

## FACTORS DETERMINING THE INEQUITY OF REGIONAL DEVELOPMENT IN THE REPUBLIC OF MOLDOVA

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***Abstract:** Structural reforms, modifications in economic and social infrastructure following the promotion of market mechanisms, demographic factors (population' decline, structural modification and ageing, migration) have affected the development of the regions in different modes. Some regions have managed to rebuild successfully and their economic growth is noticeable, others are still in a state of economic stagnation. All this has contributed to regional inequality, the attenuation of which requires the solution of socio-economic problems and channelling additional financial sources. Taking into account that employment is an important factor in ensuring stable socio-economic development, the analysis of the possibilities of the population to be employed and the risk of unemployment, income levels, identifying the factors that contribute to labour migration was carried out. Based on the results of the research, several proposals have been elaborated to perfect socio-economic and employment policies, including ensuring equal development of regions, increasing the employment level of working age population, including also of migrants returning to the country, improving the system of labour remuneration, which will contribute to attenuation regional differentiation and convergence in the future.*

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### 1. Introduction

The labour market, being an important and integral part of the national economy, has an impact on economic and social development both at the regional level and at the level of the country as a whole, affecting the rate of economic growth due to professionally qualified labour force, which is one of the factors of production with capital. The competitiveness of the labour market depends on the situation in these regional markets and their stability. At the same time, a characteristic feature of regional labour markets is their interregional inequality (differentiation), which is determined by analysing the levels of participation in economic activity, employment and unemployment of working age population, which are not only economic indicators but also social indicators, necessary for the development and implementation of an effective regional employment policy. Regional differences in employment depend on the state and development of the economy's infrastructure, demographic, socio-cultural and other factors, as well as indicating irrational use or lack of labour resources. Imbalances in regional labour markets, low wages, lack of decent jobs and the impact of endogenous and exogenous shocks are provoking migration processes, i.e. there is a regionalisation of migration processes. In the modern world, increasing labour migration processes are becoming a living manifestation of economic globalisation. In general, the world is a global migration system consisting of regional migration systems.

### 2. Purpose of the research and methods applied

The main purpose is to analyse the mobility processes of labour force, the determining factors which contribute to labour migration at the most active and productive part of the economically active population, and elaboration the proposals to attenuate their

impact on equitable regional development. The achievement of the purpose has been ensured through realization the following objectives:

Comparative analysis of economic and social factors and their impact on the mobility of the economically active population in regional and national aspects.

Research of interrelationships between the socio-economic status, the acceleration of labour migration flows, the imbalance of local labour markets as some of the important causes of the process of regional polarisation and regional continuing inequality.

Elaboration of recommendations and measures for equitable socio-economic development of regions and formation of competitive labour market in the Republic of Moldova.

The complex and systemic approach was used, as well as scientific methods, including comparative, quantitative and qualitative analysis, graphics, etc. to achieve the objectives set in given research. In the analysis was carried out on the basis of official statistical data of the National Bureau of Statistics of the Republic of Moldova (NBS of the RM), the National Employment Agency (NEA), and some indicators necessary for the research were calculated by the authors. In estimating the indicators, the number of the population with usual residence was used, defined as the place where the person lived predominantly in the last 12 months indifferent of temporary absences (for the purpose of recreation, vacation, visits to relatives and friends, business, medical treatment, religious pilgrimages, etc.).

### **3. Hypotheses on the relationship between migration and interregional socio-economic development**

Labour migration processes affect the situation in regional labour markets, including labour supply, real wage change (Kim, 2007; Lücke and Saha, 2019, pp. 23-26). Consolidation the international processes of labour force, change of its qualitative characteristics (Hnatkivskyy, 2015; Chepel and Bondarenko, 2015; Krivenko, 2010) is a consequence of globalization of the world economy. Thus, research Krivenko P.A. (2010) with the introduction of migration into the Lucas model made it possible to conclude that the convergence between countries in terms of GDP per capita takes place at the expense of the spread of technology (exchange of ideas) and that migration makes the greatest contribution in growing developing countries and the lowest in poor developing countries. On the other hand, testing of the hypothesis on the impact the international migration of population's labour force on interregional convergence processes found both confirmation and deviation due to its insignificance (Vakulenko, 2013).

As a global phenomenon and as a consequence of the economic, social and political transformations taking place in contemporary society, the Republic of Moldova is not an exclusion in labour migration mobility. The process of globalization, the variety of trade and industrial relations of the republic with other countries, the development of communications and international transport had a significant impact on international migration of labour force, became the reason for the increase of domestic migration flows of labour force, being a means of salvation from poverty, unemployment, socio-economic and political tensions in the whole country and its regions. The specificity of migration processes in the Republic of Moldova is explained both to changes in socio-economic and political processes, the disintegration of the USSR, the democratization of society, the development of market relations, the emergence of an opportunity to obtain citizenship of EU countries or other developed countries, the abolition of the visa regime for citizens of the Republic of Moldova, etc. According to some estimates about a quarter of the population is abroad temporarily, for a long period with the aim of returning to the country or remaining in the host country on a permanent basis (Vremiş and Vladicescu, 2020).

According to the NBS data on the assessment of the impact of migration on the country's population (NBS, 2019a) about 160 thousand persons left the country vis-à-vis 110 thousand persons who returned home or 50 thousand persons represent the negative balance following migration flows (available data are only for 2017).

All above-mentioned processes are principally the objective result and continue to influence the demographic situation, economic development, family relations, education, culture and other spheres of public life in the country as a whole and in its regions. From this point of view, migration processes are usually perceived negatively, as a phenomenon that must be combated in order to eradicate it.

However, as the analysis shows, in the Republic of Moldova, almost all reforms are progressing slowly and with difficulty, as well as a higher standard of living, income and welfare, existing infrastructure, governance, justice and so on in the EU countries are currently attractive to migration of labour force and with the right realistic and practical approach to managing these processes can be beneficially at both local and national level. This approach is made possible by the migrants' desire to return home, the positive experience they have accumulated abroad, as well as the investment of their accumulated savings in business, improved property and health, the education of family members and the desire to contribute to development and prosperity in their native places.

The state is obliged to ensure the stable and equilibrated development of the country's regions and a decent standard of living for the population. The necessity to solve given problem is especially relevant at the present when evaluation the uniformity of development of regions, determining the factors of inequality, the specific characteristics of their development in order to reduce differentiation between respective localities. The relationship between migration and interregional socio-economic change is becoming increasingly complex, as well as and migration processes are one of the principal factors of social transformation and development both in the country and in regions, its localities.

In the context of the above-mentioned for the analysis of the situation in the Republic of Moldova will be used statistical data available NBS, including on some characteristics of labor migration processes, regional GDP, income/wage, activity and employment level, unemployment.

#### **4. Analysis of the socio-economic development of the regions**

In 2020 Gross Domestic Product (GDP) was down 7.0% compared to the previous year on a gross basis, with the negative contribution of 6.0% from Gross Value Added (GVA), which was down 6.9% compared to 2019. Practically all activities (excluding construction and financial activities and insurance) contributed to the decrease in GDP, which was mentioned above, firstly, agriculture, forestry and fisheries, with -2.7%, having 9.5% share in GDP formation and 26.4% decrease in GVA; secondly, wholesale and retail trade, maintenance and repair of motor vehicles and motorcycles; transport and storage contributed to the -2.1% decrease in GDP; accommodation and public catering activities, the share in GDP formation was 20.7% and GVA in these activities decreased by 9.6% respectively; in the thirdly, the -0.6% decrease in GDP came from extractive industry; processing industry; production and supply of electricity and heat, gas, hot water and air conditioning; water distribution; sanitation, waste management and decontamination activities, whose share in GDP formation was 14.0% and GVA in these activities decreased by 4.3% respectively. At the same time, net taxes on products (the share in GDP formation is 13.0%) also contributed to the -1.0% decrease in GDP, the volume of which decreased by 7.3% (NBS, 2021a). Some characteristics of GDP formation in the territorial aspect, based on NBS data available at the moment, are reflected in table no. 1.

**Table no. 1. Characteristic of GDP in territorial aspect, %**

	2014	2015	2016	2017	2018
<b>Share of regions, municipality in GDP, % of total</b>					
<b>Republic of Moldova</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mun. Chişinău	56.1	57.0	57.6	58.2	59.4
North	17.6	17.2	17.0	16.8	16.6
Centre	15.3	15.3	15.2	15.0	14.7
South	8.4	7.9	7.7	7.6	7.1
ATU Găgăuzia	2.6	2.6	2.5	2.4	2.2
<b>Share of GVA, % of GDP</b>					
<b>Republic of Moldova</b>	<b>86.9</b>	<b>87.2</b>	<b>87.6</b>	<b>86.5</b>	<b>86.5</b>
Mun. Chişinău	87.1	87.5	87.6	86.4	86.5
North	86.6	86.6	87.6	86.8	86.6
Centre	86.4	86.8	87.7	86.7	86.5
South	86.7	87.0	87.5	86.9	86.5
ATU Găgăuzia	86.5	87.4	87.2	85.8	85.4
<b>Share of Net taxes on products in GDP, %</b>					
<b>Republic of Moldova</b>	<b>13.1</b>	<b>12.8</b>	<b>12.4</b>	<b>13.5</b>	<b>13.5</b>
Mun. Chişinău	12.9	12.5	12.4	13.6	13.5
North	13.4	13.4	12.4	13.2	13.4
Centre	13.6	13.2	12.3	13.3	13.5
South	13.3	13.0	12.5	13.1	13.5
ATU Găgăuzia	13.5	12.6	12.8	14.2	14.6
<b>Total Physical Volume Indices, %</b>					
<b>Republic of Moldova</b>	<b>105.0</b>	<b>99.7</b>	<b>104.4</b>	<b>104.7</b>	<b>104.3</b>
Mun. Chişinău	106,1	102.3	103.1	105.5	105.3
North	104,8	96.3	106.0	104.0	104.0
Centre	104.6	99.1	106.9	103.7	103.5
South	100.4	91.9	105.5	102.6	100.3
ATU Găgăuzia	101.3	93.4	103.6	102.7	100.2

Source: NBS, <https://statistica.gov.md/category.php?l=ro&idc=191>

The analysis of the national GDP shows that the principal part of its formation, or 59.4%, belongs to Chisinau municipality. Moreover, in the period 2014-2018 there was the clear tendency of decreasing share of regions in the formation of national GDP. Practically, during the analyzed period *the physical volume indices* of GDP were increasing, excluding 2015 because of (due to) the consequences of the banking crisis of 2014-2015 and the negative impact on economic development in 2015 of the recession and Russia's trade restrictions on agricultural exports, the crisis in Ukraine, the growing demand for domestic products from EU countries, drought, problems in the banking system, etc. In continuation, there were some signs of recovery of the national economy against the background of its vulnerability taking into account the influence of exogenous and endogenous factors (mutual sanctions between the Russian Federation and the EU, the recession in Russia and its restrictions on the import of agricultural products from Moldova, Ukraine's crisis, problems in the banking sector, a decrease in the volume of remittances from abroad, etc., which led to a decrease in industrial activities and investments. At the same time, favourable climatic conditions have contributed to the increase in the volume of production in the agricultural sector and the certain revival of trade activity. Against the backdrop of signs of economic recovery, including an increase in production in industry and agriculture, investment in fixed assets, foreign trade, real wages and remittances of migrant labour force from abroad have increased, including household incomes. In 2018, GDP grew by 4.3% year-on-year, including due to a good harvest that had a positive effect on economic activity, and, as a result, an increase in agricultural exports, an increase in

investment, as well as the increase in household consumption by 3.8% over the previous year. The evolution of the principal macroeconomic indicators for the Republic of Moldova is presented in table no. 2.

**Table no. 2. Dynamics of the principal macroeconomic indicators in the Republic of Moldova**

	2014	2015	2016	2017	2018	2019	2020
<b>GDP, curent prices, mln lei</b>	133 482	145 754	160815	178881	192509	210378	206352
Physical Volume Index of <b>GDP</b> , previous year = 100.0%	105.0	99.7	104.4	104.7	104.3	103.7	93.0
Physical Volume Index of <b>GVA total</b> , previous year = 100.0 %	105.4	99.6	105.0	104.2	104.4	103.9	93.1
Industrial production volume index, % to previous year	107.3	100.6	100.9	103.4	103.7	102.0	94.5
<b>Share of value of manufactured production,%</b>							
<b>RM</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
Mun. Chişinău	56.5	57.2	55.3	54.3	54.1	50.7	51.7
North	20.5	19.6	21.4	21.6	20.9	22.0	21.9
Centre	16.3	16.3	16.3	16.8	17.2	19.6	18.7
South	3.8	3.8	3.7	3.7	4.3	4.4	4.3
ATU Găgăuzia	2.9	3.1	3.3	3.6	3.5	3.3	3.4
<b>Share of production delivered on the external market, % of total deliveries</b>							
<b>Total by RM</b>	<b>31.4</b>	<b>31.3</b>	<b>33.8</b>	<b>34.6</b>	<b>35.3</b>	<b>35.9</b>	<b>35.1</b>
Mun. Chişinău	24.2	24.7	25.7	28.1	28.7	26.5	26.0
North	35.7	34.4	42.2	41.4	41.2	42.5	40.9
Centre	43.4	40.5	41.0	40.6	41.7	47.1	46.4
South	48.9	48.9	48.5	44.8	49.7	46.0	44.1
ATU Găgăuzia	58.3	63.1	62.8	58.3	55.7	55.9	53.6
Agricultural production volume index. % to the previous year	108.6	86.6	118.8	109.1	102.9	98.1	72.9
Investments in fixed assets from all sources of financing. % to the previous year*	103.8	90.6	87.2	103.5	112.9	109.4	96.9
The average monthly wage of a economy worker. % to the previous year	110.8	110.5	110.3	112.1	113.2	114.1	110.2
Real Wage Index. compared to the previous year = 100.0 %	105.4	100.7	103.4	105.2	109.9	108.9	106.2
Annual average Consumer Price Index. %	105.10	109.70	106.40	106.60	103.05	104.84	103.77
Average annual Exchange Rate. lei/US dollars	14.0388	18.8161	19.9238	18.4902	16.8031	17.5751	17.3265
Average annual Exchange Rate. lei/Euro	18.6321	20.8980	22.0548	20.8282	19.8442	19.6741	19.5813

\*Until 2016, data are presented on the indicator "Investment in long-term tangible assets".

Source: NBS, <https://statistica.gov.md/category.php?l=ro&idc=191#idc=558&>,  
National accounts, 2020 edition,  
<https://statistica.gov.md/pageview.php?l=ro&idc=263&id=2334>

The key centre of the country is mun. Chişinău, where 60.5% of the number of economic entities is concentrated and 50.7% of the volume of production and 67.1% of long-term investments - tangible fixed assets, including 80.1% in housing construction, as well as 48.4% of the number of employees, whose average monthly wage exceed the

national average by 120.1% (NBS 2019b). In the mentioned conditions the socio-economic development of regions and labour markets will be dependent on the existing socio-economic infrastructure and local labour markets, demographic factors (population's decline, demographic ageing), increased mobility of labour force, both exogenous and endogenous factors in connection with structural economic reforms, application of private ownership, etc. As a result of the mentioned consequences the unequal development of regions takes place. Thus, according to the information available for 2018, it was observed that the share of development regions in the formation of GDP was non-uniform.

**Table no. 3. Share of development regions in GDP and GVA formation in 2018, %.**

	Share of value added of economic activities in RGDP, %*				Contribution of regions of development to GDP formation	Contribution to GVA formation, % *			
	agriculture, forestry and fisheries	industry	services	construction		agriculture, forestry and fisheries	industry	services	construction
Mun. Chişinău	0.3	13.3	62.9	10.0	59.4	1.0	54.0	70.0	75.0
North	22.0	18.6	42.0	4.0	16.6	35.0	21.0	13.0	8.0
Centre	23.5	19.6	39.2	4.1	14.7	34.0	20.0	11.0	8.0
South	33.0	7.8	36.8	8.8	7.1	23.0	4.0	5.0	8.0
ATU Găgăuzia	29.6	15.0	38.3	2.5	2.2	7.0	2.0	2.0	1.0

\* agriculture, forestry and fisheries, section A of CAEM-2;

industry, sections B-E of CAEM-2; services, G-T sections of CAEM-2; construction, section F of CAEM-2

Source: National accounts, 2020 edition,

<https://statistica.gov.md/pageview.php?l=ro&idc=263&id=2334>

Thus, in the context of promoting structural reforms, changes in socio-economic infrastructure, other factors of internal and external nature (crisis or stagnation of economy, drought, pandemic state, income levels, etc.) all have an impact on the level of economic activity of population. From the data in table nr. 3 it is observed that the major share of all types of economic activities belongs to the mun. Chisinau, while the regions of the South, UTA Găgăuzia and the North were sensitive to any economic, social or natural event, which also influenced the labour market and its employment rate, as well as the wage gap between regions of development, poverty and the risk of being unemployed as a result of economic and social instability.

**Table no. 4. Evolution of average monthly wages and poverty rates on the Republic of Moldova and regions of development**

	2014	2015	2016	2017	2018	2019	2020
<b>Total average monthly wages, RM, lei</b>	<b>4089.7</b>	<b>4 538.4</b>	<b>4997.8</b>	<b>5 587.4</b>	<b>6268.0</b>	<b>7233.7</b>	<b>7943.0</b>
Mun. Chişinău	4 827.0	5 375.3	5 951.5	6 716.4	7 490.0	8686.4	9561.3
North	3 522.1	3 871.0	4 211.9	4 665.2	5 259.5	5916.1	6501.2
Centre	3 334.7	3 719.5	4 061.8	4 522.3	5 084.0	5910.6	6429.9
South	3 183.5	3 527.3	3 881.6	4 257.0	4 814.7	5572.2	6151.3
ATU Găgăuzia	3 229.9	3 553.2	3 867.1	4 268.2	4 799.5	5554.9	6150.7
<b>Ratio of average monthly wages, compared to total on the RM. %</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mun. Chişinău	118.0	118.4	119.1	120.2	119.5	120.1	120.4
North	86.1	85.3	84.3	83.5	83.9	81.8	81.8

Centre	81.5	82.0	81.3	80.9	81.1	81.7	80.9
South	77.8	77.7	77.7	76.2	76.8	77.0	77.4
ATU Găgăuzia	79.0	78.3	77.4	76.4	76.6	76.8	77.4
<b>Average monthly disposable income per capita, lei*</b>	<b>1735.2</b>	<b>1951.8</b>	<b>2051.8</b>	<b>2208.5</b>	<b>2357.1</b>	<b>2880.6</b>	<b>3096.6</b>
Mun. Chişinău	2263.5	2582.8	2842.1	3049.4	3264.2	4184.5	4355.0
North	1656.1	1823.3	1830.7	1999.5	2131.3	2507.9	2729.7
Centre	1530.1	1733.9	1785.8	1901.9	2082.7	2530.4	2811.2
South	1512.8	1691.7	1802.2	1943.6	1985.6	2356.4	2524.5
<b>Subsistence level of working age population, lei</b>	<b>1726.8</b>	<b>1842.2</b>	<b>1914.7</b>	<b>1984.5</b>	<b>2016.1</b>	<b>2194.0</b>	<b>2247.6</b>
<b>Threshold of absolute poverty, lei</b>	<b>1558.6</b>	<b>1709.8</b>	<b>1819.2</b>	<b>1939.3</b>	<b>1998.4</b>	<b>2095.1</b>	<b>...</b>
<b>Absolute poverty rate, %</b>	<b>29.5</b>	<b>25.4</b>	<b>26.4</b>	<b>27.7</b>	<b>23</b>	<b>25.2</b>	<b>26.8</b>
Mun. Chişinău	10.7	6.9	6.5	7.5	4.7	4.4	7.6
North	31.9	26.5	30.5	31.1	28.4	27.7	28.1
Centre	38.5	35.6	35.7	36.6	28.7	29.8	30.6
South	35.1	30.9	30.8	33.8	28.8	40.4	42.9
<b>Threshold of extreme poverty, lei</b>	<b>1257</b>	<b>1378.9</b>	<b>1467.2</b>	<b>1564</b>	<b>1611.7</b>	<b>1689.7</b>	<b>...</b>
<b>Extreme poverty rate. %</b>	<b>12.8</b>	<b>10.5</b>	<b>10.4</b>	<b>11</b>	<b>8.7</b>	<b>10.7</b>	<b>10.8</b>
Mun. Chişinău	4.8	1.3	2.0	1.4	1.1	1.4	2.9
North	13.8	11.5	13.3	10.7	10.5	10.4	11.1
Centre	16.0	16.6	13.6	17.1	11.2	12.9	12.0
South	16.4	10.7	11.8	13.8	11.6	19.2	18.5

\* Based on the estimation of the indicators, the number of the population with usual residence was used. Usual residence is defined as the place where the person has lived predominantly in the last 12 months independently of temporary absences (for recreation, vacation, visits to relatives and friends, business, medical treatment, religious pilgrimages, etc.). Starting with 2019, the data are not comparable with the previous period, because the CBGC methodology has been modified.

Source: NBS, [www.statistica.md](http://www.statistica.md), <https://statistica.gov.md/category.php?l=ro&idc=445>

The comparative analysis of the level of wage and income obtained on average in the Republic of Moldova and the regions of the country shows the existence of the difference between them, and if in the North and Centre regions it was about 18 p.p., in the South region and UTA Găgăuzia, respectively, it is higher or about 23 p.p. In mun. Chişinău the wage income exceeds the average in the country by 1,2 times. In 2020, the average monthly wage of a worker in ATU Găgăuzia was 64.3% compared to mun. Chişinău, respectively, the mentioned wage difference was 64.3% in the South region, 67.2% in the Centre region and 68.0% in the North region. The difference also exists in the case of disposable income per person. As a result of given situation in the regions of the Republic of Moldova absolute poverty and extreme (food) poverty occurs, the income obtained per person in the South region until 2019 was less than the subsistence level value and the absolute poverty threshold and in 2019 exceeded these, respectively, by 9.4% and 12.5% (in the North and Center regions such situation was in 2014-2016, and it has continued to improve). At the same time, the absolute and extreme poverty rates remains quite high in the North, Centre and South regions. The existing state is explained by the level of economic development, what type of economic activity predominates in the region. Thus, for example, in ATU Găgăuzia (29.6%) and South (33.0%) the share of value added from agriculture, forestry and fisheries in RGDP or activities with the lowest level of wage prevails (according to NBS data, in 2019 the wage in given area amounted to 65.9% of the average wage in the country, NBS, 2021b), as well as the service sector (respectively, 38.3% and 36.8%), whereby the remuneration of employees' work depends



on many factors, including forms of property, judicial status, demand for certain services, seasonal period, etc. (table no. 3). Gender wage disparities also contribute to the mobility of employees to search higher paying and attractive work places.

**Table no. 5. Gender pay gap in aspects of regions of development  
(the ratio wage of women to men, %)**

	2014	2015	2016	2017	2018	2019
<b>Total RM</b>	<b>12.4</b>	<b>13.2</b>	<b>14.5</b>	<b>13.5</b>	<b>14.4</b>	<b>14.1</b>
Mun. Chişinău	11.4	13.5	15.8	14.7	15.4	16.4
North	9.1	9.8	9.1	11.3	11.2	7.9
Centre	9.2	8.1	7.3	6.2	7.8	6.2
South	10.4	8.0	7.8	6.1	7.3	4.9
ATU Găgăuzia	6.8	7.0	6.2	3.7	5.2	0.2

Source: Authors' calculations and NBS data,  
<https://statistica.gov.md/pageview.php?l=ro&idc=350&id=4290>

The highest gender discrepancies occur in mun. Chişinău, as a key center of complex development of different types of activities, including activities with higher wage where men predominate over women (the share of employed men prevails in financial and insurance activities – 42.9%, information and communication – 35.7%, total industry – 20.9%, health and social assistance – 19.6%, processing industry – 17.8%, accommodation and public catering activities – 15.9%, construction – 15.6% and some others (NBS, 2021c).

Economic activities with high wages, such as information and communication, production and supply of electricity and heat, gas, hot water and air conditioning, financial and insurance activities, public administration and defence, obligatory social insurance and some others, are reflected by the NBS data in table no. 6, by economic activities at national level (2019 was used in comparison to 2018 with the aim of attenuation the impact of Covid-19 pandemic in 2020).

**Table no. 6. Distribution of employees according to the amount of wage calculated for September 2019, % compared to total for the Republic of Moldova for which the wage was calculated and received  
(employees who worked in full September and full day)**

	Sub 1500,00 lei	de la 1500,01 până la 2000,00 lei	de la 2000,01 până la 2500,00 lei	de la 2500,01 până la 3000,00 lei	de la 3000,01 până la 4000,00 lei	de la 4000,01 până la 7000,00 lei	de la 7000,01 până la 10000,00 lei	peste 10000,01 lei
<b>Total by economic activities, 2018</b>	<b>1.7</b>	<b>4.4</b>	<b>5.2</b>	<b>11.9</b>	<b>16.2</b>	<b>34.4</b>	<b>15.1</b>	<b>10.9</b>
<b>Total by economic activities, 2019</b>	<b>0.0</b>	<b>0.7</b>	<b>3.7</b>	<b>9.8</b>	<b>15.8</b>	<b>34.8</b>	<b>19.4</b>	<b>15.8</b>
A Agriculture, forestry and fisheries	0.2	0.8	3.9	16.1	21.9	39.7	11.1	6.2
B Extractive industry	-	-	1.4	9.2	20.4	40.4	15.7	13.0
C Processing industry	0.0	0.0	1.1	7.7	16.1	40.5	22.0	12.5
D Production and supply of electricity and heat, gas, hot water and air conditioning	-	-	0.1	0.2	1.3	15.9	34.5	48.1
E Water distribution; sanitation. waste management,	0.1	0.3	2.6	11.8	15.9	34.1	17.3	17.9



decontamination activities								
F Constructions	-	-	0.7	7.1	12.2	39.9	21.4	18.6
G Wholesale and retail trade; maintenance and repair of motor vehicles and motorcycles	-	0.0	1.1	13.2	19.6	37.6	15.1	13.3
H Transport and storage	0.0	-	0.5	8.8	23.2	34.8	15.3	17.3
I Accommodation and public catering activities	-	0.1	1.9	13.8	34.1	36.5	8.2	5.4
J Information and communications	-	-	0.4	2.7	2.9	18.6	21.5	53.9
K Financial and insurance activities	-	-	0.4	2.7	2.9	26.2	26.5	41.2
L Real estate transactions	-	0.6	6.0	14.0	23.0	38.2	10.5	7.7
M Professional, scientific and technical activities	0.2	0.4	2.4	7.6	13.7	32.1	20.4	23.2
N Administrative service activities and support service activities	-	0.2	0.8	21.9	21.9	33.2	11.4	10.5
O Public administration and defense; obligatory social insurance	-	1.2	4.2	4.4	4.6	34.6	27.3	23.7
P Education	-	2.5	10.2	11.5	14.0	28.1	23.6	10.2
Q Health and social assistance	-	0.3	4.8	8.3	18.1	38.4	18.1	12.2
R Art, recreation and leisure activities	-	3.1	9.9	12.2	22.9	39.9	9.1	2.9
S Other service activities	-	-	1.9	11.3	18.4	30.4	14.3	23.6

Source: NBS and authors' data aggregation,

[http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_SAL025/?rxid=4eec3dd5-755a-4e4e-92de-3dc2d391f3a9](http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_SAL025/?rxid=4eec3dd5-755a-4e4e-92de-3dc2d391f3a9)

The analysis of statistical data shows that in 2019 compared to 2018, the situation in the field has slightly improved: slightly - the share of employees with wages up to 2000.0 lei has decreased to 0.7% compared to 6,1% in the previous year. Also, taking into account the amount of a social standard of human survival in 2019 or the subsistence level for working age population at the level of 2194.0 lei, the share of employees had salaries up to 2500.0 lei was 4,4%, including in art, recreation and leisure activities 13.0%, education 12.7%, real estate transactions 6.6%, health and social assistance 5.1%, agriculture, forestry and fisheries 4.9%, etc. At the same time, high salaries were registered in the production and supply of electricity and heat, gas, hot water and air conditioning (48.1% of employees had salaries above 10000.00 lei), respectively, in financial and insurance activities (41.2%), public administration and defence, obligatory social insurance (23.7%) and some other categories of employees who had salaries higher than the amount of the average wage in the Republic of Moldova.

The precarious material situation of families, the desire to get out of poverty, to provide a better and more decent life and education level for their children are one of the principal factors of external and internal mobility of working age population, more precisely, the migration of labour force in search of a better future than the existing one.

Structural reforms, the development of market relations, other exogenous and endogenous factors accelerated the process of labour force mobility as a result of modifications in the socio-economic infrastructure, including the reorganisation or liquidation of a certain economic agent, which contributed to the risk of the employee to be unemployed. Thus, according to NBS data (NBS, 2020) in 2019 only 72.4% of the number of reported enterprises were active (35.7 thousand out of 49.3 thousand enterprises), including during the year 5.3 thousand enterprises were created and 9.1 thousand

enterprises were liquidated. Also, in 2019 only 46.8% of new enterprises created in the previous year (2018) and only 40.5% of new enterprises created in 2017 remained active. The territorial distribution of the number of active enterprises is as follows (from the total number of active enterprises): mun. Chişinău – 63.3% or 22.6 thousand; Centre – 15.3% or 5.5 thousand; North – 12.9% or 4.6 thousand; South – 5.4% or 1.9 thousand and ATU Găgăuzia – 3.1% or 1.1 thousand enterprises.

At the same time, in 2019, 3.1 thousand new enterprises were created in the mun. Chişinău, 0.9 thousand in the Centre development region, 0.7 thousand in the North, 0.3 thousand in the South and 0.2 thousand in ATU Găgăuzia. Consequently, it can be observed that the economic activity of enterprises, to a large extent, can be estimated as unstable, specific indicators in given field were less than 50 percent, namely:

46.8% - 1-year survival rate or the ratio of the number of newly created enterprises in 2018 and that were active in 2019 to the number of newly created enterprises in 2018;

40.5% - 2-year survival rate or the ratio of the number of enterprises newly created in 2017 and that were active in 2019 to the number of enterprises newly created in 2017.

Largely, the most credible are enterprises based on public property, which had indicators mentioned respectively 50.0% and 51.9%, based on private property (Republic of Moldova) respectively 48.2% and 41.7%, mixed enterprise ownership respectively 41.7% and 41.0% and foreign ownership respectively 32.3% and 27.5% (NBS, 2020).

### 5. Analysis of the employment level of the working population in regional aspect

In given context, the formation of labour force markets will also have characteristics depending on the possibilities of working age population to be hired, as well as the demand and supply of labour force in this locality. The indicators on economic activity, employment and unemployment are reflected in table no. 7, as well as the difference in the involvement of working age population in economic activity and employment, as well as in dependence on employment level is registered in the fluctuations of the unemployment rate of population remaining without a work place.

**Table no. 7. Dynamics of principal indicators of labour force market**

	2014	2015	2016	2017	2018	2019*	2020*
<b>Economic activity rate</b>							
<b>Total RM</b>	<b>43.3</b>	<b>44.5</b>	<b>44.8</b>	<b>44.1</b>	<b>45.9</b>	<b>42.3</b>	<b>40.3</b>
Mun. Chişinău	52.3	52.0	50.2	49.0	49.8	55.1	51.2
North	42.9	46.8	47.2	47.1	48.3	44.4	43.0
Centre	40.4	40.9	43.0	41.6	45.1	35.9	34.8
South	36.7	36.9	36.9	37.3	38.4	33.2	31.4
<b>Employment rate</b>							
<b>Total RM</b>	<b>41.7</b>	<b>42.4</b>	<b>43.0</b>	<b>42.4</b>	<b>44.5</b>	<b>40.1</b>	<b>38.8</b>
Mun. Chişinău	49.2	48.4	47.3	46.2	47.3	52.6	48.8
North	41.9	44.9	45.5	45.6	46.8	42.5	41.3
Centre	39.2	39.4	41.3	40.1	44.5	33.6	33.8
South	35.5	35.6	36.2	36.3	37.6	31.3	30.3
<b>ILO unemployment rate</b>							
<b>Total RM</b>	<b>3.7</b>	<b>4.7</b>	<b>4.0</b>	<b>3.9</b>	<b>2.9</b>	<b>5.1</b>	<b>3.8</b>
Mun. Chişinău	6.0	7.0	5.7	5.8	5.0	4.6	4.6
North	2.1	4.1	3.7	3.0	3.1	4.3	4.0
Centre	3.0	3.7	4.0	3.7	1.4	6.3	2.9
South	3.4	3.4	1.8	2.7	2.0	5.8	3.5
<b>Officially registered unemployed.</b>	<b>20 726</b>	<b>26 908</b>	<b>26 889</b>	<b>22 386</b>	<b>18 696</b>	<b>16 598</b>	<b>25 525</b>

<b>Total RM</b> including share of total, %							
Mun. Chişinău	7.9	7.1	5.7	5.2	4.2	3.7	5.1
North	39.0	43.1	46.8	46.0	47.2	50.3	52.2
Centre	33.1	30.8	30.0	33.1	33.0	28.2	24.7
South	16.1	14.8	14.0	11.8	11.2	12.8	12.2
ATU Găgăuzia	3.9	4.2	3.5	3.9	4.4	5.0	5.8

\* 2019-2020, Household Labour Force Survey (Labour Force Survey), implemented by NBS RM according to the new survey research plan and according to the revised definition of employment.

Source: NBS, Territorial statistics, [https://statbank.statistica.md/pxweb/pxweb/ro/60%20Statistica%20regionala/60%20Statistica%20regionala\\_03%20FM/?rxid=9a62a0d7-86c4-45da-b7e4-fecc26003802](https://statbank.statistica.md/pxweb/pxweb/ro/60%20Statistica%20regionala/60%20Statistica%20regionala_03%20FM/?rxid=9a62a0d7-86c4-45da-b7e4-fecc26003802), BNS, Anuarul statistic al Republicii Moldova, <https://statistica.gov.md/pageview.php?l=ro&idc=350&nod=1&>, NEA date, <https://www.anofm.md/>

Firstly, it can be mentioned the low level of economic activity in the Centre and South regions and, respectively, the low level of employment of working age population. At the same time, in given regions the unemployment rate is lower by comparison the average unemployment rate (calculated according to the ILO methodology) in the country and in mun. Chişinău. In the case of unemployment registered by the National Employment Agency (NEA) and its territorial structures, it is necessary to mention, that the highest share of unemployed was registered in the North region of development, which for the analyzed period had the annual growth tendency towards 2019 (11.3 p.p. compared to 2014), the Centre region is the second place in the share of registered unemployed (given indicator varied within the range of 30 - 33%, and it decreased to 28.2% in 2019). Towards 2018 the number of employed population, as consequence of population' decline and ageing, changes in economic and social infrastructure, decreased by 16,3% compared to 2014 (in 2019 there was interruption in the data series from the application of new methodology in Household Budget Survey (HBS) and Labour Force Survey (LFS)), including by 5.5% the population employed in agriculture, forestry and fisheries and by 16.0% in industry, by 17.6% in construction. The analogous situation is also observed in the Centre region, where the number of employed population in the mentioned period decreased by 5.3%, by 13.5% in industry, by 17.0% in construction, about 2.0 times in transport, storage, information and communication (NBS, 2021d).

As a result of the economic reforms, the structure of employed population by types of economic activities, forms of employment and professional status had been changing, and also it is observed that in the Republic of Moldova regional polarization and inequality create a deceleration of economic growth, social intensity), acceleration of migration flows of economically active population. Under given circumstances, the state is obliged to direct its efforts towards balancing and stable development of the regions in order to ensure a decent living standard for their population and the country as a whole. Analysis of regional inequality, specific characteristics and dynamics of the principal indicators of socio-economic development, including employment level of labour force, is necessary for both local and central authorities.

The labour market is an important place in the Moldovan economy. In given context, state policy was directed towards increasing the employment level, supporting the lowest possible differentiation in labour remuneration, and attenuation the risk of poverty, especially among the employed population. At the same time, the policies promoted in given field had not the desired effect, there is an inefficient distribution of labour resources, as a consequence in deficit in some localities and a surplus of labour force in

others. At the same time, another challenge is the demographic factor, including a decline and ageing population, which also contributes to the stability of labour force market. The analysis shows that there are problems associated with the reproduction of labour force as well as the reserve of labour supply.

**Table nr. 8. Structure of working age population in the Republic of Moldova by regions of development**

	2014	2015	2016	2017	2018	2019*	2020*
<b>TOTAL POPULATION</b>	<b>2356.0</b>	<b>2333.6</b>	<b>2313.2</b>	<b>2267.3</b>	<b>2220.2</b>	<b>2175.2</b>	<b>2150.9</b>
<b>Economically active population, thousand persons, % of total:</b>	<b>1019.6</b>	<b>1038.0</b>	<b>1035.3</b>	<b>999.7</b>	<b>1018.1</b>	<b>919.3</b>	<b>867.3</b>
Mun. Chişinău	29.2	28.3	26.9	26.7	25.5	30.4	29.8
North	27.5	29.0	29.3	29.6	29.5	29.6	30.1
Centre	27.4	27.1	28.3	27.8	29.3	25.3	25.6
South	15.9	15.6	15.5	15.9	15.7	14.7	14.5
<b>Economically inactive population, thousand of persons</b>	<b>1336.4</b>	<b>1295.6</b>	<b>1277.9</b>	<b>1267.6</b>	<b>1202.1</b>	<b>1255.9</b>	<b>1283.6</b>
Share of inactive population, % compared to RM							
Mun. Chişinău	20.3	20.9	21.7	21.9	21.8	18.1	19.2
North	28.0	26.4	26.6	26.3	26.8	27.1	27.0
Centre	30.8	31.4	30.4	30.9	30.2	33.1	32.4
South	20.9	21.3	21.3	20.9	21.2	21.7	21.4
Share of inactive population in working age population (aged 15 and over), %	<b>56.7</b>	<b>55.5</b>	<b>55.3</b>	<b>55.9</b>	<b>54.1</b>	<b>57.7</b>	<b>59.7</b>
Mun. Chişinău	47.7	48.0	49.8	51.0	50.2	44.9	48.8
North	57.1	53.2	52.8	52.9	51.7	55.6	57.0
Centre	59.6	59.1	57.0	58.4	54.9	64.1	65.2
South	63.3	63.1	63.1	62.7	61.6	66.8	68.6

Source: Authours' calculations and NBS data,

[https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_03%20MUN2019\\_\\_MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019__MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

The analysis of economically active population aged 15 years and over shows that in the country as a whole, the economically inactive population predominates compared to the economically active population, including in 2020 its share reached the level of about 60%. Practically, only in mun.Chişinău slightly less than 50 percent, and in the South (68.6%) and Centre (65.2%) regions this high level of economically inactive population is the challenge both for socio-economic development of the region and for local labour market. From a social point of view, the situation created also contributes to the financial instability of the state social insurance system (state social insurance budget). In addition, the number of economically active population decreased in the South region (by 2.2% in 2018 compared to 2014 and by 7,4% in 2020 compared to the previous year), as well as in mun.Chişinău, there was decreasing tendency of given population category was observed (by 12.7% in 2018 compared to 2014 and by 7.6% in 2020 compared to the previous year). Against the background of the growth tendency of economically active population towards 2018 in the North (by 7.2% compared to 2014) and Centre (by 7.0% compared to 2014) regions, only for one year or in 2020 compared to 2019, the economically active population decreased in given regions, respectively, by 3.8% and 4.5% (NBS, 2021e). The

largest part of inactive population is not searching and not available for work; given category includes pensioners, students and others who are not actively searching for a work. The share of given population group in the country's inactive population remained practically unchanged through period (2014-2020). The same situation is typical for working migrants. At the same time, the share of migrants in the inactive population, despite some changes, remains permanent (for the period 2014-2018).

**Table no. 9. Structure of economically inactive population in relations with labour market, 2014-2020**  
(in %)

	2014	2015	2016	2017	2018	2019*	2020*
Economically inactive population	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Search but not available to work	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Not searching but available to work	1.1	0.9	1.1	0.7	0.5	1.2	0.7
Desires to work but not searching and not available	0.2	0.4	0.9	0.7	0.6	0.5	0.4
Not searching and not available to work	87.4	88.0	87.8	87.4	86.5	89.7	91.8
Went abroad to work	11.2	10.6	10.1	11.1	12.3	8.4	7.0

\* 2019-2020, Household Labour Force Survey (Labour Force Survey), implemented by NBS RM according to the new survey research plan and according to the revised definition of employment.

Source: Authours' calculations on the basis of NBS data, www.statistica.md

It can be mentioned the major share of inactive population (from 87% to 92%), which are not searching and not available for work is remains, which in regional aspect is reflected in table no. 10. Thus, the Centre (about 32%) and North (about 27%) regions are the highest shares and it should be noted that these data, practically, are observed through analyzed period (including are still remaining in the years 2019-2020 following the recalculation and implementation of the new sondage plan and revised definition of employment by the NBS). At the same time, it is necessary to mention that 98.8% of inactive population have only 2 categories or those which are not planning employment and those which have left the country in search of well-paid and more attractive work.

**Table nr. 10. Dynamics of economically inactive population not searching and not available for work**

	2014	2015	2016	2017	2018	2019*	2020*
Total population not searching and not available to work, thousand persons	1168.5	1140.0	1122.6	1108.4	1039.7	1126.3	1177.9
% of total:							
Mun. Chişinău	21.9	22.4	23.5	23.6	23.8	19.2	19.8
North	27.5	25.9	26.0	26.7	27.0	27.2	27.0
Centre	30.7	31.4	30.2	29.6	29.0	32.3	31.9
South	19.9	20.3	20.3	20.1	20.2	21.3	21.3
Share of pensioners in population not searching and not available for work, % of total	46.0	47.6	47.6	47.6	48.6	50.3	49.2
Mun. Chişinău	52.3	55.0	54.4	54.4	53.1	49.1	47.4
North	48.2	48.9	47.8	45.5	47.5	52.3	52.3
Centre	42.9	44.0	43.2	44.6	46.4	49.6	48.4

South	40.8	43.5	46.1	46.4	47.5	49.7	48.3
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Source: Authours' calculations and NBS data,

[https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_03%20MUN2019\\_MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

The analysis of the data on population not searching and not available for work demonstrates that the category of pensioners constituted the major part, which, according to the biological nature of man, cannot be considered as a labour force reserve necessary for the socio-economic development of the regions. Practically, the share of given category has stabilized in the range of 48-52%, and another category of population that ranks second among the inactive population in relation to labour market refers to labour migrants (7-8% of inactive population on the Republic of Moldova in 2019-2020, table no. 9).

The dynamics of the number of labour migrants differ significantly by region: a decrease in the number of migrants in the North and South regions and an increase in the Centre region and mun.Chişinău. At the same time, the tendency of decreasing number and share of labour migrants is observed in all regions, except mun.Chişinău, where, by contrast by difference from other regions, the number of labour migrants continuing to work during the pandemic in 2020 was increasing, including in 2020 by 29.7% compared to the previous year.

**Table no. 11. Population went abroad to work, regional aspects, 2014-2020, thousand persons/%**

	2014	2015	2016	2017	2018	2019*	2020*
<b>Working age population went abroad to work, thousand persons</b>							
<b>Republic of Moldova, total</b>	<b>149.8</b>	<b>137.2</b>	<b>128.8</b>	<b>140.6</b>	<b>147.4</b>	<b>105.9</b>	<b>90.4</b>
Mun. Chişinău	11.4	12.6	10.2	13.5	14.3	9.1	11.8
North	45.1	38.8	33.1	29.1	32.6	24.2	21.7
Centre	49.5	43.7	44.5	58.2	59.4	43.8	35.4
South	43.9	42.1	41.1	39.9	41.2	28.7	21.5
<b>Share of population went abroad to work, % of total RM</b>							
<b>Republic of Moldova, total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mun. Chişinău	7.6	9.2	7.9	9.6	9.7	8.6	13.1
Nord	30.1	28.3	25.7	20.7	22.1	22.9	24.0
Centre	33.0	31.9	34.5	41.4	40.3	41.4	39.2
South	29.3	30.7	31.9	28.4	28.0	27.1	23.8
<b>Share of labour migrants in inactive population, %</b>							
Total on the Republic of Moldova	<b>11.2</b>	<b>10.6</b>	<b>10.1</b>	<b>11.1</b>	<b>12.3</b>	<b>8.4</b>	<b>7.0</b>
Mun. Chişinău	4.2	4.7	3.7	4.9	5.5	4.0	4.8
Nord	12.1	11.3	9.7	8.7	10.1	7.1	6.3
Centre	12.0	10.7	11.5	14.9	16.6	10.5	8.5
South	15.7	15.3	15.1	15.0	16.1	10.5	7.8
* 2019-2020, cercetarea forței de muncă în gospodăriile casnice (Ancheta forței de muncă), a fost implementată de BNS RM conform noului plan de investigații de anchetă și conform definiției revizuite a ocupării forței de muncă.							

Source: Authours' calculations and NBS data,

[https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_03%20MUN2019\\_MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](https://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN080/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

The analysis of the migratory flow in order to search for a working place or to work (table no. 11) shows that the largest part of population went abroad to work is in the Centre region (39.2% in 2020 or decreased by 2.2 p.p. in the pandemic conditions), while the share of labour migrants from mun.Chişinău increased by 4.5 p.p.. Migration flows from the South region have slowed down, at the same time the major share of migrants from the inactive population remains in this region (prevailing the average value for the country by 2.1 p.p. in 2019 and 0.8 p.p. in 2020, as well as 4-5 p.p. for the whole period analysed).

## 6. Conclusions

The development of market relations, the spread and predominant role of private property in economic activities against the background of the promotion of structural reforms, crises (or stagnation) and other factors such as demographic processes, nature (drought), etc., all these have affected the development of the regions in different modes and have contributed to their inequality. At the same time, taking into account that economic development and the labour market are interdependent, such the diverse situation on the regional labour markets cannot be favourable, and does not contribute to stable socio-economic development of regions, to their convergence, or represent a single complex of the country as a whole.

In order to ensure the process of regional convergence, improve the labour market situation and attenuate the impact of labour migration processes it is proposed:

- *promotion of transparent and adequate measures* to improve the business environment at both state and local level, which will contribute to the economic and social development of the regions, attracting investment, creating new work places, improving the tax base and budget revenues (state and local), etc.;
- *using the decomposition method*, determine the types of economic activity, the drivers of convergence of regions, including regional GDP growth, structural changes in labour force employment, financial and budgetary indicators, the effect of possible economic and social changes, using a criterion of existence the convergence between regions;
- *modern and efficient management of migration processes*, including the use of migrants' resource potential and financial means (sponsorship, charity activity, creative ideas, professional attitudes, etc.) for both local development and the development of the country as a whole, which should be an important factor influencing decision process at both local and state level;
- *elaboration interregional balances and forecasts of labour force* taking into account the demographic situation in the country' regions;
- *analyze the possibility of applying different econometric approaches* to convergence modelling, highlighting their advantages and disadvantages by elaborating recommendations on the use of economic and mathematical tools, which will allow to objectively describe the specific processes taking place in the regions, to make quantitative assessments of them, as well as to elaborate an optimal forecast for territorial development.

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