



# The impact of cost-of-living changes on Moldovan and refugee populations

February 2023 | Republic of Moldova



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01

# Context & rationale

# Context & rationale

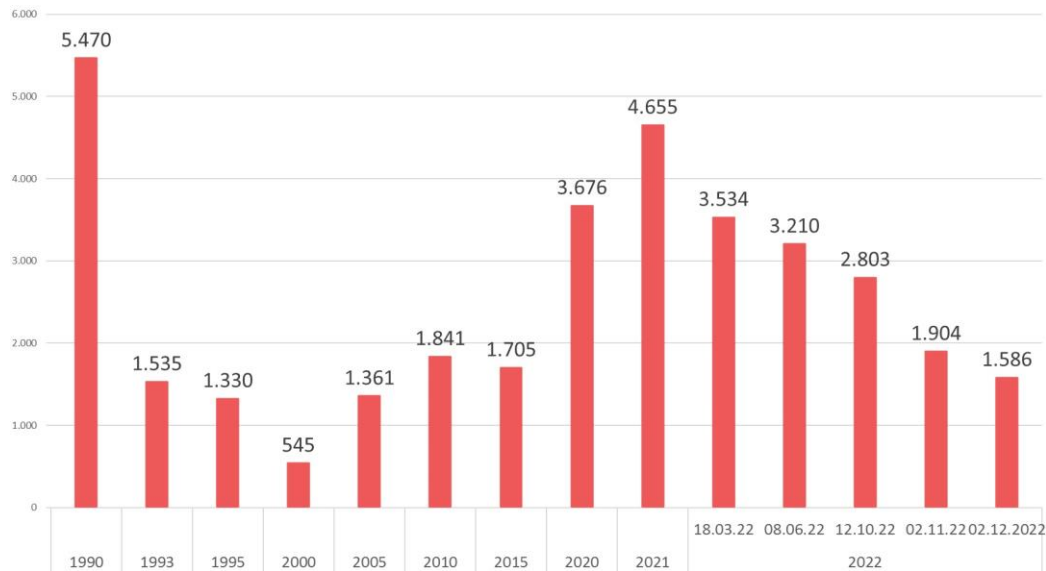


Figure 1. Electricity volume in kWh purchased on an average monthly net salary<sup>5</sup>

The COVID-19 pandemic and the energy crisis which began in 2021<sup>1</sup> starkly exposed the economic vulnerabilities of **Moldova**<sup>2</sup>, which had been classified by the World Bank as the 4th poorest country in Europe in 2021 by GDP per capita (5,230.7 USD)<sup>3</sup>.

As Moldova relied heavily on imports from Ukraine and Russia for its food and energy needs<sup>2</sup>, the escalation of hostilities since 24 February 2022 disrupted imports, which in turn led to increased prices and higher economic vulnerability of the country's population.

Gas prices became increasingly volatile, almost doubling from December 2021 to December 2022<sup>4</sup>. The soaring cost of gas triggered an increase in energy prices and led to a dramatic decrease in the population's accessibility to electricity (see Figure 1)<sup>5</sup>. Consequently, the country's inflation rate reached an ultimate high of 34.6% in October 2022, four times higher than in October 2021 (8.8%)<sup>6</sup>.

# Context & rationale



The escalation of hostilities in Ukraine since 24 February 2022 engendered a high influx of refugees to Moldova and had a spillover effect on the country.

As of 31 January 2023, close to 8 million Ukrainian residents were displaced, with 755,368 crossing the border into Moldova and 108,824 staying in the country<sup>7</sup>. In addition to the distress felt while forced to leave their homes behind, the thousands of refugees residing in Moldova have likely been facing economic hardships.

## General objective of the assessment

The purpose of this assessment is to provide detailed information on the impact of cost-of-living changes on the livelihood strategies and coping mechanisms of both Moldovan and refugee populations, to better support the humanitarian aid sector's assistance planning for 2023.

# Research questions

## RQ1.

How have the current compounded crises influenced changes in Moldovans' and refugees' abilities to sustain their livelihoods and their consumption patterns?

## RQ2.

What strategies are Moldovans and refugees planning to adopt in preparation for winter?

## RQ3.

How have the current compounded crises influenced changes in Moldovans' and refugees' residence plans for the upcoming months?

## RQ4.

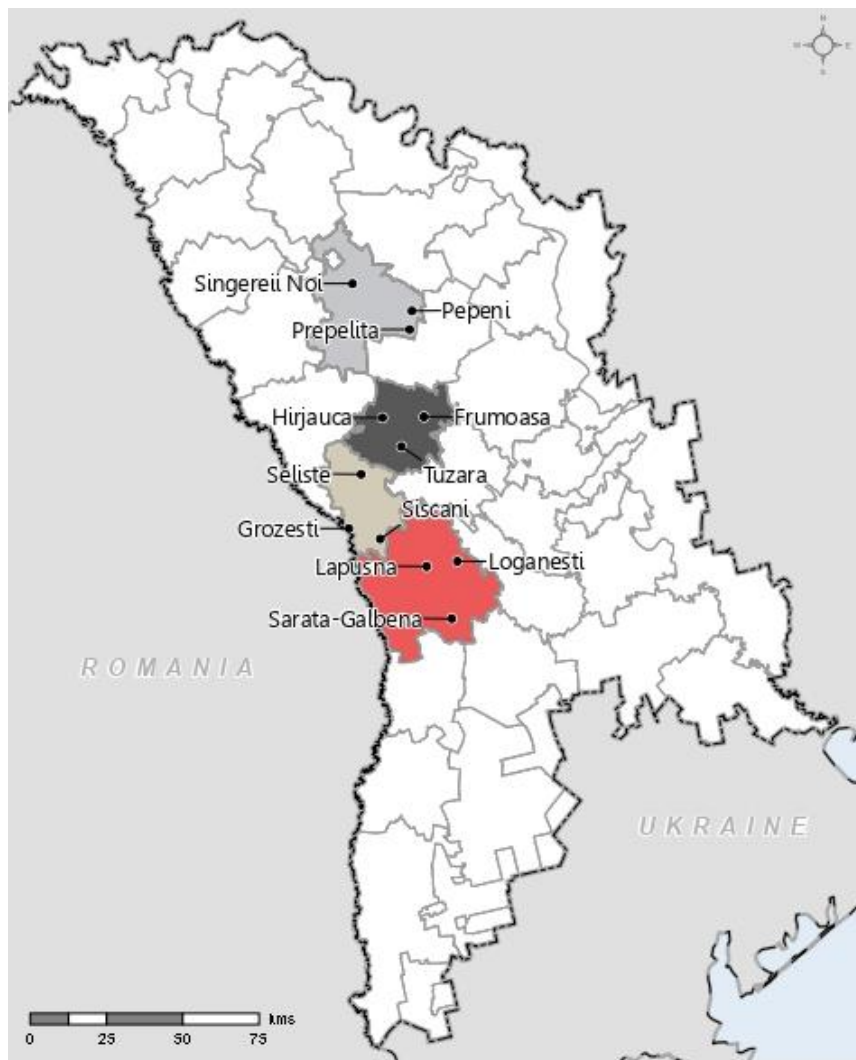
How have the current compounded crises influenced changes in Moldovans' perception of and behaviour towards refugee populations?



A faint world map is centered in the background, rendered in a light gray tone. Overlaid on the map is a complex, low-poly wireframe pattern consisting of numerous interconnected triangles, creating a mesh-like effect across the entire image. The number '02' is positioned in the upper-middle section of the image, above the main title.

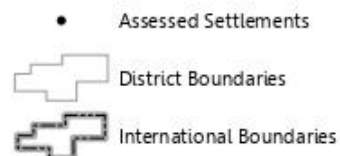
**02**

# **Methodology**



# Methodology

- The assessment used a **qualitative approach based on semi-structured Key Informant Interviews (KIIs)**. The AoK (Area of Knowledge) methodology was employed, where Moldovan and refugee KIs were asked questions about their experiences and perspectives as well as those of members of their respective communities in their village/commune of residence.
- **Four districts** were identified based on their **high levels of socioeconomic vulnerability** prior to 2022. In each district, **three rural areas that received the highest number of refugees** were assessed (see map).
- A total of **24 KIIs** were conducted from **16 November to 5 December 2022**, 12 from each population group (three per population group per district).



District	Host community population *	Refugee population **
Călărași	71 072	211
Hîncești	112 544	214
Nisporeni	58 313	131
Singerei	83 076	264

Data Sources: Boundaries - UN HCR, \* Alegrii în Moldova (<https://alegrii.md>), \*\* REACH, Area Monitoring



A light gray world map is centered in the background, overlaid with a complex, low-poly geometric pattern of thin lines. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia. The text '03' is positioned above the word 'Findings' in the center of the image.

**03**

# **Findings**

## **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

Both host community and refugee KIs reported feeling that **the economic and energy crises had a considerable impact on the livelihoods** of their communities, such as:

- rising utility costs, particularly in winter, with no proportional increase in income;
- reduced quality of life; stress caused by the inability to cover expenses, particularly for older or vulnerable people;
- increased reliance on external financial support:
  - Moldovans – on government support;
  - Refugees – on international organisations' support, for some this being their only source of income.

## **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

### **Unemployment rates and income-generating activities**

Most KIs from both population groups reported **limited to no job availability**:

- positions were already filled, were seasonal or event-based;
- available jobs were low-paying;
- no jobs were reportedly available to older people.

Over half of the **host community KIs** noticed changes related to **livelihood activities** among Moldovans in their localities:

- going to work outside the locality of residence or more people searching for work abroad;
- foraging for or growing food;
- engaging in casual work or in a second job;
- registering for unemployment benefits.

## **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

### **Unemployment rates and income-generating activities**

Refugee KIs corroborated these findings. Some KIs emphasised the seasonality of employment opportunities: jobs in sectors such as agriculture and construction are reportedly more available in the warmer months but are no longer accessible during winter.

At the time of data collection, three-quarters of the refugee KIs stated that they were unemployed, due to:

- lack of employment opportunities;
- having no one to care for their children while they are working;
- a disability hampering their ability to find a job or work;
- the language barrier.

## **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

### **Impact on migration patterns for the Moldovan community**

In 2022, the approximate population size of Moldova was 2.6 million people<sup>8</sup>, a drop of about 1.5 million compared to 1991 numbers. This was mostly due to:

- a low birth rate, and
- increased migration of Moldovan citizens abroad, either temporarily for education or employment opportunities, or to permanently settle in the country of destination<sup>9</sup>.

The majority of host community KIs said they felt that the level of migration for employment to urban areas, but particularly abroad, increased, especially amongst young people, because:

- there is little work available back home, in Moldova, and
- the cost of living is too high.

## **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

### **Changes in consumption patterns**

The majority of KIs from both population groups mentioned changes in consumption patterns, mainly through reduction, most commonly in food products. Refugee KIs reported that:

- the cost of certain basic food items had more than doubled since their arrival in Moldova, and that
- dairy and meat products were goods refugees were most likely to forego.

Regarding non-food items, the majority of KIs reported a continuous need for firewood in their communities, as it is the primary heating source in the assessed localities. However, heating materials were identified by some KIs as **unaffordable**.

Reportedly, the host population was unable to buy quality food and making ends meet in the upcoming cold season was of great concern to them.



## Changes in local markets

### **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

The majority of KIs from both population groups said that local businesses were operating normally and were accessible where available. However:

- demand for goods had decreased and local producers were unable to exhaust their stocks;
- a third of the host KIs reported that some small businesses were operating at a loss;
- some business owners reportedly used their own produce for their households or repurposed their supplies, such as by clearing their vineyards for firewood for personal use.

## Adopted strategies to cope with cost-of-living changes

### **The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods**

The commonly mentioned coping strategies among both population groups included:

- being more economical in their purchasing choices;
- drastically reducing consumption – foregoing more expensive food products, such as meats or dairy, or using electricity sparingly;
- prioritising the bare essentials.

## The impact of the compounded economic and energy crises on Moldovans' and refugees' ability to sustain their livelihoods

### Gendered differences

Gendered differences in livelihood strategies were **predominantly** reported by host community KIs:

- men went abroad for work, while women had to stay home to care for children, increasing their financial dependency on the men in the household.

Needing childcare was also reported by refugee KIs as a barrier for women to accessing the job market.

KIs from both population groups reported that:

- **men** are more likely to work in construction, agriculture, or manufacturing, sectors where jobs often require physical strength, or **blue-collar jobs**;
- **women** were reported to mostly be employed in retail, in the education sector, in the beauty industry, or **white-collar jobs**.

## Perspectives on the 2022-2023 winter season in light of the compounded crises

60% of the heating used by Moldovan families comes from gas<sup>10</sup>, most of which continues to be procured from the Russian energy corporation *Gazprom* and transported through Ukraine<sup>4</sup>.

The biggest concern reported by KIs from both population groups in regards to the 2022-2023 winter season was the affordability of heating.

The increase in costs, as well as concerns about utility interruptions, have reportedly translated into stockpiling of firewood or into some Moldovan families cutting down natural vegetation to compensate for lack of heating materials. Respondents reported that their communities intended to **be more economical**, such as not using electricity unless absolutely necessary or foregoing certain food items.

## Perspectives on the 2022-2023 winter season in light of the compounded crises

### Adopted and anticipated coping mechanisms for the winter season

The majority of KIs stated that their communities would attempt to be even more economical and further reduce consumption. Several refugee KIs specifically mentioned reduced use of electricity or heating materials in order to be able to continue meeting their basic needs in the winter season.

As coping mechanisms adopted by their community, host KIs mentioned:

- lessening food consumption or stockpiling food such as canned or preserved goods;
- using candles for lighting, or otherwise avoiding the use of electricity; stocking up on wood to avoid shortages during winter; chopping down trees or grapevines from their own land to use for heating;
- engaging in casual labour when possible, finding work outside their locality, temporarily working abroad, relying on remittances from family working abroad, or borrowing money to cover utility expenses;
- slaughtering livestock to avoid high farm operating costs.

## Perspectives on the 2022-2023 winter season in light of the compounded crises

### Government support and requested aid

The majority of KIs from both population groups reported that members of their communities were aware of the national aid programmes put in place by the government in partnership with national agencies or international organisations.

Most of host KIs reported that financial assistance included:

- 700 MDL (37 USD) per month for vulnerable families<sup>11</sup> or families hosting one or more refugees;
- subsidised prices for firewood;
- compensation for electricity bills.

As reported by host KIs, there were increased requests for help, particularly for firewood. Vulnerable families and families hosting refugees were in most need of support.





## Perspectives on the 2022-2023 winter season in light of the compounded crises

### Government support and requested aid

Host KIs reported that members of the community were extremely concerned about their ability to meet their heating needs and that this distress may have adverse effects on their wellbeing.

Three-quarters of refugee KIs reported their community being aware of the local and national strategies for support with heating materials for the winter season, while only one-quarter reported knowledge of financial assistance. In light of this, around half of refugee KIs mentioned their community requested assistance for the winter season, primarily for firewood.




## **Relationships between refugees and the host community**

Host community KIs reported that overall, Moldovans had a positive perception of refugees and that they were considered members of the community.

At the time of data collection, the host community reportedly continued to be willing to offer food, accommodation, and social support.

However, one host KI underlined that refugees did not need additional support, as they had already been receiving aid from international NGOs or other institutions, so the host community was not getting actively involved anymore.



## **Relationships between refugees and the host community**

Some refugee KIs felt that their community was blamed for the crises or that the host community was dissatisfied with aid being provided only to refugees. This negative feeling was reportedly fuelled by Moldovans thinking that humanitarian aid is putting a strain on the national economy and increasing national debts.

However, at the time of data collection, the majority of refugee KIs reported feeling their community experienced an overall improvement in their relationships with the host community, having adapted to living in a foreign country and feeling a sense of belonging.

A light gray world map is centered in the background, overlaid with a network of thin gray lines forming a geometric, low-poly pattern. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia.

**04**

# Conclusion

# Conclusion

Assessment findings suggest that:

- both Moldovan and refugee populations were affected by the compounded crises;
- increased prices for food and utility bills left their communities unable to cover expenses for basic needs and drastically lowered their quality of life;
- the perceived lack of job opportunities in their communities increased both populations' reliance on external support;
- the scarcity of employment opportunities further enhanced the culture of labour migration that has been prevalent in Moldova since 2000<sup>12</sup>.

*The continuation of the labour migration trend could widen labour market gaps and engender a dwindling of the labour force, which, in turn, could further deteriorate the economy of the country.*

# Conclusion

In light of these crises, the government, in collaboration with several INGOs, made a substantial effort in offering financial support<sup>13</sup>, with additional assistance targeted at vulnerable groups<sup>11</sup>.

Still, both host and refugee KIs mentioned growing concerns about being able to afford heating during the 2022-2023 winter season.

*As the crises protract, the exhaustion of these resources could exacerbate the vulnerability of the populations and jeopardise their ability to meet their basic needs.*



# Conclusion

As regards the interaction between the host community and the refugee population, the majority of KIs from both groups reported good and understanding relationships since the beginning of the arrival of refugees in the country.

However, some host KIs stated that although at the start of the refugee crisis Moldovans were more eager and willing to help, efforts reduced over time, as refugees began receiving more aid from the NGO sector.

*Should external support continue to be primarily targeted at the refugee population, the poor financial situation of vulnerable Moldovans could be further aggravated and could amplify existing tensions between both communities.*



## Areas for further investigation

Most KIs from both population groups reported a very limited availability of jobs in their communities, but data from the National Bureau of Statistics shows a decreased national unemployment rate, from 4.3% in the first quarter of 2021 to 2.5% in the third quarter of 2022<sup>14</sup>. Moreover, employers report an employee crisis, complaining of a severe shortage of skilled workers in the country<sup>15</sup>.

**Further research on the labour market is needed** to understand the skill deficiencies of the labour force, labour gaps and how these could potentially be filled by refugees.

Additionally, it is important to investigate the discrepancies between supply and demand in the labour market. Of particular interest would be the mismatch between locally available skillsets and locally available jobs, as well as the labour migration patterns of Moldovans and refugees.



## Areas for further investigation

As Moldova relied on exports from Ukraine and Russia<sup>2</sup>, and multiple host and refugee KIs reported reduction of food consumption as a coping mechanism for high product costs, the population could be at risk of food shortages or poor nutrition.

Therefore, **an assessment of the food security in the country and of the food supply chain** functionality, availability, and of food prices **would be useful** to inform evidence-based cash and food distribution programmes implemented by humanitarian actors.

# Thank you for your attention



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# Endnotes

1. [DW. De ce se tot scumpește gazul? \(2021\)](#)
2. [The World Bank. The World Bank in Moldova. Country Overview \(2022\)](#)
3. [The World Bank. GDP per capita \(current US\\$\) - Europe & Central Asia \(2021\)](#)
4. [Moldstreet. Prețul gazelor livrate de Gazprom scade cu 205 de dolari \(2022\)](#)
5. [Veaceslav Ioniță. În mai puțin de nouă luni asistăm la a 5-a scumpire a energiei electrice, care cumulativ s-a scumpit de 3,6 ori \(2022\)](#)
6. [Veaceslav Ioniță. Prețurile în Moldova continuă să crească, însă într-un ritm mult mai lent, iar inflația în 2023 va tinde spre 10% \(2023\)](#)
7. [UNHCR Operational Data Portal. Ukraine Refugee Situation \(2023\)](#)
8. [National Bureau of Statistics. Population \(2022\)](#)
9. [Veaceslav Ioniță. #037 Analize Economice: Populația Moldovei. Ponderea moldovenilor în lume s-a redus de 2 ori din cauza natalității scăzute și de 3 ori din cauza migrației, analiză \(2022\)](#)
10. [Ziarul de Gardă. Cele mai multe familii din Republica Moldova se încălzesc iarna cu lemne sau cărbune – expert \(2022\)](#)
11. [Ziarul de Gardă. Circa 40 de mii de familii din R. Moldova vor beneficia, timp de șase luni, de un suport lunar suplimentar în valoare de 700 de lei \(2022\)](#)
12. [Radio Europa Liberă Moldova. Veaceslav Ioniță: „Moldova se depopulează și devine o explozie socială” \(2021\)](#)
13. [“Ajutor la contor” compensation programme \(2022\)](#)
14. [National Bureau of Statistics. Unemployment rate by Sex, Area, Years and Quarters \(2022\)](#)
15. [TVR Moldova. Lipsa locurilor de muncă nu mai este o problemă. Piața muncii din Republica Moldova se confruntă cu o criză \(2022\)](#)