent will witness a decrease in volume in the near future. This fact is shaped as a drop of 17-18% in the number of migrants currently absent from the country, and an increase in the number of migrants who returned and do not intend to leave the country again, from 5.8% registered in July 2008 up to 8.1% in March of the current year;
- Although the definitive return is usually caused by family-related reasons (for instance, one of the household members is sick), this process is also strongly determined by the effects of the world economic crisis, manifested by a loss of jobs (the reason invoked by 16.3% of the returned migrants), and reduction in salary (9.4%). Moreover, during these past few months, the situation of migrants who are abroad has undergone negative changes in other aspects as well, such as an increase in the cost of living, loss of living place, and tougher immigration policies imposed by authorities of the host countries;
- The forecasts made by some experts saying that migrants employed in the construction industry will be the ones to suffer the most as a result of the crisis have not been confirmed. The categorization of the migrants returned for good by activity sector from abroad is not differentiated either from the structure of the temporarily returned migrants or from the structure of the entire contingent of migrants;
- Only 42.1% of migrants returned for good intend to find employment in the internal labor market, while 17% plan to be employed within the agricultural sector. It is surprising to note that a significant group of migrants returned for good (19%) intend to try to live as long as possible based on the financial resources accumulated abroad, without getting involved in any income-generating activities in the Republic of Moldova;
- Remittances continue to be an important source of income for a large part of households in the country (29.3%), of which 21.8% are completely dependent on remittance, and account for 80% of the family budget;
- At the same time, a decrease in the volume of remittances, stated by the National Bank at the beginning of the second half of 2008, is manifested not only as reduction in the income of households receiving remittances, but also as a reduction in the total number of households receiving remittances. Although the number of households which benefited from remittances during the last 12 months did not decrease significantly, accounting for 29.3% (as compared to 30% in July 2008), one in five of these households stopped receiving remittances during the last six months, and 45.7% stated that the volume of received remittances decreased;

Business Environment and Labor Force Market

- Based on the negative perception of the Republic of Moldova as a business environment, the share of entrepreneurs within the population covered by the sample accounted for 4.1%, and the number of potential entrepreneurs accounted for 11.4%.

- There is an alarming development registered for the persons with emigration experience during the last two years. Only 2.4% of the migrants who just half a year ago were rather active from a business point of view (at a higher level than the general registered level), 6.8% of whom even had some businesses, still hold a business at the moment;
- The last developments registered in the country, mainly caused by the world economic crisis, made the problems encountered by local businesses more acute. One in two entrepreneurs reported a drop of their enterprise's profit rate, 44% stated a drop in sales volume, and 36.1% reported a price increase for raw materials. As a result, the enterprises must reduce the working program, the production volume, and the number of employees, etc.;
- During the last six months, unemployment became a reality for at least 13% of the households. More than one out of ten interviewed respondents (11.7%) say that they lost their job during the last six months, and 13.4% of the respondents said that someone from their family lost his/her job during the last six months.

Consumption of Bank Services and Personal Savings

- At the present moment, one out of two households in the Republic of Moldova does not use any banking service (48.4%). The most used bank services are foreign currency exchange and monetary transfer services, and the average number of services accessed by a household amounts to 0.98;
- When comparing the present-day situation with the situation registered one year ago, the highest drop of users was registered for bank services related to remittances, these being the foreign currency exchange– 31.2% (-2% of the users as compared to 2008), and monetary transfers – 10.8% (-2.6%);
- The world economic crisis has resulted in a sharp reduction in trust for the financial-banking system. In July 2008, at least in case of the commercial banks, the percentage of the population trusting the banks was higher than the percentage of the population with distrust, but at the moment there is already a skeptical attitude even towards the commercial banks. When asked about the following 2-3 years, only 14.9% of the respondents do not expect any instabilities within the banking sector, while in 2008 about 25.9% of the population had such a perception;
- The most widespread modality of personal savings is keeping the money at home in Moldovan lei (when interviewed, 52.4% of households indicated they had some savings), and also in foreign currency – 21.4%. During the last six months, a significant increase in the number of people who keep their savings at home in MDL (from 45.5% in July 2008 up to 52.4% in March 2009) was registered, while the share of population preferring to invest savings in long-term durable goods and business has decreased. A reduction in the number of families who keep their money at Credit and Savings Associations was also registered. The households benefiting from remittances apply some more specific models in this respect. These households prefer, to a larger extent, to keep their savings in foreign currency (30% of households benefiting from remittances, and only 16.3% of households not receiving remittances, keep money at home in foreign currency). These households also are more inclined to keep the savings in commercial banks (20.5% as compared to 12.4% of households not benefiting from remittances), and to procure long-term durable goods as a modality of savings investment – 8.5% as compared to 4.75, respectively;

Perception of the World Economic Crisis

- The population of the Republic of Moldova is rather pessimist when asked about the impact of the world economic crisis on the country. It was found that 51% of the respondents consider that the country is already affected by the crisis, and 59.5% consider that in the future the effects of the crisis will be felt even sharper. According

to the population opinion, the crisis is felt or will be felt, first of all, through an increase in prices, an increase in the unemployment rate, and a decrease of household income;