

ASSESSMENT OF VIABLE ECONOMIC ACTIVITIES FOR PEOPLE AFFECTED BY DISPLACEMENT IN THE NORTHERN RAYONS OF MOLDOVA

Ocnita, Briceni, and Soroca Districts



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For the Norwegian Refugee Council

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Acronyms and Abbreviations

ACTED	Agency for Technical Cooperation and Development
ANOFM	National Employment Agency of Moldova
BOND	British Overseas NGOs for Development
CATI	Computer-Assisted Telephone Interviewing
CAWI	Computer-Assisted Web Interviewing
CHS	Core Humanitarian Standards
CSO	Civil Society Organizations
DCFTA	Deep and Comprehensive Free Trade Area
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FGD	Focus Group Discussions
FSL	Food Security and Livelihoods
GAD	Gender, Age and Diversity
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GFFO	German Federal Foreign Office
GoM	Government of Moldova
ID	Identification Document
I/NGO	International/Non-Governmental Organization
ICLA	Information, Counselling and Legal Assistance
ICT	Information and Communications Technology
IT	Information Technology
KII	Key Informant Interview
LIWG	Livelihoods and Inclusion Working Group
MERL	Monitoring, Evaluation, Research and Learning
MoU	Memorandum of Understanding
NMFA	Norwegian Ministry of Foreign Affairs
NRC	Norwegian Refugee Council
OED	Ministry of Economic Development and Digitalisation
OSMESD	Organisation for Small and Medium Enterprise Sector Development
PSHEA	Prevention of Sexual Harassment, Exploitation and Abuse
SA	Joint-stock Companies
SMART	Specific, Measurable, Achievable, Relevant, and Time-Bound
SME	Small and Medium Enterprises
SoP	Standard Operating Procedures
SRL	Limited Liability Company
ToR	Terms of Reference
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme

Executive summary

This research, commissioned to Scruples Research by the Norwegian Refugee Council (NRC), aims to map viable economic activities that can benefit refugees and vulnerable host community households in the northern districts of Moldova (Ocnita, Briceni, Soroca). It was conducted between 01 February 2024 and 05 July 2024. The research sought to generate detailed, context-specific information to guide economic activities and identify key local collaboration opportunities for NRC's livelihood programming. The study's primary goals included determining differentiated income-generating opportunities, identifying skills, products, and services gaps, and the necessary legal and assistance requirements. It also aimed to identify stakeholders who could bridge market gaps, assess the feasibility and economic viability of priority activities, and pinpoint available jobs for the displaced population, focusing on high-demand skills. It also assesses systemic challenges and suggests mitigation measures, including the impact of Moldova's potential EU accession on relevant policies.

A mixed-method approach, including qualitative and quantitative methods and desk review, provided reliable data to inform NRC's project design. An in-depth desk review laid the groundwork for subsequent steps. Fifteen Key Informant Interviews (KIIs) with community leaders, government actors, and other stakeholders focused on market gaps, legal requirements, stakeholder engagement, feasibility, and support systems. Six Focus Group Discussions (FGDs) were conducted across Ocnita, Briceni, and Soroca, targeting specific community groups such as refugees and the Roma community along with host community members, exploring income-generating activities and identifying skills gaps and support mechanisms. Additionally, 265 Computer-Assisted Telephone Interviews (CATI) surveys were completed using the Forsta system, focusing on purposive sampling through the critical case sampling method, comprised 69% women and 31% men. Participants were recruited through both Scruples Research and NRC's partners at the local level. A gender-sensitive approach, along with intersectional lenses, was adopted from the design phase through the inclusion of female and male refugees and host community members, including persons with disabilities and the Roma community, until the finalisation of the assessment.

Moldova's economy, despite recent gross domestic product (GDP) growth, is fragile due to its dependence on remittances, agriculture, and energy imports from Russia and Ukraine.¹ The Ukraine war has impacted this, disrupting routes, raising prices, and creating logistics and transportation challenges in many sectors, including agriculture and energy.² Agriculture remains the main income resource for refugee and host community members, with 67% of households relying on seasonal agriculture in Ocnita and Briceni, while it is mainly throughout the year in Soroca. This has impacted the financial stability of host and refugee community members engaged in agriculture, with many relying on loans off-season. Agriculture remains local, with small local farmers selling to large exporters, which limits their growth. However, Moldova's EU Accession and evolving export routes bring new opportunities, highlighting the need for increased knowledge and EU business engagement to stabilise the local economy

and create new employment opportunities. Moreover, food processing offers additional opportunities in the region, as it is currently limited, with only one canning factory in Soroca.

Small businesses in the service sector, including cafes, local shops, gas stations, construction, and small factories like knitting, are crucial, especially in Soroca and Briceni. There are existing businesses, such as the canning factory and dairy warehouse in Soroca, serving as significant employers, especially during high-intensity work periods with no weekends, leading to better pay, while the low season offers a more standard work schedule but with reduced compensation. However, sellers' use of social media platforms such as Instagram and TikTok has started to become popular, decreasing demand in local shops. Considering the reduced population due to low wages and the migration of youth abroad for better-paid opportunities, the local market volume and skilled human resource capacity remain challenging. Informal employment is high among refugees and Roma community members in Soroca, Briceni, and Ocnita. This is mainly due to barriers such as language skills, an unfamiliarity with the legal landscape and documentation requirements, transportation issues, and lack of entrepreneurship. Moreover, Roma experience significant discrimination for market opportunities as they are often only able to secure manual labour jobs instead of those offering potential career growth.

Emerging sectors such as Information and Communications Technologies (ICT) and financial services show significant potential for Moldova's future. They are expanding their share in the market, starting from central cities such as Chisinau to the countryside, including northern Moldova. Among Soroca, Ocnita and Briceni in where this study was conducted, Soroca is found to have a more diverse economic landscape with more opportunities in agriculture, retail and manufacturing, ICT and sustainable businesses, including eco-friendly production. However, Ocnita's economy has a more limited capacity and few opportunities. Briceni falls in the middle in terms of the capacity of the local economy, including diversity, number and volume of businesses and employment opportunities.

The Government of Moldova (GoM) offers several programs and opportunities for entrepreneurs to expand their market share, including business support initiatives for small and medium-sized enterprises (SMEs) and underrepresented investors, including women and youth, offering subsidising interest rates on bank loans, and extending repayment periods and training programs on entrepreneurship, business set up and acceleration processes. However, limited financial capacity and a lack of foreign investments prevents the GoM from achieving its full potential by expanding these services across the country, including to both urban and rural areas.

1.1. Agriculture Sector Opportunities:

Export Routes: Support local farmers to reduce their logistics and transportation routes by offering new potential routes, particularly to the EU, to facilitate their business expansion and diversification of portfolio.

Financial Stability: Facilitate the financial stability of host and local community members through cash assistance programs to reduce the dependence on loans during the off seasons.

Innovative and Sustainable Agriculture: Encourage farmers to expand activities through innovative and sustainable agriculture practices, particularly in Ocnita and Briceni, and increase employment opportunities for host and local community members throughout the year.

Stakeholders:

- Government Authorities:
 - Implement subsidies and support programmes for farmers and agribusinesses, particularly in Ocnita and Briceni. These can include subsidies for seeds, fertilisers, and technical equipment to lower production costs and agricultural innovation, including greenhouses and sustainable processing mechanisms and systems to ensure the continuity of these activities throughout the year.
 - Increase local farmers' access to foreign markets across locations by offering new logistics/transportation routes and potential customers through business fairs, networking groups and meetings. This should be particularly focused on Ocnita among districts, targeting refugees and Roma community members.
- Financial Institutions, Cooperatives and Other Financial Entities
 - Develop loan programmes with flexible repayment schedules to accommodate the seasonal nature of agricultural work in mainly Ocnita and Briceni. These programmes should offer low interest rates and grace periods during off-seasons. Moreover, microfinance programmes targeting seasonal workers should be developed to help them start small businesses or invest in income-generating activities during off-seasons.
- NRC and Other International/National Non-governmental Organisations
 - Work with local and national governments to advocate for policies that support smallholder farmers and address market monopolies and unfair pricing strategies in Sorooca, Ocnita and Briceni.
 - Establish community-based support networks to provide resources and cash assistance to families during off-seasons, specifically in Ocnita and Briceni.

2. Services Sector

Opportunities:

SMEs: Promote small-scale service businesses, cafes and shops run by host and refugee community members, with a particular focus on refugees, persons with disabilities and Roma community members.

Growth and Scale-up: Provide microfinance programmes and incentives for SMEs to create formal job opportunities for community members in Ocnita and Briceni.

Stakeholders:

- Government Authorities:

- Search for further international funding to increase the number of startups benefiting from microcredit and loan programs to stabilise their financials and expand their operations.
- Financial Institutions, Cooperatives and Other Financial Entities
 - Facilitate connections between entrepreneurs, local and international business networks.
- NRC and Other International/National Non-governmental Organisations
 - Provide microfinance and business training programs to support the establishment of small businesses.

3. Manufacturing Sector

Opportunities:

Food Processing: Encourage entrepreneurs with business ideas in food processing and local companies already operating in the industry.

Growth of Existing Capacities: Support existing companies offer employment opportunities to expand their capacities, including quarry and dairy production companies in Soroca, to support their growth in both local and international levels.

Stakeholders:

- Government Authorities:
 - Increase investment in job creation programmes in existing food processing businesses such as canning factory, dairy warehouse and quarry company in Soroca that provide stable employment opportunities.
 - Increase subsidies and support programmes for new food processing businesses, particularly in Ocnita and Briceni, including free or low cost locations for the facilities and technical equipment to lower production costs.
- Financial Institutions, Cooperatives and Other Financial Entities
 - Seek for foreign investors interested in food processing business in the region and facilitate their collaboration with local entrepreneurs.
- NRC and Other International/National Non-governmental Organisations
 - Provide vocational trainings to increase trained and skilled human resources for existing businesses such as dairy warehouse, canning factory, quarry, and other manufacturing businesses and emerging sectors, particularly food processing.

4. Information and Communication Technology (ICT)

Opportunities:

Digital Services: Train host and refugee community members, particularly youth, in digital skills for jobs in data entry, customer support, and IT services.

Outreach: Increase the knowledge of refugee and host community members on available support mechanisms and incentives specific to ICT businesses, including investments, grants and tax incentives.

Stakeholders:

- Government Authorities:
 - Seek additional international funding;

- To be utilised for increasing awareness of existing government support mechanisms, particularly in Ocnita, followed by Briceni. This could fast-track the establishment of information centres in these districts and use mobile units to reach particularly refugee community members with a focus on refugee women.
- In fighting discrimination, gaps and discrepancies, reinforce anti-discrimination laws considered under the RESTART programme more rigorously and implement policies that promote equal employment opportunities for marginalised groups, including the Roma community. Consider implementing a special quota for the recruitment of the most vulnerable including Roma community members, refugees and persons with disabilities by the private and public businesses.
 - Create online platforms and mobile applications to ease community members' access to information and application processes for government programmes remotely.
 - Promote ICT related education, particularly software engineering, coding and design through public campaigns.
- Financial Institutions, Cooperatives and Other Financial Entities
 - Increase funding opportunities for startups and small businesses through venture capital, seed funding, angel investor networks and mentorship programmes, reducing the barriers to entry for new entrepreneurs. Particularly target the refugees and marginalised groups in Ocnita, followed by Briceni and Soroca, respectively.
 - Collaborate with government programmes to provide financial literacy training and increase awareness of available financial support services.
- NRC and Other International/National Non-governmental Organisations
 - Provide vocational trainings to host and refugee community members, particularly youth, in digital skills for jobs in data entry, customer support, and IT services.
 - Establish microfinance programs to support local ICT businesses.
 - Conduct awareness campaigns to combat stereotypes and advocate for Roma's inclusion in all aspects of society. Offer vocational training programmes to enhance Roma individuals' skills and employability, particularly in Briceni.
 - Offer microloans to disadvantaged and marginalised communities, including refugees, Roma community members and persons with disabilities, to support entrepreneurship and small business development and help them transition to more stable income sources, targeting Ocnita the most for refugees and persons with disabilities while Roma community should also be included in Briceni.

1 INTRODUCTION

1.1 BACKGROUND

The Republic of Moldova has seen solid GDP growth over the past decades, but this has been fuelled by a heavy reliance on remittances from migrant workers, especially in rural areas where remittances accounted for 14% of income. The economy depends significantly on agriculture (employing 35% of labour) and energy imports from Russia and Ukraine, making the economy more fragile to external factors.³ In 2021/22, Moldova's agriculture suffered from severe shocks, including a drought, record-high fertiliser prices, expensive diesel, and lost markets in Russia, Belarus, and Ukraine.⁴ In 2022, there was a significant decrease in Russian gas supplies in the energy sector, with a complete cessation of these supplies for a period. The only thermal power plant, situated in Transnistria, completely stopped providing electricity to the rest of the country by the end of 2022.⁵

Predictably, the Moldovan economy has been impacted significantly since the beginning of the war in Ukraine in 2022. Moldova's proximity and economic ties to Russia and Ukraine resulted in a substantial decrease across sectors. The annual inflation rate soared to 34.6% by October 2022, with an estimated 21% of the population expected to fall into poverty.⁶ The arrival of over 680,000 people displaced from Ukraine into Moldova, with 102,000 still residing in the country, further strained its resources.⁷ Although initiatives like job creation schemes and business incubators are underway, these are primarily concentrated in cities, leaving gaps in rural areas and financial services⁸.

People displaced from Ukraine, predominantly women, children, and older persons from Odesa, Mykolaiv and Kyiv regions, added to the challenges faced by Moldova, already grappling with severe energy and food security issues and hindered economic expansion.⁹ Moreover, displaced individuals face barriers to economic inclusion in Moldova, such as limited part-time job opportunities, high costs, and inadequate employment agency capacity.¹⁰

Further difficulties have been experienced for groups such as refugees with disabilities, with only about 1% employed officially as of January 2023.¹¹ Although they are entitled to work by the GoM, factors such as financial strains, lack of language skills, unfamiliarity with Moldovan legislation, employer discrimination and lack of disabled-friendly workspaces prevented refugees from accessing income-generating activities.¹²

1.2 NRC'S PROGRAMMING IN MOLDOVA

NRC's operations in Moldova introduced a new focus on livelihoods and food security shortly after the one-year mark of the conflict in Ukraine. Prior to launching economic activities, comprehensive assessments were carried out to determine the specific needs and challenges faced by refugees and vulnerable Moldovans, as well as to identify key stakeholders in the field of livelihoods and food security. The insights gathered from these assessments were crucial in shaping the pilot interventions, which were conducted through both direct and partner-managed approaches in the latter half of 2023. These initiatives were limited to Chisinau, the capital city, with the intention of refining the strategies based on the experiences gained to broaden the programme's reach later.

To date, NRC's livelihoods programming has encompassed a variety of activities, including employment counselling, job placement or apprenticeship, vocational skills training, entrepreneurship training, business grants for start-ups or businesses in the process of expansion, soft skills training, language training, childcare, and transportation support for project participants and a three-month long fresh food package to complement the WFP and UNHCR humanitarian response. NRC's ICLA team played a supportive role in complementing the key project activities by offering insights into labour rights, providing legal counselling, and assisting with the necessary legal paperwork for business registration. Throughout the execution of the project, NRC, alongside its partners and service providers, encountered a number of barriers, including;

1. Relatively lengthy processes prior to the actual start of activities due to internal and external procedures.
2. Difficulties in the bank account opening process for persons with temporary protection status.
3. Inconsistency of practice on business registration processes and type of documentation required as this sometimes depended on the official handling the process.
4. Government procedures and regulations that were not inclusive of the refugees (e.g., Business registration using Patents).
5. Difficulty in job matching as there were less suitable jobs and willing employers.
6. Relatively expensive childcare services.

1.3 PURPOSE AND SCOPE OF ASSESSMENT

This research was commissioned to Scruples Research by NRC to conduct detailed mapping of viable economic activities that can potentially benefit refugees and vulnerable host community households in the northern districts of Moldova (Ocnita, Briceni and Soroca). NRC has solidified its operation (WASH, Shelter, Protection from Violence and Information, Counselling and Legal Assistance (ICLA)) in these locations through both direct implementation and partnerships, with livelihoods programming in these locations intended to bolster its area-based programming. Accordingly, this research aimed to generate in-depth, context-specific, relevant information to inform the economic activities and identify key local collaborators, thereby enhancing the relevance and cost efficiency of the projects. The findings in this report will be disseminated among pertinent governmental actors as well as humanitarian and develop-

ment organisations. During the research, Scruples aimed to achieve a heightened awareness to foster a safe and inclusive approach from a gender, age, and diversity (GAD) perspective with trained academic researchers on PSHEA and Child Safeguarding to ensure the inclusivity of the assessment.

The specific objectives of the research were as follows:

- Determine differentiated income-generating opportunities for refugee and vulnerable host community households that not only provide for their immediate survival but also offer sustainable growth prospects in the targeted locations, using the GAD approach, including women, men, individuals with disabilities, and members of the Roma community.
- Identify the gaps and requirements of skills, products, and services, as well as the legal requirements in the market and the assistance needed to address these needs through economic activities.
- Identify the stakeholders who can overcome the identified barriers to engaging in the market and help bridge the gap between demand and supply. These may include businesses hosting apprenticeships or mapping and capacity assessment of local skill-building institutions.
- Assess the feasibility of the economic activities in the targeted locations and for the targeted groups, highlighting the scale and absorption capacity.
- Assess the economic viability of the priority activities, highlighting the financial, social, and environmental costs and benefits analysis at the household and/or community level and the impact and cost of the local legal, social, and financial requirements and commitments.
- Identify the types of jobs available in the market which can be filled by the population affected by displacement, with a special focus on highly demanded skills.
- Identify the local business networks and government systems (including micro and macro finance systems) that support or can support economic activities and how NRC and other actors can invest in systems' capacity to respond to the livelihood needs of the target population.
- Assess the systemic and other challenges inherent in the economic activities and suggest mitigation measures where possible (including analysis of local government policies that promote or hinder employment, apprenticeships, and the starting of new businesses for the population affected by displacement and how the accession to the European Union will potentially affect these and other relevant policies).
- Provide detailed, Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART), and actionable recommendations for NRC and other actors on how to implement the priority economic activities for specific locations, genders, age groups, persons living with disabilities, and Roma people.

2 METHODOLOGY

2.1 Research Design

This research utilised a mixed-method approach, including qualitative and quantitative methods and desk review, to acquire reliable data. This aimed at enabling the NRC team to design the project activities based on the actual needs, gaps, and challenges host communities and refugees encounter in Moldova. The design of this study ensured that the overall tool design, sampling approach, and data analysis met international standards, considering the Bond Evidence Principles. The field instruments and data generated aimed to respond to the key research questions, as stipulated in the research matrix. Scruples Research utilised various appropriate tools and methodologies to approach the broad range of perceptions, attitudes, and values of partners, targeted communities/beneficiaries, and local stakeholders. Scruples was committed to the «Do No Harm» principle and followed these guidelines for data collection around data protection, confidentiality, and collecting data from study participants. Participant surveys, focus group discussions (FGDs), and key informant interviews (KIIs) tools were used as primary data collection tools. The tools were also designed to identify SMART and actionable recommendations for future programmes.

2.1.1 Desk Review

An in-depth desk review was conducted, which has provided a foundation upon which to build the subsequent steps. The Scruples Research assessment team carried out an extensive review of all relevant documents before starting the fieldwork. Necessary data/information was recorded for further verification, and triangulation, along with identifying gaps in secondary data, was also noted. The document review enabled the assessment team to design the assessment matrix through existing knowledge and enabled the assessment team to design the assessment tools appropriately.

2.1.2 Key Informant Interviews

The KIIs were conducted with key community leaders, government actors, private sector and public sector services, and other national and INGOs, UN Agencies, and Working Groups. The KIIs focused on market gaps and legal requirements, stakeholder engagement, feasibility, and absorption capacity, as well as support systems and capacity-building themes.

The assessment team conducted 15 KIIs in Moldova with the following key informants:

- Key government authorities, including national employment agencies
- Local business networks, financial institutions (both micro and macro), trade unions, cooperatives
- Private sector representative bodies and businesspersons
- Community leaders and/or volunteer networks/ Local CSOs
- UN Agencies and I/NGOs/Cluster/Working Group Representatives

The KIIs focused on generating data regarding all evaluation criteria through semi-structured and open-ended questions to encourage respondents’ freedom to provide expansive and comprehensive responses. The KIIs were conducted both online and in-person depending on the respondent’s preference and availability, and a decision was also made based on the pace of the progress in the KIIs within the designated interval for the data collection.

2.1.3 Focus Group Discussions

FGDs were conducted during this research to target specific community groups based on population density, such as refugees and the Roma community. They were carried out for each independent group separately, location by location. FGDs aimed to identify the income-generating activities available in the market for refugees, including third-country nationals and host community members, with attention to high-demand skills and the unique needs of diverse groups such as women, men, individuals with disabilities and members of the Roma community. Furthermore, FGDs will explore the skills, products, and services gaps, legal market requirements, and the support mechanisms necessary to foster sustainable economic growth. In total, six FGDs were completed in Ocnita, Briceni and Soroca -two in each location-, with the target groups and modality detailed below:

Location	Target Group	Modality
Ocnita	Refugees	In-person
Ocnita	Host Community	In-person
Briceni	Refugees	In-person
Briceni	Host Community	In-person
Soroca	Roma Community	In-person
Soroca	Host Community	In-person

Table 1 Focus group discussions per location, target group and modality.

Besides, FGDs were conducted in person across locations. Our team ensured that participants attended the FGD from a safe, secure, and comfortable venue. Moreover, through the ice-breaking activities, Scruples built trust and prepared the psychological state of the participant for the group discussion. Written informed consent was taken from each participant before the session. Participants were informed about the confidentiality principle and their rights during the session, including a decision to leave the group discussion at any moment they felt uncomfortable. The field researchers collected the data after training, consist-

ing of principles and ethics, facilitation skills, and familiarisation with the questions provided.

2.1.4 Household Surveys

Scruples conducted 265 Computer-Assisted Telephone Interviews (CATI) through the Forsta system, selected through a non-probability probability sampling approach, specifically focusing on purposive sampling through the critical case sampling method. Overall, 69% of participants were women, while 31% of participants were men. Please see the detailed table per gender and location below:

Location	Refugee	Host Community	Female	Male
Ocnita	54	44	63	35
Briceni	21	63	62	22
Soroca	35	48	58	25
Total	110	155	183	82

Table 2 Survey Participants

While the survey sample size was determined by a 5% margin of error and 95% confidence level, Scruples recruited assessment participants for all activities through the networks of local organisations and the support of NRC. The survey consisted of mostly close-ended questions, and the research team tried to understand the economic activities in depth, including the type of sectors, activities and employment, cost of inputs and start-ups, customer type and potential, profits, etc., as well as overall knowledge, skills, and resources possessed. Differently from the FGDs, the surveys aimed at statistically measuring the assets possessed by different groups. All data was disaggregated by age, gender, diversity, and legal status. Moreover, survey participants were provided by NRC and Scruples Research’s partners in Moldova, considering location, gender, and status, including both refugees and host community members, both men and women.

The data was collected remotely via phone calls made using the Computer-Assisted Telephone Interviewing (CATI) method by trained field researchers. The survey questionnaire was piloted prior to the actual fieldwork under the guidance of the Field Coordinator to improve errors, misspellings, and unclear questions. Successful data collection was possible based on the responsiveness of the sampled participants, functionality of the provided phone numbers, availability of the respondents, and willingness to participate in the survey.

2.2 Limitations

This study faced the following challenges, some of which were mitigated by the Scruples field research team in collaboration with the NRC.

- Participant recruitment: The data collection team encountered participant recruitment difficulties in Ocnita as the population of refugees from Ukraine is considerably lower compared with Briceni and Soroca. However, the data collection team was able to find the

required number of respondents with the support of the NRC Moldova team and local refugee volunteer networks in Ocnita.

- KII Interviews: Some of the businesspersons were hesitant to join the study. The data collection team approached these individuals through locally known and respected community members to build rapport with them, which resulted in the successful recruitment of many. The ones who were irresponsive or didn't wish to participate in the study were replaced in close consultations with NRC to ensure the study was representative.
- Knowledge about emerging sectors and employment opportunities, as well as government support systems, was found to be limited among participants and secondary resources. Therefore, information about emerging sectors, excluding ICT and financial services, is not reflected as comprehensive as existing ones.
- Gender, age and displacement status disaggregated data was very limited, including women and men, refugees, persons with disabilities and Roma community members. Therefore, the team designed the tools and targeted these specific groups to ensure that available information was collected and reflected in this study.

3 FINDINGS

3.1 Existing Opportunities And Main Source Of Income

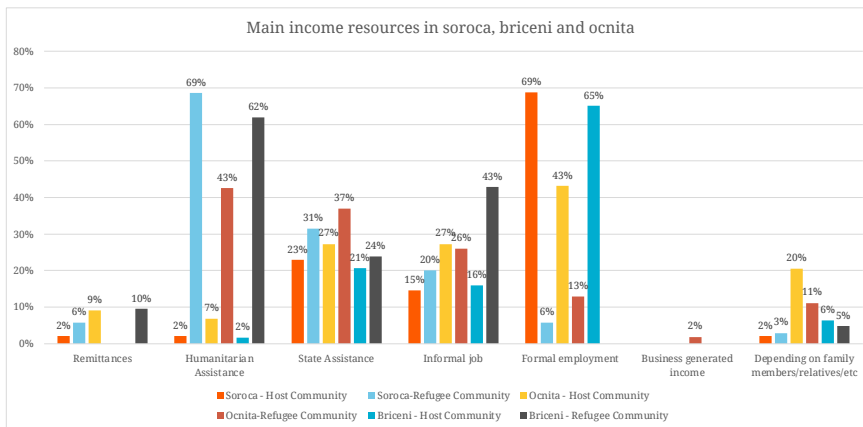


Table 3 Main income resources in Soroca, Briceni and Ocnita

Agriculture is found to be the main sector and income source for host community members, as per half of the survey participants, with a higher participation rate among 57% of women compared to 54% of men. However, only 29% of the refugee population see agriculture as the main income source and sector for employment, with men predominantly participating 50%, while women made up only 20%.

Supported by many women and men FGD participants from both host and refugee communities in Soroca, Briceni and Ocnita reported that they depend on seasonal agriculture, followed by small businesses such as cafes, local shops and gas stations, and small factories such as knitting. Similarly, agriculture was found to be the dominant sector in Soroca, Briceni and Ocnita, revealing that 67% of households in these areas engage primarily in agricultural activities, highlighting the sector’s critical role in the local economy. Supported by the research conducted by the NRC in 2023, agriculture still represented over 10% of Moldova’s GDP, although the agriculture sector’s proportion has decreased since the beginning of the full-scale invasion of Ukraine due to the reduced demand, loss of markets, and suppliers in Russia, Ukraine, and Belarus, and increasing energy and logistical expenses as per the NRC.¹³ Agriculture sector accounted for a substantial portion of the labour force, with approximately 20% of workers employed in this sector, constituting 35% of total employment - the highest among European countries.¹⁴

“The employment landscape in our economy is dominated by the service sector, public institutions, construction, and agriculture. Specifically, agriculture remains prevalent due to the limited number of industrial companies offering alternative job opportunities. This trend is consistent in Soroca, Ocnita and Briceni, despite some regions having free economic zones that slightly diversify employment options. Overall, the public sector, agriculture, service provision, and construction are the primary sectors absorbing most of the labour force.”

(Woman, Governmental Organisation, KII)

Similar perceptions are shared by the participants of surveys, FGDs and KIIs during this research. According to surveyed host community members, 61% of the population is reported to engage in agriculture in Ocnita. Both men and women participate almost equally in agriculture, with 60% of men and 61% of women respondents. This underscores agriculture’s vital role in the local economy for both men and women. In comparison, refugees report engaging with agriculture more than host community members by 71%; women are particularly active, with 74% participation compared to 62% of men, indicating a significant role for refugee women in agricultural activities. Seasonal agriculture labour, mainly picking vegetables and fruits is one of the most common income sources for the residents of Ocnita, as per the host community FGDs. Key crops Moldova produces include wheat, barley, maize, sunflowers, sugar beet, potatoes, root vegetables, and various horticultural crops. Vegetable crops include tomatoes, onions, cabbage, cucumbers, pumpkins, peppers, carrots, red beets, garlic, squash, eggplants, potherbs, and green peas, while fruit production focuses on apples, plums, cherries, pears, peaches, nectarines, quinces, apricots, soft fruits, walnuts, and grapes.¹⁵

Survey participants report similar perspectives in Briceni as well. According to the survey findings, 84% of host community members, 92% of men, and 82% of women see agriculture as the main source of income and sector for employment opportunities. However, a slightly lower engagement in agriculture is found, involving 65% of the refugee population, with balanced participation between men and women. Moreover, Briceni has become the main location for further employment opportunities in seasonal agriculture, as per FGD participants in Briceni and Soroca.

The earnings are typically 300-350 Lei/16-19 USD¹⁶ per day and are often insufficient to cover daily expenses, considering a family of four estimated daily costs are 1,250 Lei/USD 69¹⁷ (monthly: 36,215.0 Lei/USD 1,993)¹⁸ without rent.¹⁹ In Soroca, host and refugee community members involved in agriculture generally find opportunities in picking, such as apple or pear picking, earning approximately 250 Lei/13.8 USD²⁰ per day, as noted in the host community FGD. In recent years, there have been many agricultural fields that stopped their activities due to the lack of viable markets for their products, leading to insufficient pay that prevents workers from saving money. Seasonal agricultural work offers limited financial stability, forcing workers to continually seek new employment opportunities once the season ends.

“Apple fields used to be a good place to find work, as did prune fields. But now, they are being closed for some reason. They don’t have anywhere to sell their products. Even when the apple fields and other fields are open, the workers aren’t paid enough to save any money. These are seasonal jobs, and once the work is done, we have to look for other opportunities without any savings.”

(Host Community Man, Soroca, FGD)

While the agriculture sector is seen mainly as a seasonal activity for the surveyed participants in Ocnita (38% throughout the year, 62% seasonal) and Briceni (33% throughout the year, 67% seasonal), interestingly, the majority of participants, 64%, in Soroca reported having agricultural activities throughout the year while it was only seasonal for 36%. Similarly, some other sectors are also reported to be working in certain seasons, such as quarry. As per the informant from a quarry company in the Northern region, winter is the season; generally, the work stops between January-April, impacting stable income and financial capacity of the community members.

The lack of local gardens and opportunities creates a financial dead end, forcing people to travel for an hour to earn a small sum. The money they earn is quickly spent on basic necessities, leaving them in a perpetual cycle of financial struggle. It is common for people to rely mainly on loans from local banks in order to meet their basic needs during the off-season, with many host community and refugee FGD participants across locations highlighting the difficulty of repayment when employment is seasonal. Therefore, many participants prefer to engage in picking different agricultural products throughout the year.

“Even when apple orchards and other agricultural fields open, they don’t pay their workers enough to allow them to save any money. This is seasonal work, and once the job is completed, workers must seek other opportunities without any savings”

(Host Community Man, Soroca, FGD)

One of the factors impacting agricultural activities was reported across participants to be the war, leading to route disruptions, increased costs and reduced profitability. According to Army University Press, the disruptions in logistics have impacted Moldova’s food exports and imports particularly. As Moldova imports more than 90% of its seeds, fuel, and fertiliser from Ukraine and Russia, approximately 33,000 small and medium-scale farmers are empty-handed as a result of the full-scale invasion and logistics challenges and increased prices it has posed.²¹ Therefore, farmers have had to adapt by changing their crops. According to UNDP and FAO, there is a projected decline of at least 15% in the production of winter cereals, livestock, and milk compared to 2022.²² Similar findings are reported by the survey participants in Soroca, Ocnita and Briceni. When considering specific economic impacts, trade disruptions are consistently highlighted as the most significant issue, with the highest concern in Soroca at 66%. Ocnita (61%) and Briceni (64%) also indicate this as a major issue, closely mirroring the overall sentiment. Energy supply challenges show less variation, with responses from Ocnita (29%), Briceni (32%), and Soroca (25%).

“Despite the war, exports remained intact, but logistics and transport costs increased... Apple orchards are uprooted, something else is planted.”

(Women, Private Business-Dairy, KII)

Moreover, as Ukraine served as a key transit country for Moldova’s food exports to Russia and Belarus, the conflict brought these exports, including apples and processed tomatoes, to an abrupt halt. Consequently, Moldova had to seek out more expensive and complex logistic alternatives.²³ Therefore, the challenges posed by the war do not remain challenges for agriculture; industries such as the energy and dairy indus-

tries also experienced challenges as a result of the war, particularly in terms of logistics and transportation costs.

Dairy production is one of the main sectors providing employment opportunities, connected to agriculture, which is a major source of income for households in the region. According to a representative of a dairy production company, farmers near regional centres sell products such as milk, feta cheese, sour cream, cottage cheese, and meat at local markets, capitalising on lower transportation costs.

“Farmers and households located near regional centres engage in this practice because they produce dairy products such as feta cheese, sour cream, cottage cheese, and meat from animals they raise. Being closer to the city reduces transportation costs, allowing them to sell their products at urban markets, which serves as their primary source of income.”

(Woman, Private Business- Dairy, KII)

According to key informants, the dairy warehouse in Soroca serves as one of the significant employers, especially during the peak season, which is similar to canning factories. Workers experience a high-intensity work period with no weekends, leading to better pay, the low season offers a more standard work schedule but with reduced compensation in dairy warehouse. In comparison to agriculture, an average employee is reported to earn more in a canning company and dairy warehouse with 6,500 Lei/358 USD²⁴ and 11,000 Lei/607 USD²⁵, respectively. However, considering the monthly expenses of a family of four, even salaries for these businesses seem far from meeting the necessary expenses of a household. Despite these fluctuations, the factory provides essential income for many locals. However, there are also companies that avoid formal employment and tax compliance to reduce their costs, which becomes crucial for pension payments.

Beyond agriculture, other main income sources include wholesale and retail trade, which involves 28% of households, followed by 10% of customer service activities, as per survey results. Although wholesale and trade are reported to be one of the top 3 activities for both Soroca, Briceni and Ocnita, it is highlighted more by the FGD and KII participants in both Briceni and Soroca, compared to Ocnita. Similarly, businesspersons in retail business report retail as one of the sectors that still offers employment opportunities in Briceni, although there are a few opportunities across sectors in general.

“It’s very difficult for us to find employment. Let’s say if you grab onto something somewhere, you try to hold on with your teeth because finding work is very difficult. Only in retail outlets or some preschool education institutions.”

(Woman, Private Business-Retail, KII)

While local authorities stated wholesale and retail trade as leading income resources following agriculture, a similar statement is shared by the FGD participants in both host and refugee community members in Briceni. However, the once-thriving local market is reported to be experiencing a decline in demand, particularly for clothing and shoes, as a result of the change in consumer shopping behaviour. As per FGDs with refugees in Briceni, many young people prefer to purchase their needs through online platforms such as TikTok or Instagram, which are encouraged by influencers. Therefore, the local market experiences a

significant decrease in demand, which limits job opportunities for both host and refugee community members.

“There is no demand any more. In the clothing and shoe industry, people are leaving the market because no one is visiting it anymore; everyone is opening online stores instead. Specifically, there is a store owner who sells clothes, and her mother sells shoes. They say that even on market days, only one or two people come by, which is a stark contrast to the past. The town is small and has high competition, and most of the products come from Turkey, leading to intense rivalry. Nowadays, everything can be bought online. I once checked TikTok and Instagram and found everything there. Young people can easily find what they need online, with everything delivered by mail. According to the locals I spoke to, many of them now prefer buying clothes on online platforms.”

(Refugee Woman, Briceni, FGD)

Compared to Soroca and Ocnita, only FGD participants in Briceni report having knowledge of information and communications technology (ICT) businesses, considered as slowly emerging sectors along with financial services. However, FGDs with women refugees in Briceni revealed that employment opportunities in finance and banking are given to mainly young women candidates, suggesting a specific target group for employment in these sectors and highlighting possible discriminatory practices due to gender and age.

“More young people are working in finance businesses and banks now. I'd say nearly all the employees are young, with just a few older ones in management positions, and all the cashiers are young women.”

(Refugee Woman, Briceni, FGD)

According to surveys, most of these activities, including agriculture, wholesale and retail trade, customer service (10%), manufacturing (2%), engineering (1%) and low-skill labour jobs (5%), were undertaken on agricultural land (54%), markets (10%), offices (6%), factories (3%) and roadside (1%). Of note, fishing was one of the activities that was not practised by the FGD and survey participants as a main source of income, with no respondents (0%) reporting engagement. According to host community FGD participants in Ocnita, fishing is found difficult due to regulatory and cost barriers, such as obtaining fishing patents.

3.2 Employment Landscape

The employment landscape in Moldova revealed a complex interplay between various sectors, regional disparities, and the socio-economic conditions of both host communities and refugees. As per the key informant of a national government institution supporting host and refugee community members with livelihood services, Moldova's labour force predominantly engages in public institutions, agriculture, service provision, and construction. While these sectors were supported as primary sectors for employment in Moldova, the percentage of industry was found to be much less, in comparison, by both several public and private sector interviewees.

Looking at job listings in the second half of 2023, the retail and customer service sectors had the highest number of listings (15%), followed

by IT and communication (10%), administration (9.9%), and financial services (9.5%). Engineering and manufacturing comprised around 12% of listings, with a demand for roles in telecommunications, construction, and factories. Creative industries and low-skill labour positions also had notable shares.²⁶ However, a further disparity in job availability between urban and rural areas is noted, with urban areas like Chisinau having more opportunities compared to rural areas, as per the national government agency representative, working for labour force migration. According to FGD participants, both host and refugee community members across three locations found finding employment opportunities even significantly harder in existing sectors and opportunities, supported by a number of key informants working for governmental and non-governmental organisations.

Livelihood opportunities in these local markets have significantly decreased due to factory closures in recent years, triggering unemployment rates and leaving limited livelihood opportunities. This could be considered the reason only 5% of survey participants reported that it was their main source of income as per FGDs in Briceni, also reflecting the need for some industrial and infrastructural development in the region. As a result, the lower employment opportunities transitioned into increased levels of the informal economy, contributed to migration rates as people sought better opportunities abroad, or forced community members to establish their own small businesses, according to the informant from academia.

The Human resources (HR) specialist from a private company in the dairy sector also found that dissatisfaction with wage levels, forcing community members to choose informal job opportunities that offer untaxed earnings, was the reason for the increased informal economy. As the HR specialist reported, this situation has led to a cycle of temporary migration, where individuals work abroad, return briefly, and leave again once their earnings are depleted.

“Consider starting a business where profitability is challenging. With no earnings, minimal wages, no pensions, and a small customer base primarily consisting of elderly people, many of whom live abroad, it would be difficult to succeed.”

(Host Community Man, Ocnita, FGD)

The HR specialist from a private company in the dairy sector also found that dissatisfaction with wage levels, forcing community members to choose informal job opportunities that offer untaxed earnings, was the reason for the increased informal economy. As the HR specialist reported, this situation has led to a cycle of temporary migration, where individuals work abroad, return briefly, and leave again once their earnings are depleted.

“People are more willing to take informal jobs where they receive their earnings directly, avoiding deductions for taxes and health insurance, resulting in higher take-home pay. This issue affects many, including specialists who are hesitant to accept positions because companies often cannot offer competitive salaries. Even unskilled workers have unrealistic wage expectations. For them, it's often easier to temporarily work abroad, earn money, return to places like Soroca in Moldova, support themselves or complete personal projects, and then head back to Europe. This creates a continuous cycle of migration.”

(Woman, Private Business- Dairy, KII)

Similarly, the informant of a private quarry company reports limited human capital, mentioning that most employees in sites are over 40 years old. They mainly extract limestones, requiring excessive physical effort and power. As younger generations mainly migrate for better opportunities, it is hard for companies working in sectors where physical effort is expected to be significant to find skilled employees for low-considered wages.

While informal employment was found as the main source of income by 19% of the host community members, it has been reported to be 8% higher in refugee communities, with 27% in total. Regarding formal employment among refugees, the highest formal employment rate was found in Ocnita, with 13% of participants, followed by Soroca, with 6%. Interestingly, no survey participants from Briceni reported any formal employment as the primary source of income. This informal economy is also found to be significantly high by the U.S. State Department, accounting for approximately 25% of the country's GDP, particularly in the agriculture and construction sectors.²⁷

The significant difference in the percentage of formal employment engagement between host and refugee communities also supports the informants, with 60% of host community members sourcing their main income through formal employment in comparison to only 8% of refugees. Among the host community, formal employment was the primary source of income, with the highest rates in Soroca (69%) and Briceni (65%). Ocnita had the lowest rate of formal employment, with only 43% of participants relying on it. In Ocnita, 27% of host community members relied on state assistance, suggesting fewer livelihood opportunities compared to Soroca (23%) and Briceni (21%).

Moreover, refugees (7%) were reported to be slightly less dependent on their family members and relatives compared to host community members (9%). This may be because both refugees and their families face similar financial limitations and cannot support each other effectively. Full-time employment was reported by only 33% of both host and refugee community members. Additionally, 35% of survey participants stated they were unemployed and relied on social support for their livelihood. Temporary and part-time work accounted for 15% and 8% of the employment, respectively.

Formal employment remains uncommon among the Roma population, leading to a reliance on alternative income sources.¹⁹ Similarly, informal employment²⁰, which is called "black work" among Roma community members, is reported to be the most common among the Roma FGD participants to avoid high taxes and bureaucratic issues, which offers no employment security, benefits or legal protections, leaving the Roma community vulnerable and marginalised. This is found to be a result of the existing discrimination and bias against the Roma community by also employers. This discrimination and bias even led community members to commonly feel that employers only hire them if they can be kept out of direct customer interaction due to fears of customer reluctance based on ethnicity.²¹ Therefore, Roma FGD participants share their request for more targeted, inclusive and supportive employment policies in which Roma are not stereotyped, such as training and job placement programs that consider the unique challenges faced by the Roma community. Furthermore, the bias and discrimination against the community in terms of access to employment could be further mitigated through centralised exams and other automated processes instead

of relying on only interview results in which bias is difficult to realise and acknowledge, as per Roma FGDs.

“If they take them to work exams, that’s another question. To the same factories, to the same indications of cattle breeding. Why not? Why not put it to the test?”

(Roma Woman, Soroca, FGD)

The predominant employment sectors for the Roma community include construction sites and bakeries.²² Moreover, Roma FGDs reveal that agriculture is one of the most common activities Roma is engaged in, with many Roma entrepreneurs operating in the sector previously. However, most of them are closed due to the low income, hard physical work and further economic instability. As per Roma FGD participants, they generally engage in cleaning business, including house and snow cleaning, as employment in agriculture is seen as a seasonal activity by most Roma community members. Furthermore, winter is seen as the hardest time due to the limited or nonexistent job opportunities in the market, while heating costs add up.

Not only limited to accessing employment opportunities, but Roma FGDs reveals that also, regarding career growth and promotion opportunities, this discrimination and bias is reported to have a significant impact. Furthermore, the employment of Roma people in the public sector or higher positions in private businesses is very rare, although the community members hold all the necessary education and skills.

Refugees were also highly dependent on humanitarian assistance, with 69% in Soroca, 62% in Briceni, and 43% in Ocnita reporting it as their main source of income. This likely reflects the scarcity of employment opportunities. Additionally, both host (20%) and refugee (11%) community members in Ocnita depended more on family members and friends for income compared to those in Soroca and Briceni.

All these factors encouraged many host community members and refugees from Ukraine to create their own small businesses, such as cafes and beauty centres, but many failed due to low demand, high operational costs, and economic instability. As verified by the government informants, industrial activities across these locations, particularly in Soroca and Briceni, were very limited, forcing many Ukrainians to establish their own businesses, mainly the beauty industry, that has failed. Financial challenges, such as the cost of equipment for businesses and high prices for necessary tools, further impede refugees from establishing themselves economically.²⁸

“We do not have companies specifically creating jobs for Ukrainian refugees, who often resort to self-employment, particularly in the beauty industry.”

(Woman, Governmental Organisation, KII)

The Roma FGD participants supported this, but the high costs and risks associated with starting a business also reported to be reasons preventing them from considering entrepreneurship. As Roma revealed, many businesses fail in a very short period of time due to the instability and unpredictability of local businesses.

“Businesses are on fire right now. In Magpies, for example, if you open a dining room, you can close it for tomorrow.”

(Roma Man, Soroca, KII)

While the GoM introduced support mechanisms and tax incentives for both host and refugee community members in the private sector, the specifics of these opportunities for refugees remained unclear, as per the representative of an organisation supporting host and refugee community members in investing in Moldova. This increased the challenges that refugee community members face in their search for livelihoods.

Moreover, consumption has increased due to the influx of refugees from Ukraine, which in turn has led to a rise in prices, especially in the housing sector, per government representative. According to the informant, the cost of renting apartments has doubled, leading to a general increase in the cost of living. High inflation and the prevalence of semi-legal activities increase the market's competitiveness, resulting in the closure of many traditional jobs, as revealed by host community members in Ocnita. Interestingly, this increased competitiveness in the market is also being recognised by the refugee women from Ukraine in Ocnita, who stated some discomfort against refugees by the host community members.

“I think the biggest impact is due to a big number of Ukrainians staying here in Moldova... All prices are rising, and prices for apartments and houses are doubled.”

(Woman, Government Organisation, KII)

The impact of the war on the Moldovan economy is reported by survey participants in Soroca, Briceni, and Ocnita. According to survey findings, a significant portion of respondents across locations believe the war has greatly impacted the economy, though the intensity varies slightly. In Ocnita, 38% think the impact is great, with an additional 30% feeling it has affected the economy to some extent. Similarly, Briceni reports 47% for a great impact, which is above the average but only 20% to some extent, while Soroca aligns closely with the overall average, with 42% reporting a great impact and 22% to some extent.

“Moldovans are not very fond of... now... more competition.”

(Refugee Women, Ocnita, FGD)

In terms of the refugees' involvement in the labour force, the refugee population makes up only a very small fraction of the total labour force in Moldova, as the representative of an entity providing services in commerce revealed. Moreover, not only the refugees but the fraction of minorities and persons with disabilities is reported to be small as well due to their unique challenges in accessing the labour market by the government informant working on policy and regulations. However, detailed information and statistics on refugees from Ukraine are missing. These limitations prevent governmental and non-governmental actors from adopting a results-based approach in which the decision-making is implemented based on reliable and comprehensive data, which can ease processes in terms of labour for refugees. For instance, public employment services indicate that only 1300 refugees from Ukraine are recorded as formally employed in Moldova, and equal involvement is seen by both refugee women and men, as per the government informant. However, considering that reliable data is limited and the number of women refugees from Ukraine due to martial law is higher than that of men, equality becomes questionable. If men and women had equal

opportunities, the higher number of women implies that women found fewer opportunities despite their larger population.

“The only limited source of data I have is from companies reporting to the public employment service in the Republic of Moldova about the number of Ukrainian refugees they have employed. According to this data, 1300 Ukrainians have been employed, with an equal split of 50% men and 50% women. So, there doesn’t seem to be a significant difference in participation between men and women.”

(Woman, Governmental Organisation, KII)

However, the local government authorities report success in integrating refugees into local labour markets. For instance, according to the local authority representative in Sorooca, many refugees have already found employment opportunities and started a new life with their new community members. However, the survey and FGD participants revealed another reality in which barriers, such as a lack of limited documentation or language skills, left many of them out of the market, depending on humanitarian and state assistance along with informal seasonal employment opportunities. Please refer to the section 3.2.1 Barriers for detailed information.

Emerging Sectors

In Moldova, ICT and tech businesses and financial services are reported to be the most popular among the emerging sectors in the Moldovan market, according to many representatives of governmental and non-governmental organisations. ICT exports increased by 35% in 2021, reaching nearly 350 million euros. Additionally, foreign investments in Moldova’s IT sector doubled between 2018 and 2022. The sector now contributes over 5% to the country’s GDP. In the most recent 2023 edition of the Emerging Europe IT Competitiveness Index, Moldova improved its ranking to 16th, up from 17th in 2022.²⁹

IT and business service sectors, gained momentum through government-driven support and tax incentives for both host and refugee community members as per representative of a business service association since the Government of Moldova (GoM) has emphasised the growing importance of IT and business services in the country. However, the impact of these efforts still remains in big city centres, such as Chisinau, while in rural areas, there is still not sufficient knowledge. Although IT, digital technologies, and creative industries are mainly concentrated in urban areas like Chisinau, impacting access for community members from the northern side of the country, the National Employment Agency has already started operating outreach activities in 17 out of 35 locations in order to reach remote villages to provide training opportunities, including renovation of offices, enable job seekers to access proper information and equipment to increase access to economic activities, with the remaining challenge of limited funding as only 2 out of these 35 offices were renovated until now.

“Emerging sectors and opportunities, particularly in financial services and the tech industry, are beginning to gain attraction in Moldova.”

(Woman, Governmental Organisation, KII)

“The IT and the tech industry has experienced notable growth thanks to favourable tax policies and the support of export services like design and

call centres. Additionally, financial services are showing robust profitability.”

(Man, Governmental Organisation, KII)

According to the survey findings, the knowledge around emerging sectors and income-generating opportunities is found in only one-fourth of the surveyed participants of both Soroca (21%), Ocnita (21%), and Briceni (30%). However, men are reported to have more knowledge of emerging sectors and employment opportunities in their area, while women’s knowledge was found to be significantly less. While the knowledge gap is seen at around 10% for both host (Men: 35%, Women: 25%) and refugee (Men: 40%, Women: 30%) in Soroca, it was doubled among host community men (38%) and women (16%). Furthermore, this gap between refugee men (44%) and women (8%) is found to be the highest in Briceni, showing the need for more awareness-raising activities to improve women’s equal participation in the labour force in emerging sectors. Similarly, most FGD participants across locations stated having seen no emerging opportunities in their respective locations, which shows that employment opportunities in emerging sectors could not reach out to the rural areas compared to Chisinau.

Although these sectors and business activities, such as child development centres, eco-bag production, and digital product companies, were started in Soroca as reported by the representative of an entity supporting entrepreneurship with services, the survey and FGD participants report them as highly limited.

However, efforts are found to be very limited. As per the quarry company informant, the local labour market will slowly die unless new employment opportunities are created. The informant also revealed some newly opened sewing factories by Turkish and Greek-owned businesses. However, agriculture is seen as one of the sectors with potential, including animal husbandry.

“It is necessary to create jobs..... Turks or Greeks have opened sewing factories here... The only potential I see is agriculture, maybe animal husbandry.”

(Man, Private Business-Quary, KII)

According to the Government of Moldova, further opportunities exist in agriculture. These include orchards, vineyards, wineries, vegetable growing, and industrial crop production. However, there is a need for investment to facilitate engagement in these activities, such as equipment and technology for storage, food processing, packaging and long-distance transportation of fresh products, such as drying, instant freezing, canning and the production of ingredients and additives³⁰.

Moreover, in order to further improve the agriculture sector, food processing is found crucial for development as both an existing and emerging business, which is currently limited, as per the government representative. This is also found to impact the profitability of the businesses, which could increase wages and overall business profits.

“You know, not just to sell, for example, potatoes but to make tomato paste. Yes, that’s what I mean, and also not to export crops but to produce something from those crops.”

(Women, Government Organisation, KII)

Not only providing new job opportunities, but also making these businesses attractive to the young generations is also reported by the par-

ticipants. Many younger community members prefer studying in law school or computer engineering and coding, with no interest in traditional businesses in the region, which makes it more difficult to feed these existing income-generating sectors and industries with skills of younger generations.

“Young people are looking for either law or programming... but nothing else... no one wants to teach mining specialities.”

(Man, Private Business-Quary, KII)

To increase the extent of the emerging opportunities, the Government of Moldova also decided to support manufacturing, an existing sector with growing new opportunities. Eighteen multifunctional industrial platforms and plots of land designed to accommodate technical and manufacturing infrastructure are operationalised throughout the country. These platforms are intended to support economic activities, primarily in manufacturing, by capitalising on regional resources.³¹ Similar to the government’s findings, those surveyed participants who have some knowledge of emerging sectors also revealed these new opportunities in manufacturing and financial services, which are cross-cutting across Soroca, Ocnita, and Briceni. Among three locations, Briceni is found leading in the knowledge around manufacturing (28%), IT (16%) and financial services (8%) in emerging sectors; it was followed by Soroca with manufacturing at 11%, and both IT and Financial Services at 6%. However, financial services are recognised as the most known emerging sector in Ocnita, followed by manufacturing (14%); there is no knowledge found about the IT sector in Ocnita.

The survey and FGD participants clearly find it difficult to raise awareness and knowledge about emerging sectors and access to opportunities in these sectors, which are mainly located in Chisinau or other bigger cities. A need for outreach activities in order to increase the knowledge of these sectors and activities is clear, with potential further actions to be taken by governmental and non-governmental organisations to increase engagement either in the local context or remotely through IT and tech businesses in bigger cities.

Although there are the abovementioned difficulties coupled with refugee influx and instability that war reinforces, there have also been found to bring new economic activities, particularly those involving refugees, which are reported to have shown potential for growth as informants from the organisation providing investment services. Moreover, the international funding that is used to support refugees from Ukraine for facilitating these entrepreneurship activities and supporting innovative ideas also increased cash inflow in the market as well as new innovative businesses, as per government officials. However, the informant reports that these innovative business ideas have not been widely explored by the local community members as most projects focus on supporting refugees from Ukraine.

When host community members asked for, in contrast, they acknowledged the prevalence of many innovative ideas by the host community members as well. However, the practical implementation of these innovative ideas is reported to be challenging due to high costs and market competition, as per FGD participants in Soroca.

“There are many ideas, but they cannot be put in motion... The production is expensive.”

3.2.1 Understanding Market Functioning: Structure, Mechanisms, and Dynamics

In the Moldovan market, trade at local levels is highly common, as most products are sold locally rather than exported. According to a government representative, only local manufacturing industries, especially in the light industry, focus on selling their products within the country and to former Soviet states such as Russia, Kazakhstan, and Tajikistan. This high level of local trade reportedly impacts the economy, resulting in a negative trade balance, with imports surpassing exports, per the informant.

Supported by the informant providing investment services, regular households typically sell their products to larger companies, which eventually become exporters. Moreover, there is a lack of detailed knowledge about processes and pricing considering average households. Therefore, many of their products are underpriced by these larger companies, exploiting the limited knowledge and economic difficulties households experience. As per the interviewee, these low prices also create an imbalance in market power, which could be addressed through better market access and pricing strategies.

“I believe regular households would sell to bigger companies, which then at their stage will become exporters of this production.”

(Man, Business Investment Organisation, KII)

The local agriculture market is ruled by monopolies, and the products are imported from them, while local farmers lack the necessary support, as revealed by host community members in Soroca. As verified by the World Bank, around 30% of fruit orchards in Moldova are situated on farms smaller than two hectares. These farms either practice subsistence farming or sell a significant portion of their fruits and vegetables at local open markets or directly at the farm gate.³² Small farmers face many challenges, including the need for cash registers, lack of governmental support and tax requirements, and reduced profitability and sustainability of local farming, making it a less viable economic activity. While limited financial support with tax requirements already makes sustainability for the farmers, increased energy and logistics costs as a result of a full-scale invasion further decrease profitability. Moreover, knowledge of sustainable and innovative agricultural practices, including limited knowledge and expertise on the use of fertilisers and pesticides, impacts the quality of the products.

Not only in agriculture, but monopolies also exist in the retail sector as per the informant of a retail business. As large companies dominate the market with mass production and lower prices, competition and survival in the market become significantly difficult for small businesses. According to the National Bureau of Statistics of the Republic of Moldova, a modest reduction in livestock is also found by 2.6%. There is a notable decline in the livestock of all species, including cattle (21.3 per thousand capita), cows (3.9 per thousand capita), pigs (56.6 per thousand capita), sheep (111.8 per thousand capita) and goats (5.8 per thousand capita).³³ Similar perceptions of a decrease in livestock activities are reported by several host community members in Briceni, showing the need to revitalise livestock farming through better infrastructure.

“In our village, 5 years ago our livestock was around 500, currently it’s only about 40 animals in total.”

(Host Community Man, Briceni, FGD)

Similar to these findings, host community and refugee community members in Ocnita, Briceni and Soroca report trade mostly remains local while certain items are exported to countries such as Russia and Poland. As per refugees in Ocnita and Briceni, apples are generally primarily exported to Russia, followed by Poland. However, having the opportunity to export products is found difficult and rare by the FGD participants in Ocnita. As host community members reveal, only a single factory in Ocnita exports its products to Romania, showing the limited awareness of export and potential opportunities.

However, heavy reliance on local trade makes businesses very fragile due to the impacts of economic instability and low demand at the end of the month, which is only when people receive their salaries or pensions. As young generations mainly migrate abroad for better opportunities, most buyers are elderly pensioners with limited purchasing power.

Moreover, the war has made accessing Russia’s market much more difficult. The current product standards in certain sectors do not meet the standards of the Russian market, as revealed by the government representative. Particularly the food industry, including wine, manufacturing, confections, and construction, at first. Accessing the EU market is reported as a similar difficulty, but it is a result of the high international standards required and the competitiveness of the local products by several government representatives. Moldova’s current reliance underscores the need for more competitive standards and strategic market expansion to other regions. The connection between higher standards and sustainability is further highlighted by the government officials. Companies that prioritise quality and transparent practices are found to sustain themselves better in the market, even during times of instability and crisis.

“Only the companies that confirm quality in the services and goods sold are provided and that have transparency and respect consumer rights.”

(Man, Government Organisation, KII)

Another difficulty in these industries, such as winemaking and construction, is the demand for significant labour that often lacks sufficient pay, as revealed by the government representative working on labour migration. As low wages are the main driving force for migration, these industries often lack the necessary human resources. As per the academic, human resource shortages impacted not only winemaking but agriculture in general in Soroca, Ocnita and Briceni, as per the academic. While higher wages abroad diminish the local workforce, organisations should focus on the provision of skilled/trained human resources for the maintenance of agriculture, which is the dominant sector in the local market.

“In the Northern regions, these agricultural households still face some problems because there aren’t enough people who can work. It is all because of low wages and this culture of migration for it.”

(Women, Academic Institution, KII)

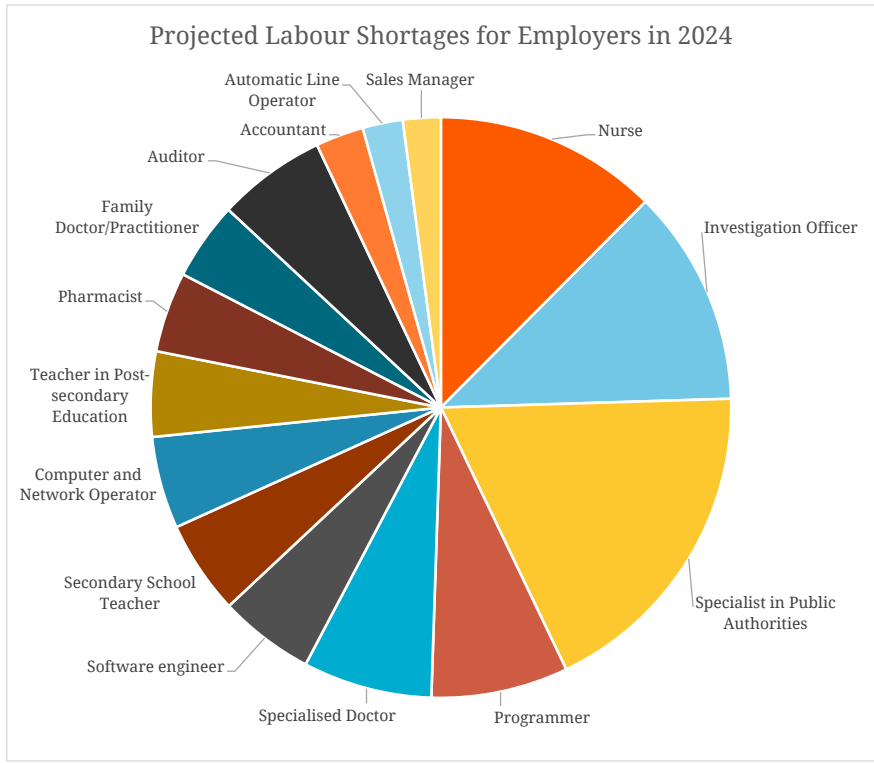


Table 4 Projected Labour Shortages for Employers in Moldova in 2024

Employers cited the main reasons for these shortages as a lack of qualified and experienced staff, a low number of applicants, limited wages, the sector’s perception and prestige, and the nature of the economic activity itself. In Northern Moldova, 10% of employers reported a labour shortage, the main reason being a lack of qualified staff and a low number of applicants.³⁴

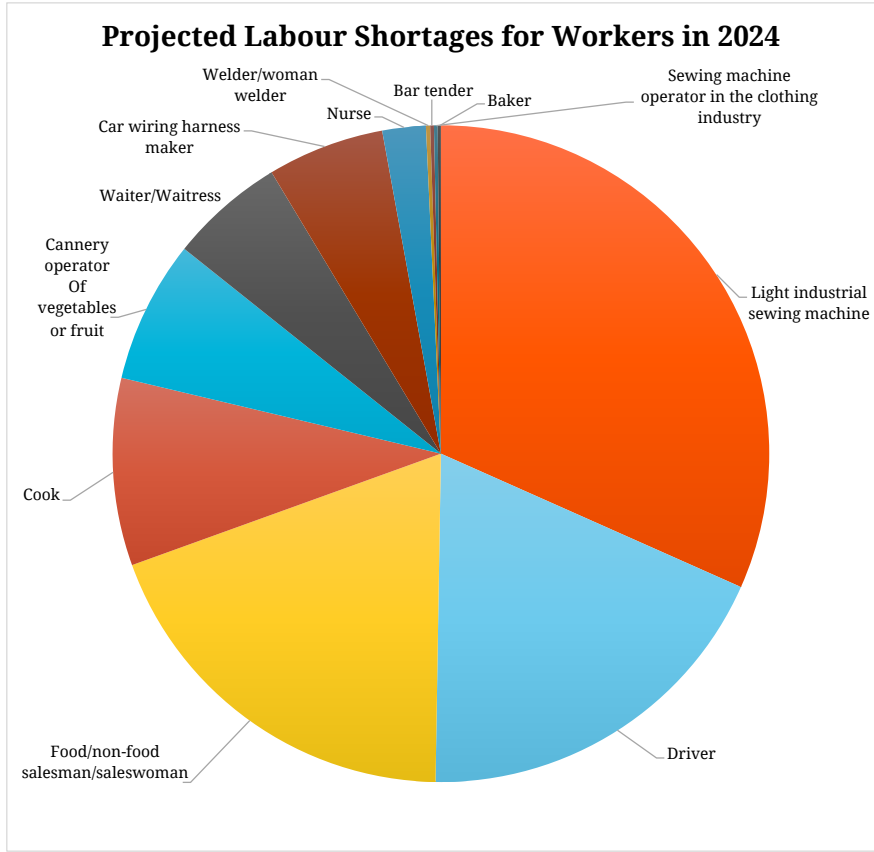


Table 5 Projected Labour Shortages for Workers in Moldova in 2024

According to World Bank projections, if current immigration trends continue, Moldova will lose another 20% of its population by 2050, which could deepen the existing human resource shortages in the future.³⁵

In addition to the food, manufacturing and construction sectors, the light industry³⁶ has also been identified as experiencing further challenges, as revealed by government representatives. The low income within this sector is reported to be forcing these companies to operate through loans. Foreign companies provide raw materials, and local companies use local labour and equipment to manufacture products, which are then sold back to the foreign markets. According to the government informant, this model is found to limit the economic benefits for the local market, as it does not support local raw material production or market expansion.

Many informants consider improvement in other sectors as important as improvement in agriculture. Many representatives of governmental and non-governmental organisations also report the importance of the diversity of sectors and businesses in the market to ensure sustainability. For instance, IT and digital technologies and creative industries are found to be among the sectors that have potential through the cooperation of governmental, non-governmental, and private businesses. Moreover, demand for these industries is prevalent, particularly among younger generations.

“A market assessment should be conducted by the company before launching a business to understand whether this is a viable idea or not. But nobody does it. They even don't know that they have to do it as the first thing.”

(Man, Business Investment Organisation, KII)

Meanwhile, there is an increased demand in some sectors. For instance, the host community members have reported the lack of sufficient service sector presence, such as hair salons, to be in demand in Briceni. The existing capacity of these services is found to be insufficient for the community, jeopardising the access of the community as well.

The development of the market is impacted not only by these access difficulties but also by its small size, jeopardising efforts for emerging businesses. In recent years, particularly B2B services for human resources and accounting sectors have also gained momentum in Moldova, as revealed by the interviewee from the association providing business services. However, the small market size still limits these local business opportunities and maintains the central role of Chisinau instead of growing local markets in different cities as well.

In terms of profitability, different business sectors in Moldova reported experiencing varying profitability levels. For instance, the trade sector can achieve higher profitability, especially when businesses provide quality products and services, as revealed by several informants from GoM and academia.

“I believe that the biggest issue lies in the quality of products, the ecological aspect of products, which has been receiving a lot of attention lately, especially in European countries. That is, on these aspects, I think more work needs to be done.”

(Woman, Academic Institution, KII)

Moreover, Market saturation and high competition levels are reported to limit the economic viability of certain activities, especially for busi-

nesses that fail to distinguish themselves through quality and innovative offerings, as per the informant. Furthermore, competition within the market and across different sectors is seen as a positive force that drives quality improvement, service diversity, and innovation by the informant.

3.3 Skills And Qualifications Of Host And Refugee Community Members

Across all locations, women from both host and refugee communities tend to have strong social (teamwork and leadership) and physical skills (manual labour) but are generally lacking in technical skills (computer, engineering, mechanics). While creative skills (art and music) are still limited among women in the host community, they are still found to be higher compared to refugee women in Soroca, Briceni, and Ocnita. For instance, technical and creative skills are found prevalent among refugee women community by only 7% of surveyed refugee women in Soroca, while the creative skills are reported to be much higher at 22% for the women in the host community, showing the need for improvement in creative skills for women in both communities, with particular attention to refugee women, to support establishing their agency by merging their talent and ideas with creativity for success in their careers but also for empowerment. Moreover, refugee women’s technical skills are much more limited than those of women within host communities. For instance, while only 20% of women show technical skills in Ocnita, there is no representation in technical skills in Briceni, where 22% of host community women report having technical skills.

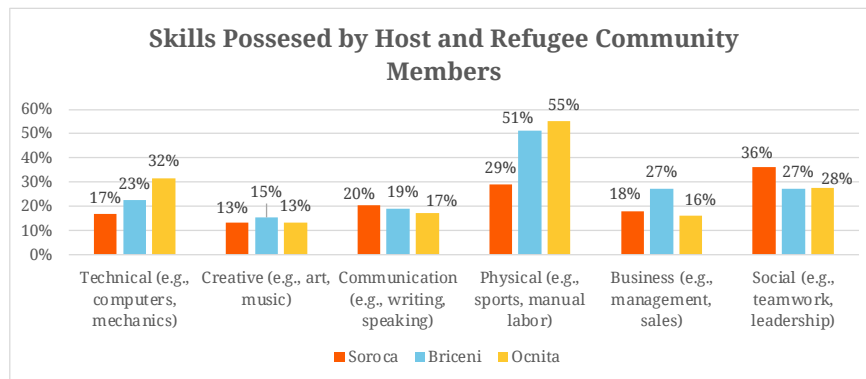


Table 6 Skills possessed by host and refugee community members in Soroca, Briceni and Ocnita

However, women show greater capacity, such as their strength in social, communication (writing and speaking), and physical skills, compared to men. For instance, 40% of surveyed refugee women in Soroca state possess social skills, similar to the responses of 39% of surveyed women from the host community. Likewise, women in Briceni exhibit their capacity in physical skills with 33% of surveyed refugee women and 54% of host community women, which could be utilised according to the sector and the requirements of employment opportunities to ensure the strengths of women are allowed to be shown and grow.

“Communication skills I would say. Every specialist needs those.”
 (Host Community Women, Briceni, KII)

In contrast, refugee men state limited communication and creative skills, while they report having strengths in physical and technical skills. For instance, 80% of refugee men possess technical skills, with no representation in creative and communication skills in Soroca, while host community men are seen having less technical skills (30%) with strong physical (45%) and substantial social skills (35%). Furthermore, 79% of surveyed refugee men in Ocnita are found to possess the highest physical skillset along with 57% technical skills compared to the physical (56%) and technical (33%) skills, highlighting the need for improvement in both physical and technical skills for both host and refugee men and women across locations. While refugee men exhibit strong technical and physical skills, there is a need to enhance their creative and communication skills. Recognised by the representative of GoM, improvement in these soft skills is found highly crucial for their engagement in the labour market. Therefore, encouraging participation in creative activities and communication workshops under the project and programmes can promote a more well-rounded skill set, supporting their social integration and personal development.

Lastly, a disadvantaged group is highlighted by a representative from an academic institution. According to the informant, the school dropout rate is high in rural areas at early ages. Consequently, many individuals in these areas face significant challenges in finding employment due to their limited education. It is recommended to focus on this group in research locations to ensure their empowerment through a targeted approach.

“There is a double problem here...young people with a high level of education who cannot find a job matching their aspirations...individuals with a low level of education...face employment problems.”

(Women, Academic Institution, KII)

Overall, mentoring can provide crucial support between host and refugee community members, aiming to leverage the strengths of both communities and indirectly contribute to social cohesion.

Skills and Qualifications Needed

Initially, a discrepancy between what is needed in the market and what is taught in courses/training is reported by government officials, highlighting the need for dual education, both theory and practical knowledge. Courses/Vocational Training are generally found to be more focused on theoretical information, lacking practical knowledge and experience. A similar response is given by the refugee women in Ocnita. According to the refugee women in Ocnita, limited practical knowledge and experience is one of the most crucial factors preventing them from finding employment opportunities in their respective local market, as mainly business owners/persons pay more attention to the experience. In addition to communication skills, the informant from the organisation providing investment services reports the need to improve the digital, presentation, and management skills of both host and refugee community members.

“I believe that communication, digitalisation, presentation skills, analysis skills, the ability for strategising to look ahead, and management skills are the key skills that require significant improvement.”

(Man, Investment Organisation, KII)

The local authority in Soroca finds more advanced digital skills, particularly coding, crucial for the future of the region. Therefore, there is a need for IT training/courses and further digital skills to equip host and refugee community members, particularly the 18-35 young adults group, to develop parallel to the technological developments across the world. Although IT and digital technologies related opportunities are recommended more for young community members, existing businesses such as innovative and sustainable agricultural activities that could be implemented throughout the year through greenhouses, more factories in industries including dairy and winemaking, support for entrepreneurs with their own business ideas, including facilitating their access to export opportunities were recommended for above 35+. As supported by the men and women host community members in Soroca, young community members are found to be more capable of improving their skills in IT and digital technologies, as they already have a better foundation and more open minds for faster learning compared to adults of older ages, as per FGD participants.

“Younger generations are better with technology, phones, and computers. That’s why this should be provided to them.”

(Host Community Men, Soroca, FGD)

3.3 SUPPORT MECHANISMS

As per the UN representative, many organisations, including governmental and non-governmental ones, along with UN agencies, provide services such as vocational training, counselling, job placement/apprenticeships, microgrants and loans. However, financial support from the Moldovan government is limited, with most funding and resources coming from humanitarian organisations. Although the GoM allocates as much to these services, state support is insufficient to create a competitive market.

“The support from the state is not enough to create a competitive industry.”

(Man, Government Organisation, KII)

These services are not only provided to host community members but also refugees to ensure their full integration into new countries. According to UNHCR Regional Refugee Response, 28 partner organisations have offered 395 livelihood activities for refugees country-wide. Of these, 17 partners reached out to 187 refugees in Briceni, and 21 partners provided livelihood services for 3,284 refugee community members in Ocnita. In Soroca, 401 refugee community members are provided with livelihoods activities by the 20 partners.³⁷ Furthermore, Moldova’s Ministry of Education, Culture, and Research collaborates with international organisations like UNHCR to offer vocational training programmes for refugees, focusing on skills like carpentry, plumbing, and IT. The National Employment Agency (ANOFM) provides services such as career guidance, job consultation, and professional training.³⁸ While these services are more common in central locations like Chisinau, the GoM has made some effort to increase the number of local, regional, and

national labour agencies where host and refugee community members can seek assistance for job placement. However, even these agencies experience difficulties providing job placement services due to the limited population, job opportunities, and market size.

“I am from the Ocnita district myself. These villages are left with no people, no jobs, and no market. It is really sad.”

(Woman, Academic Institution, KII)

However, host community members in Ocnita express frustration with the services provided by these agencies, which promise but often fail to deliver what it promises. For instance, it is common for labour agencies to arrange vocational training in another city or district, which makes participation much more difficult due to personal commitments and financial costs revealed by host community members during FGDs.

Considering these challenges, the GoM has started to launch these centres in remote areas to mitigate these transportation-related challenges and increase access. However, the limited financial capacity prevents the GoM from operationalising these centres in the expected timeline.

Support mechanisms for startups and entrepreneurs

The start-up and entrepreneurship scene is prevalent and becoming increasingly popular in Moldova. According to an ILO report, self-employed people made up 59.1% of Moldova’s total working population in 2022, suggesting that this proportion was ever-increasing.³⁹ The private sector, particularly entrepreneurship, is challenged by the dominance of state-owned enterprises, the impacts of the Covid-19 pandemic, and the full-scale invasion of Ukraine. To support SMEs, the government introduced the Fund for Entrepreneurship and Economic Growth, offering low-interest loans and programmes for digital transformation and energy efficiency.⁴⁰

According to government informant reports, further strategies and programmes have been implemented under the National Development Strategy: Moldova 2030. According to The National Development Strategy Moldova-2030, a comprehensive multi-sectoral plan was established in 2018, which prioritises two key areas; a sustainable and inclusive economy and a healthy environment. The sustainable and inclusive economy aims to boost revenue from sustainable sources, decrease economic inequality, expand access to utilities and living conditions, and enhance decent working conditions while reducing informal labour sector. Meanwhile, the health environment represents the objective of ensuring the fundamental rights for a healthy environment and promoting environmental safety and security.⁴¹

“There are different strategies and programmes approved by the government, such as the «Moldova 2030» strategy. The newest ones we have promoted are the industry development program and the co-project on industrial parks.”

(Man, Government Organisation, KII)

With the support of these government initiatives, particularly, the number of companies in the tech sector has increased significantly. As of 2022, there were more than 18 startups (listed in the Startup Moldova directory) with 11 more successful fundraising opportunities.⁴² Moreover, ease in the process, including legal frameworks and low tax respon-

sibilities reinforced by the GoM, could be one reason for the increase in the number of tech startups. For instance, Moldovan income tax is one of the lowest in Europe: 12% flat on income from employment, benefits in kind, professional or entrepreneurial activity, capital gains, and other taxable income, as well as benefits for individual entrepreneurs.⁴³

Moldova's legal framework for start-ups is designed to be supportive, with laws aimed at bolstering small and medium-sized enterprises (SMEs) and encouraging entrepreneurship. Start-ups can register as limited liability (SRL) or joint-stock (SA) companies, with an online registration process designed to be straightforward and accessible through the Moldovan Public Services Agency.⁴⁴ Similarly, the informants of government organisations and private businesses reveal that the business registration process is very fast and user-friendly. However, the bureaucratic processes are still seen as difficult by the respondents, which could be attributed to the limited knowledge and awareness of this streamlined registration process.

“In terms of the legal aspect, a little knowledge or the agreement to delegate the provision of services to competent third parties helps to maintain and run the business. It takes 3-4 hours to open a startup in the Republic of Moldova. I think it is very easy.”

(Man, Government Organisation, KII)

Similarly, government representatives also found that the laws and regulations regarding patent rights, operations, and accounting are user-friendly and easy to maintain.

Moldova also offers a flat tax rate of 12% on corporate profits, designed to attract and assist start-ups. VAT registration is required for companies exceeding a certain turnover.⁴⁵ In some cases, including ICT companies, tax rates could be even lower, particularly in designated areas such as technoparks mentioned by government representatives. Businesses operating in these parks do not benefit from special tax treatment, but they usually have access to ready-to-use production facilities, offices, and lower office rents for 25 to 30 years. These premises are often repurposed spaces from former State-owned industrial enterprises.⁴⁶

“I know for the IT field there is a very good tax policy, whereby those who are part of these IT park incubators are taxed 7%. But I think that's a pretty clear and good provision for the field.”

(Man, Government Organisation, KII)

The Organization for Development of Entrepreneurship (ODA) offer various business support initiatives for small and medium-sized enterprises (SMEs) and underrepresented investors. These initiatives include Women in Business, Start for the Youth, and Attraction of Remittances in the Economy PARE 1+1. ODA has also launched new programmes aimed at helping SMEs expand into international markets, adopt green technologies, transition to online business operations, and obtain low-interest loans. Traditionally, government funding for these programmes has been limited, so ODA depends on international donors for financial support.⁴⁷

Moreover, the GoM is preparing to launch a further initiative called 3-7-3. This initiative aims to support businesses by subsidising interest rates on bank loans and extending repayment periods. However, it is expected to primarily benefit larger businesses rather than small ones or start-ups.⁴⁸ For entrepreneurship, the Ministry of Economic Devel-

opment and Digitalisation (OED) and the Organisation for Small and Medium Enterprise Sector Development (OSMESD) offer business support, including the «Women in Business» program. Banks like MAIB and OTP Bank offer refugee-friendly accounts and microloans. However, rural areas face challenges in accessing services.⁴⁹ However, the above-mentioned tax incentives and loans were not found sufficient by the private businesspersons during the interviews. The tax rates and the interest rates of the loans are reported to be still high, impacting the growth and sustainability of businesses.

“They just need to do two things for sure. Reducing taxes and the interest rate on obtaining a loan.”

(Man, Private Business-Quarry, KII)

Additionally, although startups and self-employment become more popular in central locations such as Chisinau, a similar momentum is not seen as prevalent in more rural areas, including Soroca, Briceni and Ocnita. Among all survey participants from both host and refugee community members, only 2% of participants report being self-employed across three locations, and 3% of the host community has no representation from the refugees. Among those host community members who are self-employed, only in Briceni, both host community women and men together have little engagement in self-employment, with women (2%) being one-fourth of men (8%) involved. Meanwhile, 9% of surveyed host community women report being self-employed, with no man involved in self-employment.

The main factors for low levels of self-employment are revealed by the FGD participants across locations as a result of limited financial capacity and difficulties in finding and maintaining a client network to ensure the sustainability of the business and guarantee a regular income. Moreover, awareness of funding mechanisms and grants, company setup processes, ease of legal frameworks, and tax regulations are found to be highly limited, as per FGD participants across locations.

“Opening a business might be an option to earn money, but it is really hard. You have to find clients, and the competition is big.”

(Host Community Women, Soroca, FGD)

As one of the difficulties startups come across as a result of financial instability and lack of human resources at the beginning, many entrepreneurs suffer from extreme stress and workload, especially at the initial stages. However, this situation generally leads to physical, emotional and psychological exhaustion and ends up with a burnt-out.⁵⁰ Therefore, mechanisms like peer support could provide necessary psychosocial support to the participants of such programmes. Moreover, raising awareness of potential difficulties that might be faced with self-care measures and steps could be very beneficial for participants in easing the difficult initial phases of startups.

Financial instability is also found to be triggered by war. According to the Government of Moldova, businesses are affected by the energy crisis, the war near the border with Moldova, and the disruption of supply chains, especially SMEs, with a 4.3% decrease in investments experienced during 2023. In response, the state implemented a number of abovementioned measures to support SME activity, which resulted in a

2% increase in the number of businesses planning investments in the next 12 months compared to the previous year. Most foreign companies are investing heavily in IT, automotive, retail, and banking sectors, with a focus on equipment, technology, and space.⁵¹ However, these investments are more limited to central locations like Chisinau. Due to the war's proximity, many informants report investors slowing down their investments due to the instability in the region, which also impacted economic growth. This instability in the market, including financial and banking instability and limited foreign investments, is being seen as one of the impacts reported by the surveyed host and refugee community members in Soroca, Ocnita and Briceni. For instance, both community members in Ocnita and Soroca stand out, with 33% and 32% concerned about foreign investments, respectively. Regarding labour market opportunities, Soroca respondents (47%) feel the impact more intensely than those in Ocnita (44%) and Briceni (38%). Similarly, Ocnita reported the highest concern at 38%, and financial and banking instability was found to be one of the impacts of the war, followed by Soroca (36%) and Briceni (30%).

Impact of Moldova's European Union Accession

The historical backdrop of Moldova's EU aspirations dates back to the early 2000s when the country expressed its intent to align more closely with European structures. Moldova's journey towards EU accession began in earnest after gaining independence from the Soviet Union in 1991. Initially, Moldova struggled with political instability and economic challenges, but by the early 2000s, the country started to look towards Europe for economic and political stability.⁵² The EU-Moldova Action Plan was signed in 2005, marking a significant step towards closer ties with the European Union.⁵³

The pivotal moment came in 2014 when Moldova signed the Association Agreement with the EU, which included a Deep and Comprehensive Free Trade Area (DCFTA). This agreement aimed to integrate Moldova more closely with the EU by aligning its policies and regulations with EU standards.⁵⁴ The DCFTA opened up the European market to Moldovan goods, boosting exports and encouraging foreign investment in the country.⁵⁵

Since the signing of the Association Agreement, Moldova has undertaken various reforms to strengthen its institutions, fight corruption, and improve the business environment. These reforms have been challenging but essential for aligning with EU standards.⁵⁶ The EU has supported Moldova through financial aid and technical assistance, facilitating infrastructure improvements and governance reforms.⁵⁷

Economically, the impact of these reforms and the closer association with the EU has been significant. Moldova's GDP has grown, and there has been a noticeable increase in trade with EU countries. The agricultural sector, in particular, has benefited from access to the EU market, leading to modernisation and increased productivity.⁵⁸ Additionally, the flow of remittances from Moldovans working in EU countries has been a vital source of income for many families, contributing to domestic consumption and economic stability.⁵⁹

Similarly, during the interviews, many representatives of the governmental, non-governmental, and private sectors viewed Moldova's EU accession as positive. Reforms reinforced by the EU are recognised as highly beneficial for adjusting and improving systems and mechanisms in Moldova. Government representatives report focusing on the benefits of adjusting the legal framework and liberalising the market during the accession process, which would create better conditions for business development. The accession process is found to improve the justice system and trust and reduce corruption, which is expected to increase foreign investments in the country, as per the informant. Moreover, many interviewees report that bringing EU funds and projects through EU accession into Moldova has the potential to boost local and national economies, facilitating the development of professional human resources and new businesses.

However, according to the key informants, Moldova's EU accession can have potential negative impacts on the economy as well as positive ones. On the positive side, EU membership could provide access to more funds, enabling the implementation of targeted policies for vulnerable populations despite budget constraints. This could also promote further economic growth and development and stronger social protection mechanisms, per government representatives. However, there are significant concerns regarding the competitiveness of the Moldovan workforce. As per the government informant, EU accession can trigger further migration of people from Moldova to other EU countries to find better life conditions and opportunities, which might deplete the local labour market due to the lack of trained and skilled individuals. This concern is echoed by many representatives of governmental, non-governmental and private sector interviews during this study.

One of the other concerns is the challenges posed by the Transnistria region, where businesses still operate under Soviet standards. According to government representatives, a significant portion of Transnistria's exports already go to Europe, so aligning the region with EU standards and integrating it fully into the Moldovan economy remains a complex issue. While these concerns remain prominent, the UN representative reveals that no comprehensive assessment was conducted to understand the potential impacts of the EU accession on the economy. Such evaluations are recognised as necessary; no significant studies have been published recently to provide clear insights into the potential effects.

“This issue hasn't been covered in any research lately. Definitely, I see it as a need raised by both governmental, non-governmental and private sector actors, but no developments so far.”

(Man, UN Representative, KII)

In between these potential positive and negative sides of the EU accession and the future of the Moldovan economy, Moldova still faces challenges, including political instability and economic disparities. The road to full EU membership is complex and requires an ongoing commitment to reforms and political will.⁶⁰ However, the prospect of EU membership remains a powerful motivator for Moldova, promising further economic benefits and enhanced political stability in the long run.

Community Members' Awareness on Support Systems

The awareness of support systems is found to be significantly limited among host and refugee community members in Soroca, Briceni and

Ocnita, as per survey and FGD results. A significant portion of respondents (64%) are unaware of local business networks and government systems that support economic activities, with only 26% acknowledging their existence. Among those aware, government authorities and non-governmental organisations were noted as the primary supporters, each identified by 35% of respondents, followed by local business networks (22%) and financial institutions (17%).

In Soroca and Briceni, men have shown better knowledge and awareness of these livelihoods support mechanisms and services than women in host and refugee communities. While refugee men exhibit the highest awareness at 40% and 33% in Soroca and Ocnita, on the contrary, refugee women in both Soroca (17%) and Briceni (20%) report having the least knowledge compared to also women from the host community (25%).

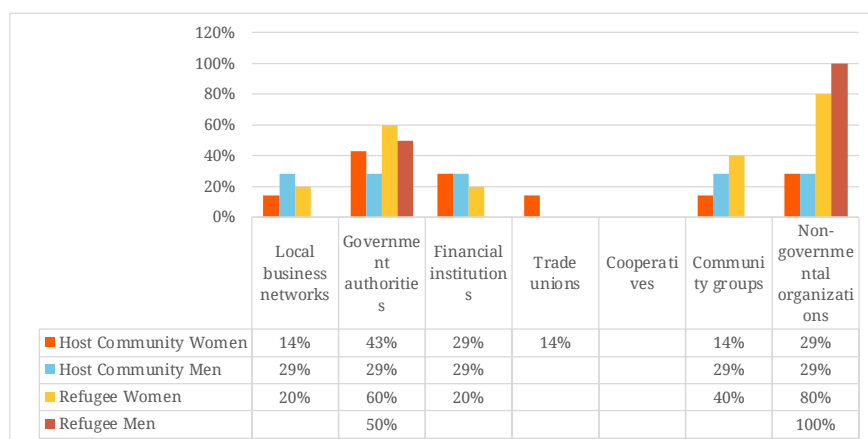


Table 7 % of survey participants showing knowledge of livelihoods support mechanisms and programmes provided by various actors in Soroca.

Among the surveyed groups, it was found that host community members generally possess higher knowledge about state services. However, refugees demonstrate greater awareness of the services provided by both governmental and non-governmental services than host community members. Greater knowledge of refugees could be attributed to refugees' reliance on state and humanitarian assistance, as indicated by the survey findings.

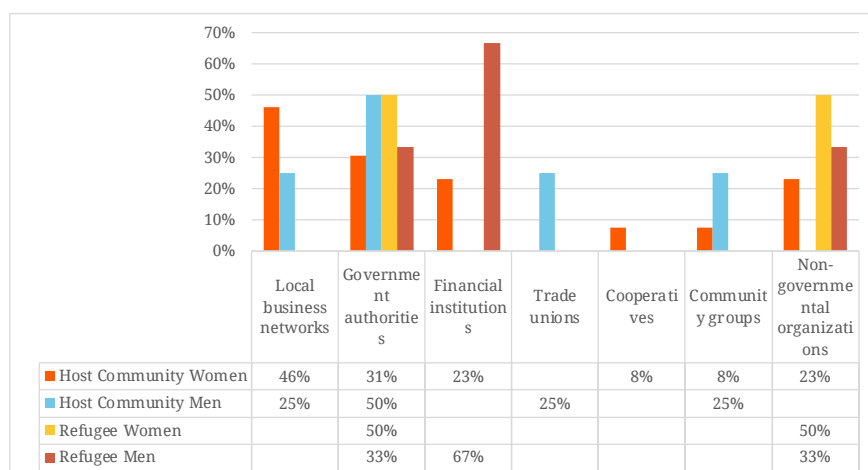


Table 8 % of survey participants showing knowledge of livelihoods support mechanisms and programmes provided by various actors in Briceni.

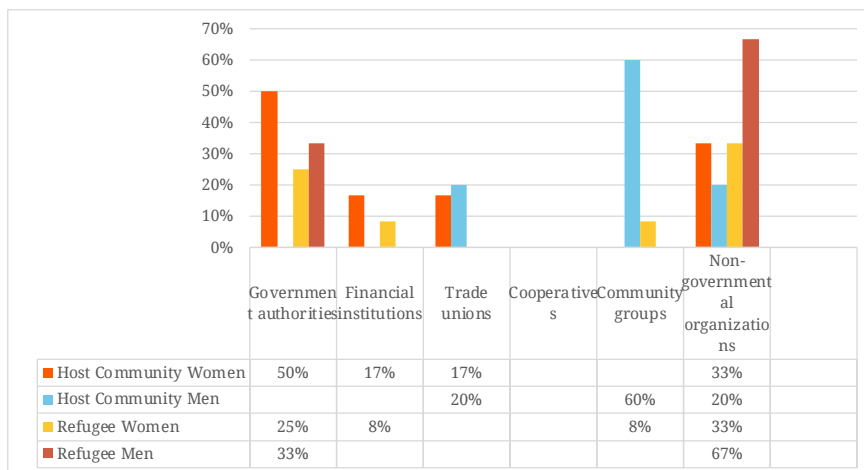


Table 9 % of survey participants showing knowledge of livelihoods support mechanisms and programmes provided by various actors in Ocnita

Financial support is one of the most commonly recognised services among survey participants from both communities, except for host community members in Ocnita, who report having no awareness of any financial support services and mechanisms. Notably, 71% of host community members in Briceni report the highest knowledge of financial support services; this was followed by 64% of host and 57% of refugee community members.

In general, refugees showed higher awareness of these services compared to host community members across locations. For instance, knowledge about training programmes was reported by 57% of refugees and only 21% of host community members in Soroca. Similarly, awareness of counselling services was noted by 29% of refugees versus 21% of host community members, and legal support was known by 29% of refugees compared to just 7% of host community members in the location. There is a general lack of awareness about child daycare centres/kindergartens and transportation services across all locations. Specifically, only 14% of participants in Soroca and 7% of refugee women in Ocnita reported being aware of these services. Additionally, no men from either community or location reported knowledge of these services. This disparity highlights the impact of traditional gender roles, where women often take on caretaker roles and rely on public transportation, while men typically use household cars. To enhance women’s meaningful participation in the labour force, it is essential to consider improving transportation infrastructure and making childcare facilities more available.

Among all locations, the knowledge of these services provided is reported by no respondents (0%) in Ocnita according to surveyed host community members. These host community women and men report zero knowledge of services other than apprenticeship/job placement programmes, which were known by all participants. This finding suggests that host community members have the least knowledge in some locations and areas, which requires a targeted approach to facilitate their access to these services and as well as income-generating activities.

4 CONCLUSION

Despite significant GDP growth in recent decades, Moldova's reliance on remittances, agriculture, and energy imports from Russia and Ukraine has fragile its economy. The war in Ukraine has exacerbated this vulnerability, mainly impacting sectors and businesses such as agriculture, including winemaking and dairy, and energy due to the disrupted routes, increased prices and challenges in logistics and transportation. Among three districts, agriculture remains the main economic activity and income resource for both host and refugee community members in Soroca, Briceni and Ocnita, with 67% of households engaging in agriculture. As agriculture is mostly seasonal, both community members face challenges in their financial capacity through a stable income source, relying on loans during the off-season, particularly in Briceni and Ocnita while Soroca's agricultural activities are found mainly implemented throughout the year. This finding highlights the importance of the support mechanisms focusing on innovative and sustainable agricultural practices, including greenhouses and advanced equipment, to ensure the implementation of agricultural activities throughout the year, particularly in Ocnita and Briceni districts.

Similarly, Soroca is assessed as with the larger local economy, offers employment opportunities in various sectors, including agriculture, retail and manufacturing, and sustainable and innovative businesses, including ITC and eco-friendly and sustainable production. However, Ocnita is identified as the one with least viable economic opportunities with a limited market capacity and prevalence of local businesses and companies, while Briceni stands between Soroca and Ocnita at mid-level capacity. Therefore, more focus on the activities in Ocnita could be considered, followed by Briceni and Soroca, respectively, as this research revealed the higher need for improvement in Ocnita.

Following agriculture, small businesses in the service sector, including cafes, local shops, gas stations, construction businesses, and small factories like knitting, also play vital roles in the local economy as existing opportunities. However, sellers' use of social media platforms such as Instagram and TikTok has started to become popular, decreasing demand in local shops. Considering the decreased population due to low wages and the migration of youth abroad for better-paid opportunities, the volume of the local market and skilled human resource capacity remain challenging. Therefore, activities that attract community members for employment opportunities at the local level for host community members, along with refugees, have significant importance. Similar to agriculture, these small businesses mainly prevalent in Soroca and Briceni compared to Ocnita, in where there are few opportunities only.

While many community members have taken the opportunity to establish their own businesses, mainly in the beauty sector, many are found failing although many refugee and host community members along with informants report a demand in the same sector as well. This discrepancy is found due to the high operational costs and lack of knowledge and awareness of legal frameworks, business set-up and

acceleration process through the newly established online system, online accounting platform and tax incentives that could be important for the financial stability of the newly emerged businesses, particularly for the first a couple of years. Furthermore, the ones having their own businesses in sectors such as agriculture, their efforts only remain at the local level, where small local business owners generally sell their products to large companies that engaged in export, particularly countries such as Poland, Ukraine and Russia, leading to monopolies and limits the growth of small local businesses. However, with the impact of war along with Moldova's EU Accession, the export routes for businesses in Moldova also evolves, bringing many opportunities to stable economies. Therefore, it is important to increase the knowledge and awareness of host and refugee community members holding small businesses and facilitate their engagement with potential EU businesses, which could decrease the local economic instability and provide opportunities beyond the local capacity.

This would not only positively impact the businesses but also provide host and community members with more job opportunities and better wages. This is also one of the factors increasing informal employment, particularly among refugees, as the informal labour sector is more prevalent among them across Soroca, Briceni, and Ocnita. This indicates a pressing challenge for governmental and non-governmental organisations in addressing employment issues for refugees in the region. Furthermore, barriers such as limited Romanian language skills, unfamiliarity with the legal landscape, difficulty in transportation to the vocational training centre, and lack of knowledge and awareness of entrepreneurship and support mechanisms should be targeted through activities such as increased outreach activities, vocational trainings, and job placement/apprenticeships. As there are discrepancies between men and women, forcing women to take more traditional roles or be considered for certain sectors, such as businesses targeting young women for financial services, it is important for organisations to offer such services by incorporating gender lenses. Not only women but also marginalised groups such as Roma to decrease the discrimination and bias towards them.

While these outreach and vocational training activities could focus more on improving technical skills for women, improving soft skills, including social and creative skills, could be offered to men, as these areas are mainly lacking for men. This would increase human resources with a comprehensive skillset combining technical and soft skills, which is crucial for employment in both existing and emerging sectors. Emerging sectors such as ICT and finance services could be utilised to diversify the local economies in Soroca, Briceni and Ocnita; close coordination with existing businesses, such as a canning factory and dairy warehouse in Soroca, could open new opportunities for host and refugee community members, including Roma. Although many organisations found providing similar support to both community members, including but not limited to vocational training, counselling, job placements, and financial support to both host communities and refugees in Moldova, the need for a more targeted response is highlighted. Furthermore, the support mechanisms the GoM provides, including their outreach activities in rural areas, vocational training services, and funding support, remain crucial. However, the limited financial capacity of GoM prevents local markets and community members from achieving their potential, which could be supported by the strong collaboration between GoM, financial

institutions, other financial entities, and international non-governmental organisations to increase foreign investments in the region.

5 RECOMMENDATIONS

5.1 Agriculture Sector

Opportunities:

Export Routes: Supporting local farmers to reduce their logistics and transportation routes by offering new potential routes, particularly to EU, to facilitate their business expansion and diversification of portfolio.

Financial Stability: Facilitating the financial stability of host and local community members through cash assistance programs to reduce the dependence on loans during the off seasons.

Innovative and Sustainable Agriculture: Encouraging farmers to expand activities through innovative and sustainable agriculture practices, particularly in Ocnita and Briceni, and increase employment opportunities for host and local community members throughout the year.

Stakeholders:

• Government Authorities:

- Implement subsidies and support programmes for farmers and agribusinesses, particularly in Ocnita and Briceni. These can include subsidies for seeds, fertilisers, and technical equipment to lower production costs and agricultural innovation, including greenhouses and sustainable processing mechanisms and systems to ensure the continuity of these activities throughout the year.
- Increase local farmers' access to foreign markets across locations by offering new customers through business fairs, networking groups and meetings. This should be particularly focused on Ocnita among districts, targeting refugees and Roma community members.
- Develop and negotiate alternative low-cost trade routes to reduce dependence on conflict-affected areas and ensure the continuity of agricultural exports and imports.
- Implement policies that promote equal access to agricultural resources, training, and credit for women farmers, particularly in Ocnita. Encourage the formation of women's cooperatives to enhance their economic power and market access.

• Financial Institutions, Cooperatives and Other Financial Entities

- Develop loan programmes with flexible repayment schedules to accommodate the seasonal nature of agricultural work in

mainly Ocnita and Briceni. These programmes should offer low interest rates and grace periods during off-seasons. Moreover, microfinance programmes targeting seasonal workers should be developed to help them start small businesses or invest in income-generating activities during off-seasons.

- Introduce crop insurance schemes to protect farmers against losses due to weather events, pests, or market fluctuations. This can help stabilise incomes and encourage investment in agriculture.
- **NRC and Other International/National Non-governmental Organisations**
 - Work with local and national governments to advocate for policies that support smallholder farmers and address market monopolies and unfair pricing strategies in Sorooca, Ocnita and Briceni.
 - Establish community-based support networks to provide resources and cash assistance to families during off-seasons, specifically in Ocnita and Briceni.
 - Promote and support the formation of agricultural cooperatives to pool resources, share knowledge, and improve bargaining power for small farmers across locations.

5.2 Services Sector

Opportunities:

SMEs: Promoting small-scale service businesses, cafes and shops run by host and refugee community members, with a particular focus on refugees, persons with disabilities and Roma community members.

Growth and Scale-up: Providing microfinance programmes and incentives for SMEs to create formal job opportunities for community members in Ocnita and Briceni.

Stakeholders:

- **Government Authorities:**
 - Search for further international funding to increase the number of new businesses in service sector benefiting from microcredit and loan programs to stabilise their financials and expand their operations.
- **Financial Institutions, Cooperatives and Other Financial Entities:**
 - Facilitate connections between entrepreneurs, local and international business networks.
 - Offer tailored financial products such as loans with favorable terms and partial portfolio guarantees, backed by entities like the European Investment Bank (EIB).
- **NRC and Other International/National Non-governmental Organisations**
 - Provide microfinance and business training programs to support the establishment of small businesses in services sector. These training programs should include particularly social and communication skills, as it was found limited across women and men refugee community members.

5.3 Manufacturing Sector

Opportunities:

Food Processing: Encouraging entrepreneurs with business ideas in food processing and local companies already operating in the industry.

Growth of Existing Capacities: Support existing companies offer employment opportunities to expand their capacities, including quarry and dairy production companies in Soroca, to support their growth in both local and international levels.

Stakeholders:

• Government Authorities:

- Increase investing in job creation programmes in existing food processing businesses such as canning factory, dairy warehouse and quarry company in Soroca that provide stable employment opportunities.
- Increase subsidies and support programmes for new food processing businesses, particularly in Ocnita and Briceni, including free or low cost locations for the facilities and technical equipment to lower production costs.

• Financial Institutions, Cooperatives and Other Financial Entities:

- Seek for foreign investors interested in food processing business in the region and facilitate their collaboration with local entrepreneurs.

• NRC and Other International/National Non-governmental Organisations

- Provide vocational trainings to increase trained and skilled human resources for existing businesses such as dairy warehouse, canning factory, quarry, and other manufacturing businesses and emerging sectors, particularly food processing.
- Provide guidance on the use of the technology through digital literacy training offered to both host and refugee community members across age groups to facilitate the improvement of their businesses and integrate them to modern technological advancements.

5.4 Information and Communications Technology (ICT) Sector

Opportunities:

Digital Services: Training host and refugee community members, particularly youth, in digital skills for jobs in data entry, customer support, and IT services.

Outreach: Increasing the knowledge of refugee and host community members on available support mechanisms and incentives specific to ICT businesses, including investments, grants and tax incentives.

Stakeholders:

• Government Authorities:

- Seek additional international funding;

- To be utilised for increasing awareness of existing government support mechanisms, particularly in Ocnita, followed by Briceni. This could fast-track the establishment of information centres in these districts and use mobile units to reach particularly refugee community members with a focus on refugee women.
- Create online platforms and mobile applications to ease community members' access to information and application processes for government programmes remotely.
- Promote ICT related education, particularly software engineering, coding and design through public campaigns. Develop and fund educational programmes focused on technical digital skills, especially targeting youth in both Soroca, Briceni and Ocnita across genders. Partner with tech companies and educational institutions to create training programmes in IT and digital technologies, making these skills accessible to a broader population.
- **Financial Institutions, Cooperatives and Other Financial Entities:**
 - Increase funding opportunities for startups and small businesses through venture capital, seed funding, angel investor networks and mentorship programmes, reducing the barriers to entry for new entrepreneurs. Particularly target the refugees and marginalised groups in Ocnita, followed by Briceni and Soroca, respectively.
 - Run awareness campaigns to inform both host and refugee communities about government support programmes and how to access them. Organise workshops and training sessions in collaboration with government agencies to increase awareness of the available support mechanisms and how to utilise them effectively, especially in Ocnita and Briceni, as they lack knowledge and awareness much higher than in Soroca.
 - Increase the number of Startup Bootcamp & Accelerator trainings to increase knowledge on startup mindset, business plan, pitching, marketing, financial management, laws and regulations, including support mechanisms and tax incentives to strengthen a wide range of skills of entrepreneurs in both host and refugee communities and create a sustainable market growth. Hands-on support could be provided through counselling services, while outreach modules could aim to increase knowledge step by step.
- **NRC and Other International/National Non-governmental Organisations**
 - Provide vocational trainings to host and refugee community members, particularly youth, in digital skills for jobs in data entry, customer support, and IT services.
 - Provide business counselling services to the host and refugee community members to increase their awareness and knowledge on government backed support systems and mechanisms, their rights and responsibilities as business owners.
 - Support GoM, financial institutions and entities in provision of Startup Bootcamp & Accelerator training collaboratively across three districts.

5.5 Cross-Cutting Recommendations

Opportunities:

Business Coaching: Providing business coaching services to ensure the stabilisation and healthy growth of newly established businesses with sustainable results.

Local Consumption: Encouraging consumption of host and refugee community members through local businesses to increase market volume and capacity.

EU Accession: Promoting an informed decision-making process in terms of Moldova's accession of EU and its potential consequences in Moldova's economy through conducting a comprehensive research and designing national framework and action strategy.

Inclusive Market: Promoting equal opportunities and access to the local markets for disadvantaged and marginalised communities, particularly Roma.

Transparency and Monitoring: Ensuring transparency and preventing abuse of multiple funding programs.

Stakeholders:

• Government Authorities:

- Launch business coaching mechanisms and peer support groups that could provide a platform for business owners to exchange their knowledge and experiences with each other and get necessary guidance when needed.
- Run campaigns to encourage local consumption to increase both demand, market volume and employment opportunities.
- Identify new logistics and transportation routes, particularly to EU countries, to decrease the operational costs for business owners.
- Consider conducting comprehensive research on Moldova's EU accession and its potential impact on the labour market to ensure designing a detailed strategy and action plan which mitigates the risks, such as further migration of younger generations to the EU and brain drain of Moldova, and clearly shows necessary action points to be taken to ensure a smooth accession without significant complications in the economy.
- Conduct awareness campaigns to combat stereotypes and advocate for Roma's inclusion in all aspects of society.
- In fighting discrimination, gaps and discrepancies, reinforce anti-discrimination laws considered under the RESTART programme more rigorously and implement policies that promote equal employment opportunities for marginalised groups, including the Roma community.
- Consider implementing a special quota for the recruitment of the most vulnerable including Roma community members, refugees and persons with disabilities by the private and public businesses.
- Establish a national database to track financial support to SMEs,
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• Financial Institutions, Cooperatives and Other Financial Entities:

- Offer microloans to disadvantaged and marginalised communities, including refugees, Roma community members and

persons with disabilities, to support ICT entrepreneurship and small business development and help them transition to more stable income sources, targeting Ocnita the most for refugees and persons with disabilities while Roma community should also be included in Briceni.

- **NRC and Other International/National Non-governmental Organisations**

- Offer vocational training programmes to enhance Roma individuals' skills and employability, particularly in Briceni. Work with local advocacy groups to raise awareness about discrimination and push for policy changes that promote equal employment opportunities across districts.
- Provide legal assistance to individuals facing discrimination in the workplace, helping them understand their rights and seek justice. Advocate for the rights of informal workers and support efforts to improve their working conditions and access to benefits.
- Offer vocational training programmes to enhance the skills of the host and refugee community members, including persons with disabilities and Roma community members through a targeted approach. Ensure that these vocational training programmes are designed to deliver practical knowledge to the participants as well.
 - In Ocnita and Briceni, focus on business management and sales, teamwork and leadership, and technical skills depending on the type of work, including computer and mechanic skills, creative skills, such as art and music, and communication skills, including writing and speaking for both women and men host community members and refugee men. However, the extent of the programmes should be much more comprehensive, starting with basic introductions for refugee women, particularly in technical and creative skills, as zero knowledge is reported in Briceni.
 - Target refugee and host community women in Soroca for their technical, creative, and business skills, which are found to be significantly low. Similarly, host community men are found in need of development in their communication skills, along with creative and business skills. However, refugee men in Soroca should be targeted with basic introductions, as no skills are reported.

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