

## **PROGRAMMES TO HARNESS THE ECONOMIC POTENTIAL OF RETURN MIGRANTS: THE CASE OF THE REPUBLIC OF MOLDOVA**

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**Abstract:** *With the rise in international migration and the subsequent return of migrants to their home countries, there is a growing recognition of the economic contributions that return migrants can make to their communities and national economies. The article explores various programs and initiatives aimed at facilitating the reintegration of return migrants into the labour market and entrepreneurial activities. This article examines the implementation and impact of programs designed to harness the economic potential of return migrants. Drawing on empirical evidence and case studies from different countries, the article highlights the diverse approaches and strategies employed in these programs. Additionally, it explores the importance of creating an enabling environment through policy frameworks, access to finance, and social support systems to facilitate the successful reintegration of return migrants. The article also assesses the outcomes and impacts of these programs, including the economic contributions made by return migrants, job creation, business development, and the overall socioeconomic development of communities. It discusses the challenges and lessons learned in implementing such programs, including the need for targeted support, collaboration between multiple stakeholders, and addressing potential social and cultural barriers. Its findings and insights serve as a valuable resource for policymakers, practitioners, and researchers alike, as they endeavour to design and implement impactful programs that optimally leverage the skills, knowledge, and resources of return migrants to propel economic growth and foster sustainable development.*

**Keywords:** *return migration, development potential of migrants, integration of migrants, migrant entrepreneurs*

**JEL Classification:** F22, J01, J08, J61, O15, R23

### **Introduction**

The phenomenon of international migration has been an integral aspect of human existence since the advent of civilization. It pertains to the movement of individuals from their country of origin or habitual place of residence to a different destination, necessitating the crossing of international borders with political and administrative implications. International migration can manifest as either temporary or permanent relocation.

Migration in today's world is influenced by many factors that are related to politics, religion, economics, and other different ethnic and socio-cultural issues. The primary impetus behind migration is the desire of immigrants to enhance their fundamental living conditions. Moreover, migration can stimulate private-sector investments in the receiving country, as family members remaining in the country of origin may leverage remittances from abroad to establish businesses.

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DOI: 10.29302/oeconomica.2023.25.1.4

Recent economic studies underscore the close interrelationship between migration and economic development, as migration can significantly impact the capacity of families to attain sustainable living standards and enhance resource management (Mcauliffe, & Triandafyllidou, 2021). Migration can play a key role in the development of the world economy by raising world GDP, by raising productivity. Therefore, comprehending the realities of migration assumes paramount importance in formulating policies and implementing social and economic development strategies.

Emigration remains a significant concern for developing nations due to the attendant implications, including the inflow of foreign exchange in the form of emigrants' remittances. The development potential of remittances has garnered considerable attention in the international research landscape. Economic theory regards remittances as the most consequential consequence of migration, given their potential for fostering development in the recipient countries (Blouchoutzi & Nikas, 2014). The inflow of remittances is deemed the main compensation for the emigration country in return for the loss of a considerable part of its labour force and human capital (Blouchoutzi & Nikas, 2014). This is the main reason why remittances are even more important than foreign aid for the alleviation of poverty in developing countries (Nikas, 1991).

In Europe, the dissolution of the socialist system led to significant emigration from former communist countries. Presently, the focus extends beyond remittances to encompass the migrants themselves. As countries grapple with a large influx of migrants, they face the challenge of an aging population that makes a relatively smaller contribution to the host country's economic development. Therefore, states endeavour to attract migrants back to their home countries through diverse programs, policies, and strategies, thereby aiming to foster growth and development within a competitive and advantageous environment.

In this context, countries have tried to develop and implement various programs to support and attract migrants to their countries of origin and to invest their remittances in the national economy. Still, it is very interesting to gauge the effects these programmes have generated in the economic development of these countries.

The interrelationship between international migration and development has been widely acknowledged, with migration serving as both a dependent and independent variable in the development process. However, there is ongoing scholarly interest in comprehensively understanding the influence of development on migration and vice versa. To address these inquiries, considerable attention has been devoted to examining the determinants of migration and its consequences in both the origin and destination contexts, as well as investigating the volume, patterns, and dynamics of migration. Nonetheless, the intricate nature of migration and development poses challenges to fully grasping their intricate relationship. These processes are highly dynamic and complex, exhibiting temporal and spatial variations, and necessitate multifaceted analyses from diverse perspectives. As a result, the current understanding of the migration-development nexus remains limited, prompting further exploration and investigation (Papadimitriou & Martin, 1991; Appleyard, 1992).

The phenomenon of return migration has garnered attention as a vital component of the migration process, with scholarly endeavours aimed at comprehending its implications for the development of the emigration country. However, the study of return migration has thus far been limited, yielding a lack of consensus regarding its overall impact. Existing discourse has primarily emphasized the positive outcomes stemming from the remittance of financial capital and the transfer of human capital by returning migrants. Financial capital is typically reintegrated into the home country as savings, while human capital manifests through the training and work experience acquired by migrants during their sojourn in the host country. Conversely, it has been posited that many migrants accrue minimal human capital, as their occupations abroad predominantly involve unskilled labour that offers limited opportunities for skill acquisition. Furthermore, it is contended that even if migrants were to acquire new skills overseas, their effective utilization in a productive capacity upon return to their home country may encounter significant challenges.

Since its declaration of independence on August 27, 1991, the Republic of Moldova has experienced several migratory phases characterized by dynamic factors such as push and pull factors, migration prevalence levels, directions and compositions of migratory flows, as well as the duration and legal status of migrants' stays in host countries. At present, Moldova primarily serves as a country of origin for migration, with a significantly lesser role as a destination or transit country for migrants. The migration situation in Moldova is primarily defined by emigration of Moldovan citizens, while the immigration of non-citizens or foreign-born individuals remains statistically insignificant.

The Republic of Moldova currently boasts one of the highest proportions of working-age migrants globally, as well as a substantial share of remittances in its GDP, with the effects of migration reverberating across all facets of the country's social and economic fabric. The heightened intensity of migration in Moldova has been influenced by socio-economic factors, such as low levels of economic development, limited availability of well-paying jobs, and low standards of living. Political contexts, including the liberalization of entry and exit procedures, political instability impeding structural reforms, and regional security challenges, have also contributed to stimulating the population's migration in search of improved living conditions.

The recognition of the long-term spillover effects of migration has prompted the establishment of governmental structures with the aim of monitoring and implementing various strategies, programs, and projects targeting citizens residing abroad. Ensuring the successful reintegration of returning migrants holds paramount importance for both individuals and state authorities, as the latter bear the responsibility of supporting the reintegration process to benefit both the migrants themselves and the country of origin. Historically, reintegration policies have primarily focused on informing the diaspora about the economic opportunities available within the country. These policies have largely centered on individual-level return migration, providing reintegration services and tools tailored to individual citizens rather than community-based approaches.

At the national level, several initiatives have emerged as noteworthy examples of effective practices for the (re)integration of citizens and their involvement in community development. For instance, in 2020, a total of 1605 registered unemployed returnees benefitted from continuous training programs specifically designed to meet the needs of Moldovan migrants returning to the country. Simultaneously, 38 authorized continuous training programs were operational, resulting in more than 350 individuals successfully validating their competencies in non-formal and informal education contexts, facilitated by centres specializing in the validation and certification of non-formal competencies, such as the Centre of Excellence in Construction and the Centre of Excellence in Services and Food Processing (UN Moldova, 2023). These examples serve to illustrate the outcomes of initiatives undertaken by state institutions.

The extant literature, encompassing both theoretical frameworks and empirical studies, underscores the heterogeneous nature of the impact of international migration and return on development. This heterogeneity arises due to various factors, including but not limited to the magnitude, nature, and temporal patterns of migration flows. The characteristics of migrants, the extent and direction of selectivity, as well as the socioeconomic context of the countries involved in migration, also play pivotal roles and necessitate careful consideration. Additionally, the consequences of migration exhibit variability contingent upon the level of analysis employed. Different implications emerge for individual migrants, their families, communities, and home countries. Furthermore, it is noteworthy that the short-term effects of international migration may diverge substantially from its long-term effects.

The existing empirical evidence on migration and return, though extensive, presents a fragmented and contradictory picture, which hinders the ability to draw definitive conclusions and formulate precise policy interventions. Consequently, a comprehensive examination of the

implications of migration for achieving international development targets becomes essential, particularly within the specific contexts of individual countries.

Therefore, the objective of this paper is to present a comprehensive literature review that encompasses current research and critical debates on the intricate relationship between migration, return, and development, by synthesizing and analysing the existing scholarly works, this study aims to foster meaningful discussions and scholarly discourse on the key aspects and nuances of this multifaceted relationship. Additionally, the paper aims to analyse the measures and programs implemented in different countries to facilitate the productive investment of savings from remittances by returning migrants and assess the efficacy of the strategies employed by Moldovan authorities in leveraging the economic potential of returned migrants for national development. In order to accomplish these primary research objectives, several specific objectives have been delineated: conducting a comprehensive literature review on the relationship between economic development and migration (part 1), examining migration trends at the global, regional, and national levels (part 3.1), identifying state-led programs aimed at supporting returning migrants in the Republic of Moldova (part 3.2). The analysis of the impact of the Moldovan programmes to harness the economic potential of returned on the overall economic development of the Republic of Moldova migrants is addressed in a separate section (part 4). The article concludes with a summary of key findings and recommendations for further research in this area.

### **International migration and economic development: literature review**

The complex relationship between international migration and economic development has attracted extensive scholarly attention, resulting in the development of various conceptual frameworks and theories. The conceptual framework present in the economic literature highlights the key dimensions through which international migration influences economic development, serving as a guide for analysing the multifaceted interactions between international migration and economic development. Thus, it encompasses the dynamics of labour markets (Harris & Todaro, 1970), the formation and utilization of human capital (Stark, Helmenstein & Prskawetz, 1998; Di Maria & Lazarova, 2012; Stark & Wang, 2022; Dinkelman & Mariotti, 2016), the stimulation of technological innovation (Grenadier & Weiss, 1997; Hong & Zhu, 2006; Collins, 2023), the promotion of entrepreneurship (Davies, 2007; Faist & Fauster, 2011; Preibisch et.al, 2016; Urbano & Aparicio, 2016; Mrożewski & Kratzer, 2017; Aidis, 2017), and the potential for poverty reduction (Lokshin et. al, 2010; Christiaensen et. al, (2019).

Economic globalization has put a new spin on international migration making the movement of people across borders much easier, faster, and more frequent to an unprecedented extent. (Castles & Miller, 2003). The neoclassical economics perspective posits that international migration is driven by differences in wage levels and employment opportunities between countries (Canales, 2019). This theory emphasizes the role of economic incentives in migration decisions and suggests that migration can lead to more efficient allocation of labour, increased productivity, and economic growth. International migration represents a dynamic and evolving phenomenon characterized by notable advancements, manifested through its expanding scale, accelerated pace, and encompassing diversity of individuals and locations involved. (Mohantym 2006). Harris and Todaro (1970) further elaborate on the relationship between unemployment and rural-urban labour migration, emphasizing that migration is influenced by urban-rural disparities in expected earnings, with the urban employment rate serving as an equilibrium factor for such migration. Similarly, Kozak and Shengelia assert that the neoclassical theory traditionally links international labour migration to the scale, rate, and structure of capital accumulation, considering it as the fundamental economic rationale.

At the micro level, neo-classical migration theory views migrants as rational individuals who make migration decisions based on a cost-benefit analysis. Assuming free choice and access to complete information, migrants are expected to choose destinations where they can maximize their

productivity. It is important to note that the neo-classical approach tends to be optimistic about the impact of migration on labour-sending countries, anticipating reduced poverty, unemployment, and overpopulation.

The magnitude of international migration is experiencing a pronounced and escalating surge, with prognostications indicating significant future growth. This phenomenon carries profound implications for the advancement of economic development and the amelioration of living standards. According to Ratha (2010), international migration represents an expanding domain that bears substantial consequences for both the sending and receiving nations. Notably, the remittance practices of migrants have been identified as drivers of revenue expansion, poverty reduction, improved healthcare and educational outcomes, as well as the promotion of economic development.

The neoclassical theory has faced criticism for its limitations in comprehensively capturing migration determinants. Scholars have argued that the neoclassical approach oversimplifies the factors driving migration, overlooks market imperfections, fails to account for the heterogeneity of migrants and migrant societies, and lacks a historical and dynamic perspective. Furthermore, it tends to disregard the influence of home and host states as well as the significance of political factors and policies.

While the neoclassical approach places emphasis on the relative supply and demand for labour, it is noteworthy to consider the role of productivity as a potentially more crucial factor. Migration decisions are not solely driven by wage differentials, but also by the prospects for enhanced productivity in alternative locations. Understanding the multifaceted nature of productivity and its interplay with migration dynamics is imperative for a more comprehensive analysis of international migration and its economic implications.

In response to the limitations of the neoclassical theory in comprehensively explaining migration, alternative approaches have emerged within the realm of economic research. One prominent alternative is the new economics theory of migration (NELM), which departs from the individual income maximization perspective of the neoclassical theory and considers a wider range of variables influencing the spatial decisions of labour, namely migrants. The NELM encompasses factors beyond purely economic considerations, recognizing the significance of social, cultural, and institutional dimensions in shaping migration patterns. By acknowledging the role of social networks, household dynamics, and community ties, the NELM provides a more nuanced understanding of migration decision-making.

The NELM has postulated that remittances play a pivotal role within the framework of this mutual agreement between migrants and their households. This collective arrangement at the household level introduces an alternative avenue for risk management through diversification of resource allocation, including the utilization of family labour. In this context, certain family members may be engaged in economic activities within the local economy, while others are sent to foreign labour markets where wages and employment conditions exhibit negative or weak correlations with those prevailing in the local area. By strategically allocating family labour across different geographic locations, households can mitigate risks and optimize their overall economic well-being.

Nevertheless, the NELM has faced criticism for its inherent sending-side bias, as it tends to focus on the factors influencing individuals in the sending countries. Additionally, the theory has been challenged in terms of its limited applicability, primarily due to the inherent challenges in disentangling the effects of market imperfections and risks from other income and employment variables that may influence migration outcomes.

While migration impacts development, economic conditions are important drivers of migration. People migrate for a variety of reasons including the search for better economic opportunities, education, family reunion and escaping violence. People often migrate for a combination of these and other reasons. However, the expected income gap between developed and developing countries is a strong incentive for people to migrate (Czaika & de Haas, 2011a). As

such, migration affects development, but development also affects migration. International migration also produces benefits because employees in developed countries are paid more than in their home countries. These benefits are remittances or earnings that migrants send home (Taylor, 2006).

Hass (2007) suggests that migration and remittances have considerably improved living conditions, income, and education, and have driven economic activity through agricultural, real estate, and business investments. International labour migration is an important component of globalization and economic development in many less developed countries. It is linked to regional deliveries and receipts, and enable economic growth in the area of origin through remittances and investments from the diaspora (Brzozowski, 2012). Hence, economic development in sending regions should reduce migration.

On the other hand, income per capita can decrease if employers invest less in technologies when migration provides additional cheap labour supply, limiting productivity growth or if the human capital of new migrants is below the average human capital of a region's labour force (Ortega & Peri, 2014).

The migration-development nexus theory recognizes the complex two-way relationship between migration and economic development (Faist & Fauser, 2011; Davies, 2007; Preibisch et al., 2016). It argues that migration can contribute to economic development in both sending and receiving countries through various channels, including remittances, knowledge transfer, entrepreneurship, and trade.

Some studies suggest that there is a negative impact of remittances on business startups through their effects on labour supply. In this line, Kharel et al. (2020) and Airola (2008) find that increasing remittance inflow to developing countries is associated with a decrease in labour supply to both wage- and self-employment. Thus, remittances are seen as substitutes for labour income, reducing the likelihood of applying for jobs or starting one's establishment.

Giuliano & Ruiz-Arranz (2009) and Sobiech (2019) find that remittances influence growth in countries with lower financial development. Thus, they play a substitution role in countries with inefficient financial systems.

Most developing nations where most of the remittances are often sent (Ratha et al. 2020) also exhibit the presence of large informal sectors (Medina and Schneider 2019) that hinder productivity, revenue generation, and decent work. Moreover, different forms of entrepreneurship are likely to affect growth differently. Formal entrepreneurship tends to be more innovative, and opportunity-oriented, creates jobs, and influences economic growth than informal entrepreneurship (Urbano & Aparicio, 2016; Mrożewski & Kratzer, 2017). However, due to their high-risk nature and high financial and human capital requirements (Acs, 2006), formal entrepreneurship is often more challenging to engage in and requires institutional support to prosper (Aidis, 2017).

It is important mentioning that the social remittances framework emphasizes the non-financial aspects of migration, such as ideas, norms, practices, and values that migrants transmit back to their home communities (Lacroix et al., 2016). It highlights the role of social remittances in fostering social and economic change, community development, and entrepreneurship in the sending countries.

The new economics of labour migration theory emphasizes the role of social and economic networks in migration decisions (Stark & Bloom, 1985). It highlights the importance of social capital, familial ties, and community networks in facilitating migration and harnessing the economic benefits of migration through remittances, investment, and knowledge sharing.

Therefore, it is very important for the state to be aware of the importance of attracting remittances as well as migrants, and the need to create and develop various national policies and programs, for the re-integration of returned migrants and their enforcement to start their own businesses and, thus, contributing to the development of the communities where the business is set up, create new jobs and value added to the national economy.

In recent decades, when the number of migrants has increased considerably, especially in developing countries, there has been a shortage of labour in the migrant's country of origin, as well as the fact that the migrant is a source of growth and economic development for the country.

### **Methods of research**

The methods of research consist of the qualitative and quantitative research, such as theoretical and statistical analysis, deduction, and data synthesis in accordance with the consulted sources for approaching the importance of international migrants and economic development by implanting programs for their re-integration. A thorough literature analysis was performed in order to identify the relation between migration and economic development. For the analysis of current migration trends at the global, regional and local level, statistical data and reports of dedicated organisations (i.e., IOM, ILO, World Bank, UN DESA, OECD etc.) have been analyzed. The statistical analysis helped to identify the current trends in migration flows, their structure and evolution, the most attractive destinations for migrants, causes and triggers of migration.

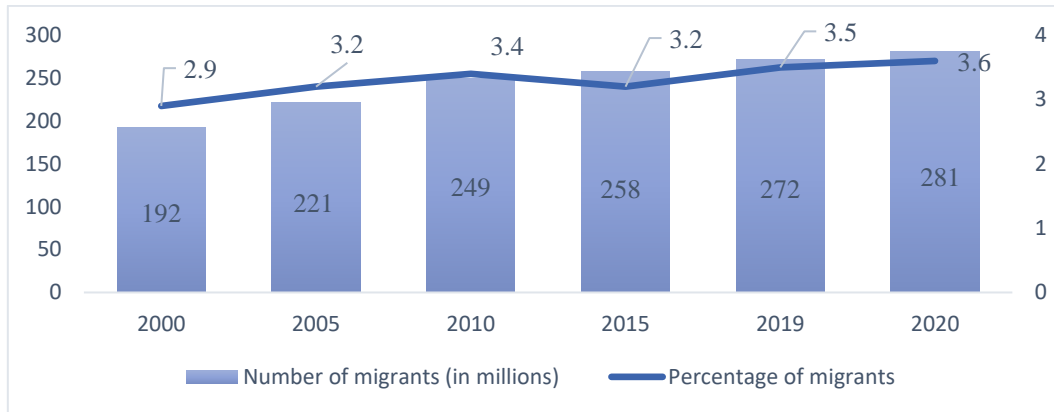
For the migration flows of the Republic of Moldova, the data provided by the National Bureau of Statistics and UN DESA were analyzed. In order to encourage migration's reintegration into the national economy and to maximize the economic potential of migrants, the analysis of migration flows in Moldova helped to identify specific trend patterns that were characteristic of the migration programs developed over time. The experience of different countries all over the world in designing policies and dedicated programmes for return migrants, helped us to understand that each country has its specific and these policies addresses these challenges in a tailored approach. Government policies have attempted to support the establishment of circular migration, trying to set up a policy framework in which migrants create development opportunities for Moldova through economic investments and a skilled returning workforce, given the impossibility of scaling down the population and skills drain.

The initiatives and programmes targeting return migrants in Moldova were analyzed (i.e. Government decisions in place, description of the national programmes, official websites of the institutions in charge for their implementation). For the assessment of the impact of PARE programme to harness the economic potential of return migrants in Moldova, data offered by the Organisation of Entrepreneurship Development were analyzed.

### **Results**

#### **Trends in the international migration at the global and national level**

The estimated number of international migrants has increased over the past five decades. The total estimated 272 million people living in a country other than their countries of birth in 2019 was 119 million more than in 1990 (when it was 153 million), and over three times the estimated number in 1970 (84 million) (see figure 1). While the proportion of international migrants globally has also increased over this period, it is evident that most people continue to live in the countries in which they were born. Even though the international migrant population has increased in size, it remained relatively stable as a proportion of the world population.



**Fig. no. 1** Evolution of international migration in the period of 2000-2020

The magnitude of international migration has experienced growth, albeit at a slower pace due to the COVID-19 pandemic. Global estimates suggest that in 2020, the number of international migrants reached nearly 281 million individuals, with approximately two-thirds comprising labour migrants (UN DESA, 2021; ILO, 2021). However, it is important to note that the estimated figure for international migrants in 2020 was lower by approximately 2 million individuals than it would have been in the absence of the pandemic (UN DESA, 2021).

In 2019, the majority of international migrants, accounting for approximately 74%, fell within the working-age bracket of 20 to 64 years. Over the period from 2000 to 2019, there was a slight decline in the proportion of migrants under 20 years old, from 16.4% to 14%. Additionally, the percentage of international migrants aged 65 years and older has remained relatively stable at around 12% since 2000.

Throughout the past five decades, the United States of America has consistently remained the primary destination for migrants, with over 51 million international migrants recorded in 2020. Germany has emerged as the second most significant destination, hosting nearly 16 million international migrants, while Saudi Arabia ranks third with 13 million migrants. The Russian Federation and the United Kingdom complete the top five destination countries, accommodating approximately 12 million and 9 million international migrants, respectively. In terms of emigrant populations, India possesses the largest number of individuals living abroad, surpassing 18 million, making it the foremost origin country globally. Mexico ranks as the second most significant origin country with approximately 11 million emigrants. The Russian Federation holds the third spot, closely followed by China, with approximately 10.8 million and 10 million emigrants, respectively. The Syrian Arab Republic, with over 8 million individuals residing abroad primarily as refugees due to extensive displacement in the past decade, stands as the fifth most prominent origin country (World Migration Report, 2022; UN DESA, 2021).

According to the World Bank, the choice of destination for international migrants is often influenced by the economic development of the receiving country. Consequently, high-income countries have attracted a significant number of migrants between 2000 and 2020, whereas low- and middle-income countries have primarily absorbed individuals displaced across borders due to conflict, persecution, violence, or human rights violations. In 2020, low- and middle-income countries hosted more than four-fifths of the global refugee and asylum seeker population. Conversely, in high-income countries, the growth of the overall migrant population over the past two decades has been driven mainly by other forms of migration, including labour migration, family reunification, and education (OECD, 2020).

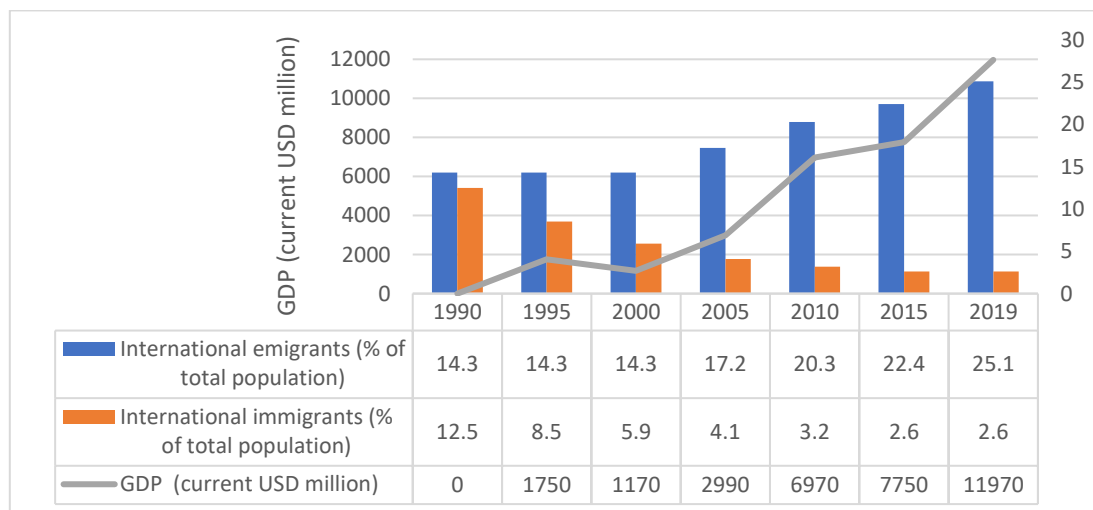
In the aftermath of the global pandemic, many migrants have opted to return to their home countries. For instance, the Ukrainian government reported in April that approximately two million Ukrainian individuals who were working abroad had returned to the country due to the pandemic (this figure may include returning students). The government temporarily restricted the departure of



migrant workers during the lockdown period. Similarly, Tajikistan witnessed a sharp increase in the number of returning migrant workers from Kazakhstan and Russia, which collectively account for over 90 percent of Tajikistan's migrants abroad, during February and March (OECD, 2020).

Regarding their economic contributions, there exists a substantial and expanding body of research highlighting the crucial role of migrants' remittances in supporting families and local communities in their countries of origin (Beaton, Catão & Koczan, 2018). Unlike overseas development assistance and, to a lesser extent, direct foreign investment, international remittances represent localized contributions made through personal transactions, typically used to meet basic household needs (such as food and shelter) and alleviate poverty (UNDP, 2011).

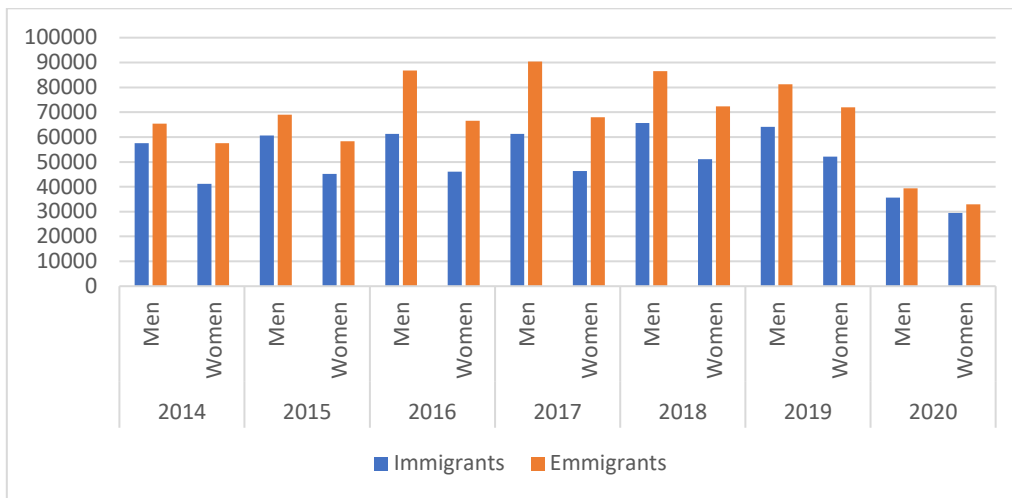
Migration represents a significant socioeconomic trend in Moldova, a country with one of the highest emigration rates worldwide. The impact of migration extends to various aspects of Moldovan society, including population age structure, the economy, and the availability of skills. As of 2020, the number of Moldovan international migrants exceeded 1,150,000 individuals, constituting 28.7% of the total population, which stands at slightly over 4 million people. Historical studies on the migration phenomenon in Moldova reveal a notable migration flow since 1990, which intensified from 2000 onwards and experienced another surge since 2015. Prior to this period, the share of migrants in the population remained consistently high at 14%. However, from 2000 to 2020, the number of migrants steadily increased by approximately 100,000 people every five years, reaching 248,000 in the 2015-2020 period. Considering the concurrent depopulation driven by low birth rates, the proportion of international migrants has risen by 2-3% every five years (and by 6.3% in the past five years), a trend that appears to have been reinforced by the COVID-19 pandemic. As illustrated in Figure 2, this phenomenon has persisted despite the sustained economic growth achieved over the past two decades, which has been even more substantial in per capita terms. In terms of immigration, the number of immigrants has exhibited a steady decline from over 500,000 individuals (12.5% of the population) in the period 1990-2019 to slightly over 100,000 individuals (2.6%). In contrast, due to population movements between the former republics of the Soviet Union, the number of Moldovan citizens born abroad has increased over time, reaching 8.9% of the total population (315,949 persons) (UN DESA, 2019)



**Fig. no. 2** Gross Domestic Product and Migration Stocks in Moldova (% of the total population), 1990-2019

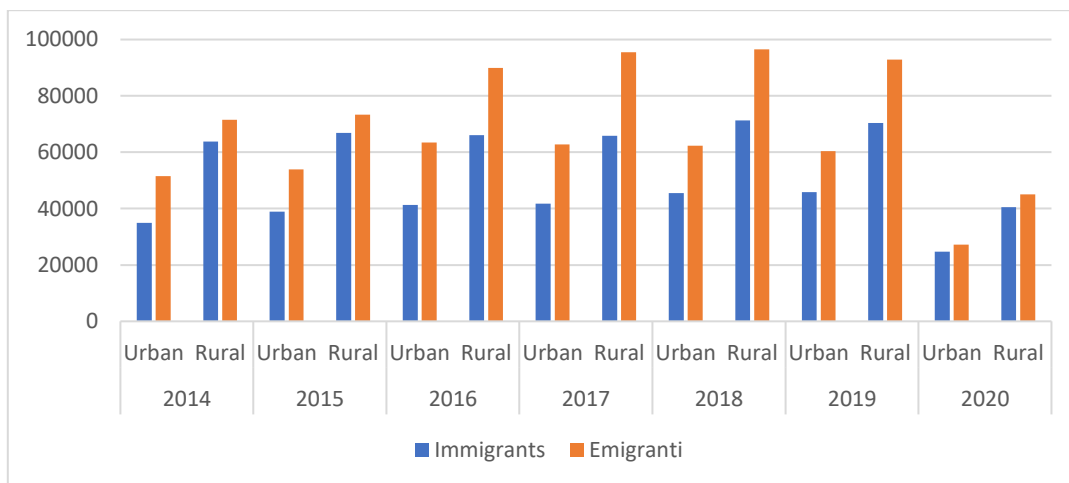
According to the National Bureau of Statistics of the Republic of Moldova, over the same period, there has been a gradual trend of masculinization of the migration force (from 64% men and 36% women in 2014 to 67.5% men and 32.5% women in 2018). Meanwhile, in the year 2020, the

gender gap in regard to migration decreases by approximately 70% in comparison to the year 2019, and by 45% in comparison to the year 2018.



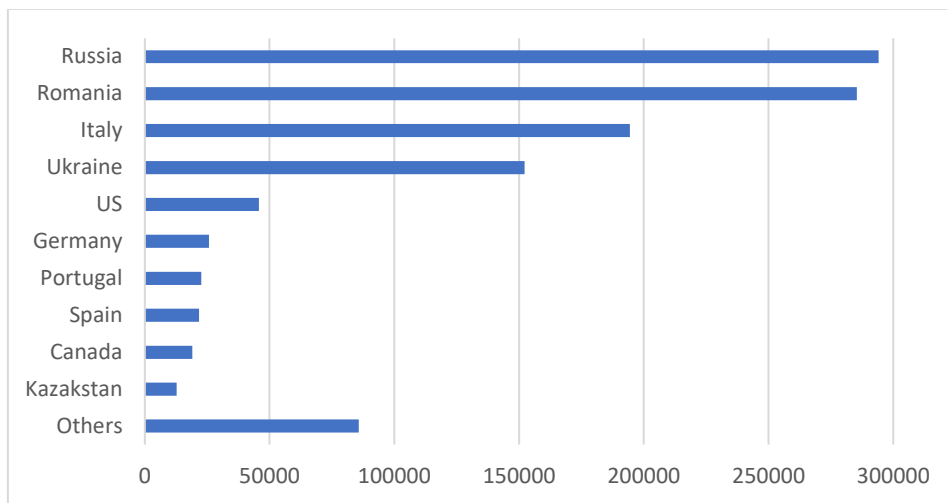
**Fig. no. 3** Number of Migrants by Gender, 2014-2020

Around 69% of migrants came from rural areas in 2018 and 78% were in the 15–44 age bracket (39% were 25–34 years old). The sharp decrease in migration in the year 2020 was due to the COVID-19 pandemic restrictions, thus, 62% of migrants came from rural, and in comparison, with the year 2019, it is registered a decrease in emigrants by approximately 49%.



**Fig. no. 4** Number of Migrants based on the place of origin, 2014-2020

In terms of the countries where Moldovan migrants choose to settle, Figure 5 illustrates that in 2020, four countries accounted for over 90% of Moldovan migration. Russia emerged as the primary destination, attracting nearly 30% of migrants (with 48% being male), followed by Romania, a country with close cultural, linguistic, and historical ties to Moldova. Italy constituted a significant destination for migrant women, comprising 35% of the overall migrant population, while Ukraine also served as a prominent receiving country. However, it is important to consider that the recent conflict between Ukraine and Russia may have led to a notable increase in the number of returning migrants from Ukraine. Regarding Russia, as of February 2022, it may no longer be a top destination for emigrants, as a significant portion of emigrants may have already settled there (potentially motivated by job security) or may have migrated to other destinations, making it challenging to estimate the actual number of emigrants returning from Russia. Currently, European Union countries serve as the primary destinations for migrants from the Republic of Moldova.



**Fig. no. 5** Top 10 regions, and countries of Emigration, 2020

The reasons behind Moldovan emigration are similar to those observed in other countries, characterized by a significant net emigration profile driven by factors such as limited job opportunities, low wages, and aspirations for a better future for their children. However, Moldova possesses a unique set of circumstances that further facilitate migration, including a combination of legal opportunities and informal networks. With over 1 million Moldovans holding Romanian nationality, they enjoy the freedom to work in other European Union (EU) countries without restrictions. Furthermore, in 2013, the European Commission proposed visa-free access to the Schengen area for Moldovan citizens holding biometric passports, which was implemented in 2014. As a result, Moldova was included in the list of third countries whose nationals are exempt from visa requirements. Moreover, the significant history of migration has fostered the development of a strong and well-connected diaspora network, which further eases the migration process.

Given the impossibility of scaling down the population and skills drain, government policies have endeavoured to support the establishment of circular migration, trying to set up a policy framework in which migrants create development opportunities for Moldova through economic investments and an upskilled returning workforce.

### **Programs to harness the economic potential of migrants globally and nationally**

The efficacy of return and (re)integration policies relies on the sustainable (re)integration outcomes, which can be assessed through various indicators: the quantity of returnees, the proportion of returnees willing to migrate again, the number of returnees who have secured employment, the number of returnees who have initiated entrepreneurial ventures, the count of reintegrated mixed families, the quantity of established businesses, and the ratio of returnees satisfied with their quality of life compared to those dissatisfied.

In the course of this research, specific trend patterns emerged, illustrating the temporal evolution of migration programs designed to facilitate the reintegration of migrants into the national economy and leverage their economic potential.

Sri Lanka was the first labour-exporting country in Asia to launch an entrepreneurship development program for return migrants (Rodrigo & Jayatissa, 1989). This program, inaugurated in 1982 by the Sri Lankan Ministry of Labour in collaboration with the Merchant Bank of Sri Lanka (referred to henceforth as 'ML-MB Program') aimed at guiding returning migrants in business creation. This initiative showed that return migrants belonging to higher occupational categories are suitable for an orientation program of this type leaving out unskilled return migrants. Second, the possibilities for guiding candidates into business are limited unless accompanied by measures to

facilitate access to capital. Third, the ability to identify and develop a project, as well as the managerial skills needed to run a business, cannot be imparted only through a program of class instruction.

The Government of Korea launched an experimental training program for return migrants in early 1986. The program aims at retraining return migrants in new skills so that they can move to other industries or establish their own businesses. By mid-1986, 4,000 workers were participating in the scheme (Hyun, 1989).

In Thailand, the Bangkok Bank offers an advisory service on investment opportunities to its migrant-worker customers. The workers who seek advice are also eligible to obtain supplementary loans from the bank if they have a good record of savings. As of 1987, only a few return migrants had approached the bank to obtain these services.

In the Philippines, the POEA (Philippines Overseas Employment Administration) prepared in collaboration with the ILO, a proposal to establish training centres in various high-migration regions. These centres would provide business consultancy, information services, training in small-scale business management, and financial support to return migrants and their family members (ILO/UNDP, 1988).

Mexico has more substantial resources and experience serving returning migrants. Starting in 2014, the National Institute of Migration coordinated the country's reception and reintegration services through the "We Are Mexican" strategy, an expansion of NIM's ongoing Repatriation Program. "We Are Mexican" seeks to make two fundamental contributions to Mexico's reintegration strategy [20]:

- Providing pre-departure information by including the Mexican consular network in the United States in the reintegration process, the strategy aims to support migrants planning to return voluntarily to Mexico. Consular officers provide migrants with information about reintegration services and explain tax and customs regulations, should the migrants plan to return home appliances, work equipment, or other assets.
- Connecting migrants to reintegration services. After migrants have either returned voluntarily or been repatriated, the strategy seeks to connect them to a variety of reintegration supports by leveraging existing programs across federal, state, and local government institutions - as well as civil society.

The United States does not offer return or reintegration assistance, for example, relying on other policy mechanisms to promote returns. Canada had a pilot in the early 2010s but has not offered support since then. Australia and Israel offer programmes to specific target groups.

In contrast, European countries offer programmes, through national and EU programmes, and reintegration assistance is a key part of policy at both national and EU level in Europe.

Considering the significance and ramifications of migration for the nation, Moldova has established an intricate and coordinated framework of migration policy and governance. Numerous strategies have been devised to foster a comprehensive approach to migration, with distinct institutions assuming responsibility for specific policies. Nevertheless, these strategies predominantly concentrate on migrants in the post-migration phase, potentially overlooking the significance of potential migrants, both in terms of prevention and the optimization of the migration process during the pre-migration phase.

Given the impact of migration flows on Moldovan society and the economy, the government has adopted several programmes and projects aimed at stimulating the return of its citizens and creating conditions for the legal employment of Moldovan citizens abroad, including the development of circular migration. Many of these involve education and training and have been implemented with the assistance of projects funded within the framework of the EU–Moldova Mobility Partnership (between 2009 and 2014). More recently, in the context of the Torino Process, the European Training Foundation (ETF) carried out an assessment of Human Capital Development (HCD) policies in Moldova (ETF, 2020) with a strong focus on migration and, more specifically, on

migrant support measures from an employment and skills perspective (MISMES). In particular, the study analysed the depletion of human capital caused by migration and the extent to which national policies support migrants to address their skills and employment needs. The analysis clearly shows the commitment of the government to address challenges linked to the massive migration flows, but it also identifies this as one of the aspects of migration policy that requires more investment, and provides specific recommendations to this effect.

The process of returning to one's home country presents individuals with a myriad of challenges and obstacles similar to those encountered during the initial migration. Returning citizens often encounter difficulties in securing employment, obtaining recognition of diplomas and qualifications acquired abroad, navigating the process of establishing a business, enrolling their children in education, and other related aspects. In this regard, it is incumbent upon the state to provide support for their endeavours to reintegrate into society and become active participants in the country. With the objective of formulating a comprehensive and multifaceted state policy to facilitate returns and promote the (re)integration of Moldovan citizens engaged in the migration process, as well as to implement the Government Action Plan for 2021-2022, a National Programme for stimulating returns and facilitating the (re)integration of Moldovan citizens involved in the migration process for 2022-2026 has been developed.

The objective of the Programme is to incentivize the repatriation of Moldovan citizens engaged in the migration process and to establish an efficient and enduring system for their successful reintegration. Its development aligns with the guidelines outlined in the Government's Programme of Activities for 2021-2025, titled "Moldova of Good Times," as well as the National Diaspora Strategy 2025. Furthermore, it is closely coordinated with the formulation of a new policy document on migration and asylum, among other pertinent initiatives in the field.

The Programme embodies an innovative approach that addresses the needs and expectations of Moldovan citizens affected by the migration process. It also considers the requirements, prospects, and challenges faced by communities involved in the return and reintegration efforts. By adopting a comprehensive, integrated, gender-sensitive, and sustainable perspective, the Programme expands the methodological and visionary boundaries of the migration domain beyond individual reintegration. It delineates the strategic objective, specific objectives, outcomes, and impact, outlining the pathways for action.

In addition to formulating a programme to incentivize return and facilitate reintegration, it is imperative for the government to actively engage with the diaspora to leverage its potential and incorporate it into all local planning and development processes. This entails collaborating with the diaspora in identifying local issues and jointly devising solutions to address them. In line with this objective, the "Diaspora Succeeds at Home Programme 'DAR 1+3'" was launched and piloted by the United Nations Development Programme (UNDP) in 2020.

The "Diaspora Succeeds at Home Programme 'DAR 1+3'" has the following specific objectives:

- stimulating the development of rural and urban localities in the Republic of Moldova by attracting human capital and financial capital from the diaspora;
- preserving and reviving the connection between citizens who have left and their localities of origin by implementing programmes and local development projects
- increasing the participation and involvement of the diaspora in local socio-economic planning and development.

The DAR 1+3 program has played a significant role in strengthening the connections between migrants and their hometowns by ensuring their participation in the decision-making processes at the local public authority level. One of the key criteria for project eligibility within the program is that project ideas must be preliminarily discussed with diaspora members by local public authorities (LPAs), as evidenced by meeting minutes.

During two years of implementation, received funding from the state budget: 43 beneficiaries (22 in 2020 and 21 in 2021). The projects implemented under the program have made notable

contributions to addressing current challenges faced by local communities and improving their well-being. These projects have focused on various aspects, including infrastructure development (such as renovations of buildings and creation of leisure areas), enhancement of local services (such as kindergartens and medical centers), and the establishment of recreational and educational spaces (such as parks, playgrounds, and sports fields). It is worth mentioning that these projects aim to ensure access to community residents, including people with disabilities.

The impact of DAR 1+3 implementation is assessed through various indicators, including the volume of investments attracted for local development under the program, the number of financed local development projects (such as renovated buildings, created centres, innovative services, road repairs, and street lighting), the proportion of diaspora investments in total investments for the locality, the number of new temporary/permanent jobs created, and other relevant monitoring and evaluation indicators ( UN Network on Migration, 2023)

The pre-migration phase has exhibited relatively limited progress in terms of outcomes, with the country attaining less remarkable results. The majority of implemented measures focus on facilitating a seamless transition to host countries by enhancing awareness of the risks associated with irregular migration and offering training to facilitate cultural and linguistic integration within the host country. In contrast, interventions aimed at promoting reintegration through business initiatives and entrepreneurship training have demonstrated relatively higher levels of success.

The operational tool behind this was the Programme for Attracting Remittances into the Economy (PARE 1+1), which sought to capitalise on return migration and remittances to create and expand the domestic small and medium-sized enterprise sector. Established in 2010, the programme was implemented and monitored by the Organisation for Entrepreneurship Development (ODA), former ODIMM. The declared purpose of the PARE 1+1 programme was to boost the volume of remittances and create thousands of new businesses and jobs, most of them in rural areas. PARE was based on a '1+1' model of business financing, according to which the authorities would match the financial resources invested by programme participants in their businesses, up to a certain level. In addition to this funding component, PARE also had a component for the provision of training in entrepreneurship and business development, and a component devoted to the post-funding period in which business owners could receive assistance in the form of further training and consultancy services for development. Since the inception of PARE, its education and training component has been strengthened and has become a mandatory requirement for accessing funding.

In 2022, the programme was improved and extended. The renewed PARE 1+2 programme was approved by the Government Decision nr. 622/2022 and has the objective to strengthen the economic opportunities for capitalizing on remittances, as well as facilitating the inclusion of migrants in the socioeconomic development of the Republic of Moldova. PARE 1+2 comes to offer additional support for those migrants that have benefitted for financial support to start a business and are looking to expand the company's activity. The non-refundable financial support is granted based on the "1+2 Rule", thus 1 lei invested from the beneficiary's own contribution account will be supplemented with 2 lei from this Program. The amount of non-refundable financing will not exceed half a million of MDL.

Considering that PARE programme proved to be one of the initiatives through which the Moldovan government channelled financial resources to harness the economic potential of returned migration, in the next section the effects of this programme were analyzed. Considering that the present analysis covers the period 2010-2021, the analysis of the impact of the PARE programme will not consider the results of the renewed programme.

### **The impact of PARE program on the development of the Republic of Moldova's economy**

The National Programme for the Attraction of Migrants' Remittances into the Real Economy of the Republic of Moldova (PARE 1+1) is a National Moldovan State Programme that aims at

mobilizing human and financial resources of Moldovan migrant workers into Moldova's economic development by stimulating the creation and development of small and medium enterprises and corresponding job places by migrant workers and remittance recipients. Key indicators of PARE 1+1 show that most businesses are created and activated in the rural area of the country. Thus, PARE 1+1 will mainly contribute to the development of rural SMEs and stimulate the rural economy. PARE 1+1 comprises both financial and non-financial support for entrepreneurs. The financial support to third parties will be granted according to the PARE 1+1 Regulation approved by the Government Decision No. 972 of 18 October 2010.

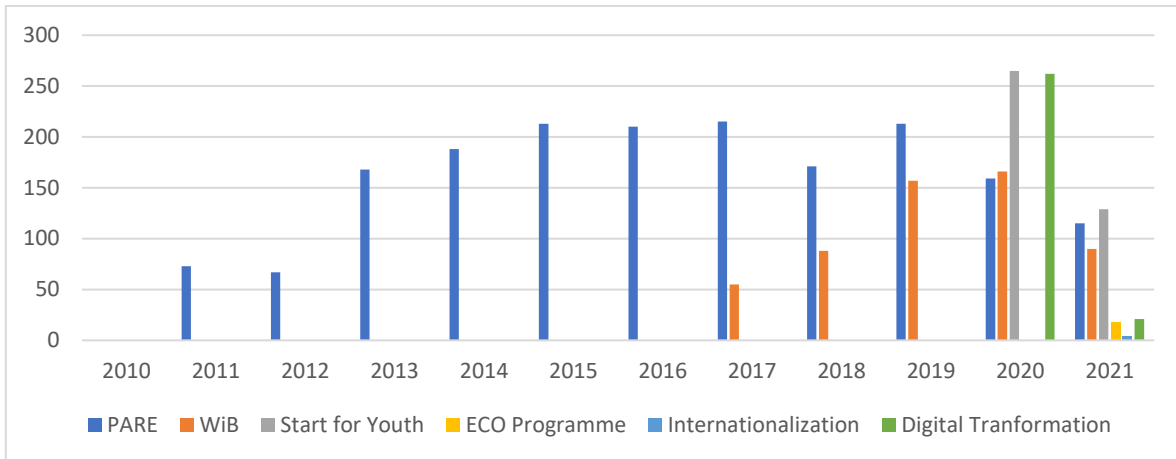
The program targets migrant workers and/or their immediate family members who are engaged in the establishment or growth of a company characterized by a wholly privately-owned social capital structure, registered under any of the following legal forms: Private Company/Entrepreneur, Limited Liability Company, Farm, Production Cooperative, Entrepreneurial Cooperative. The program specifically encompasses individuals who, either as founders or associates, possess a migrant worker background or are directly related to such individuals in the first degree.

To take part in the program, the applicant must meet the following basic requirements:

- to be a Moldovan citizen;
- to be a migrant worker coming from Moldova or first-degree relative – beneficiary of remittances;
- intends to launch a business in Moldova or to develop the running business;
- has his own capital, which comes from remittances, and may confirm the origin of these funds based on the justification documents. The capital may have the form of a deposit account or cash, fixed assets, machinery, or equipment necessary for carrying out business.

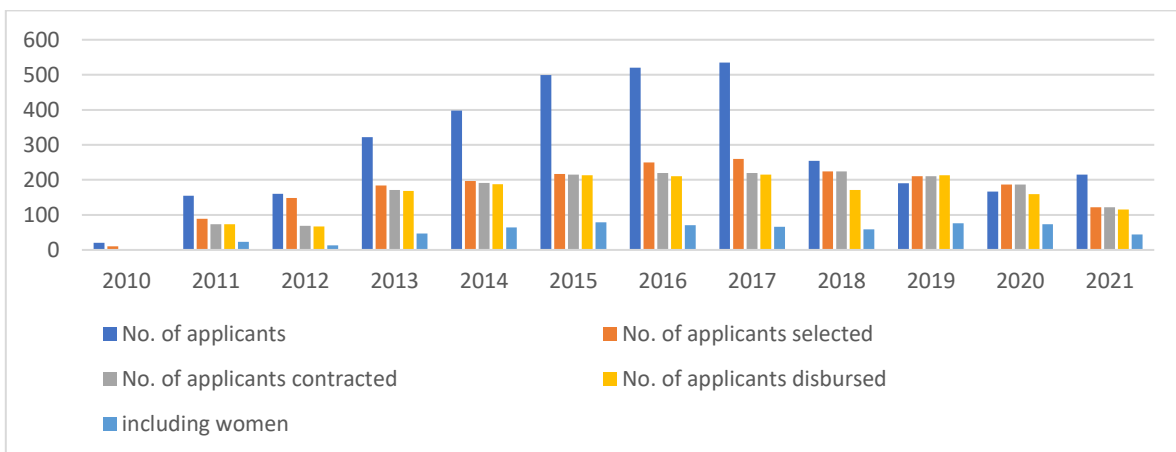
The "1 + 1" rule - each EUR invested in remittances and confirmed by supporting documents for the implementation of the business plan submitted under the Program will be supplemented with (one) EUR within the Program in the form of a grant, within the limit of 250 000 MDL ( $\approx$  12 224.80 EUR).

The PARE program, being the inaugural national initiative implemented by ODA (Organisation for Entrepreneurship Development), has demonstrated a more pronounced trajectory of development compared to other programs, accompanied by a notable impact. Statistical data reveals a consistent upward trend in the number of grantees since 2011, reaching its zenith in 2017 with 215 grants awarded. In 2020, the PARE program experienced a decline of approximately 25% in applicant numbers compared to 2019, with 54 fewer applications. Interestingly, a surge in demand was observed for the newly introduced Digital Transformation program, designed to support business digitization and facilitate entrepreneurial endeavours amidst the challenging circumstances of the pandemic. Another program that garnered substantial application activity, resulting in 265 beneficiaries, is Start for Youth. It is noteworthy that despite the introduction of additional new programs deemed pivotal for the corresponding period, the PARE program has consistently received over 100 disbursed applications annually, indicating a strong interest among migrants to return to Moldova and contribute to its economic advancement.



**Fig. no. 6** Number of grants disbursed from the state budget in different programmes

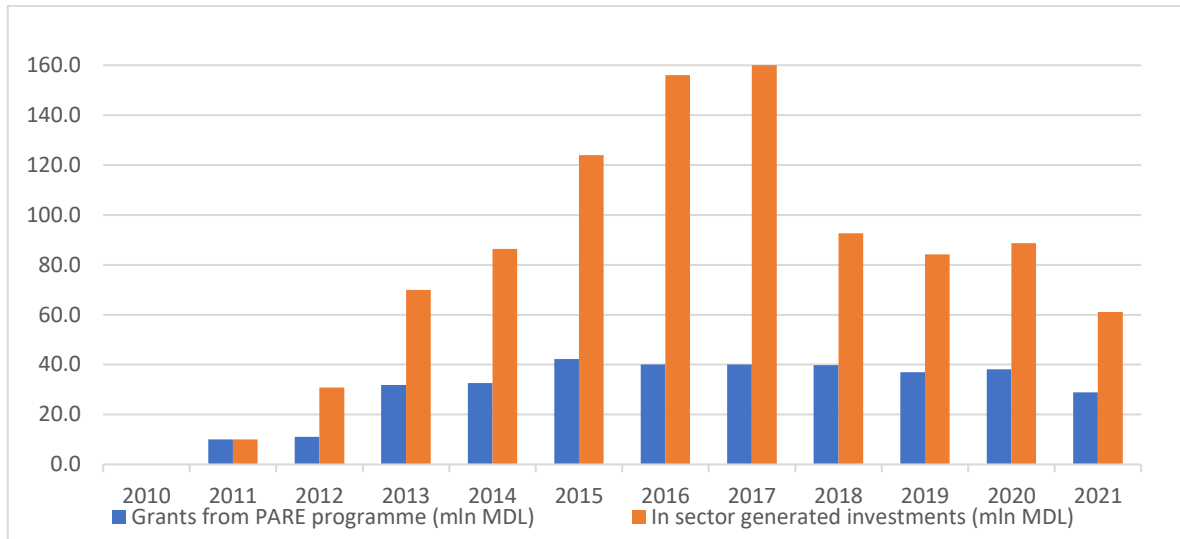
Figure 7 illustrates the chronological development of the PARE program during the period spanning from 2010 to 2021. In its inaugural year of 2010, the program recorded 20 applicants, although no grants were disbursed. This can be attributed to the program's approval occurring in October of that year, resulting in the applications from 2010 being disbursed in 2011. Subsequently, a notable increase in application numbers can be observed, particularly in 2017, with 535 applicants. However, there was a substantial decline of approximately 52% in 2018 compared to the preceding year. This decline could potentially be attributed to the presence of the established Women in Business (WiB) program, which, although disbursing a smaller number of grants, may have offered more favourable conditions for certain applicants who intended to apply to the PARE program. Since 2017, the discrepancy between the number of applications received and the number of grants disbursed has not exhibited a significant magnitude.



**Fig. no. 7** PARE 1+1 evolution in the period 2010-2021

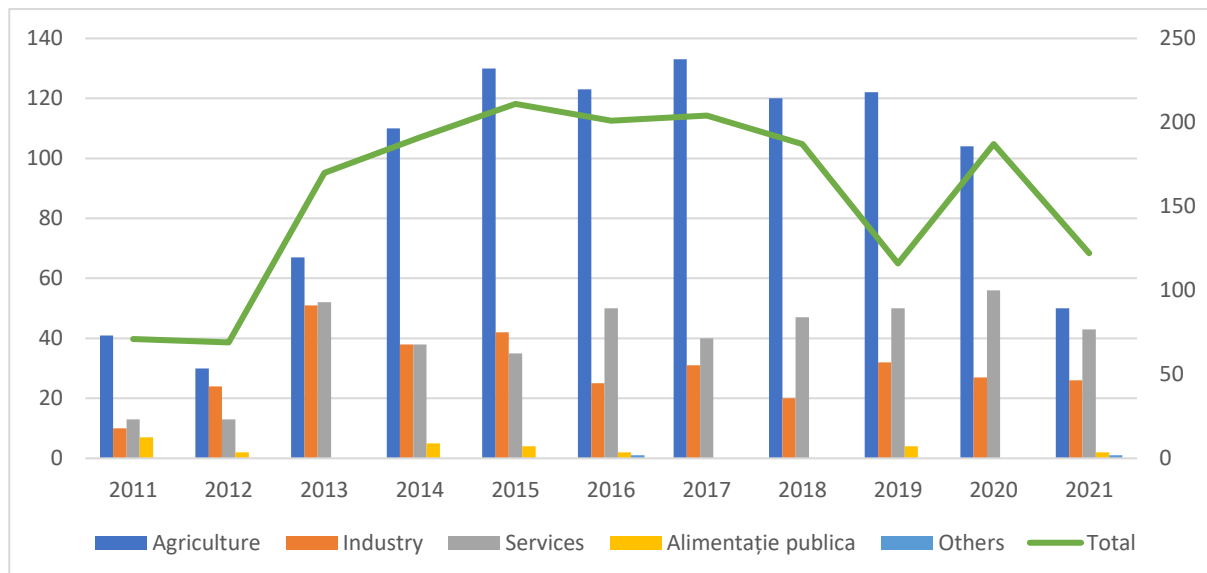
The PARE Program has an important impact on the investment generated within the respective sector subsequent to the disbursement of grants. Generally, the annual disbursement of grants does not exceed 45 million MDL, which is contingent upon the applicants' requests and the available government funding allocated to the program each year. Notably, during the period spanning 2015 to 2017, the cumulative value of generated investments experienced a four-fold increase, reaching 160 million MDL in 2017. This represents a ten-fold increase compared to the year 2011. Additionally, within the same period, the PARE Program recorded the highest number of disbursements, with a notable emphasis on grants disbursed within the agricultural sector.





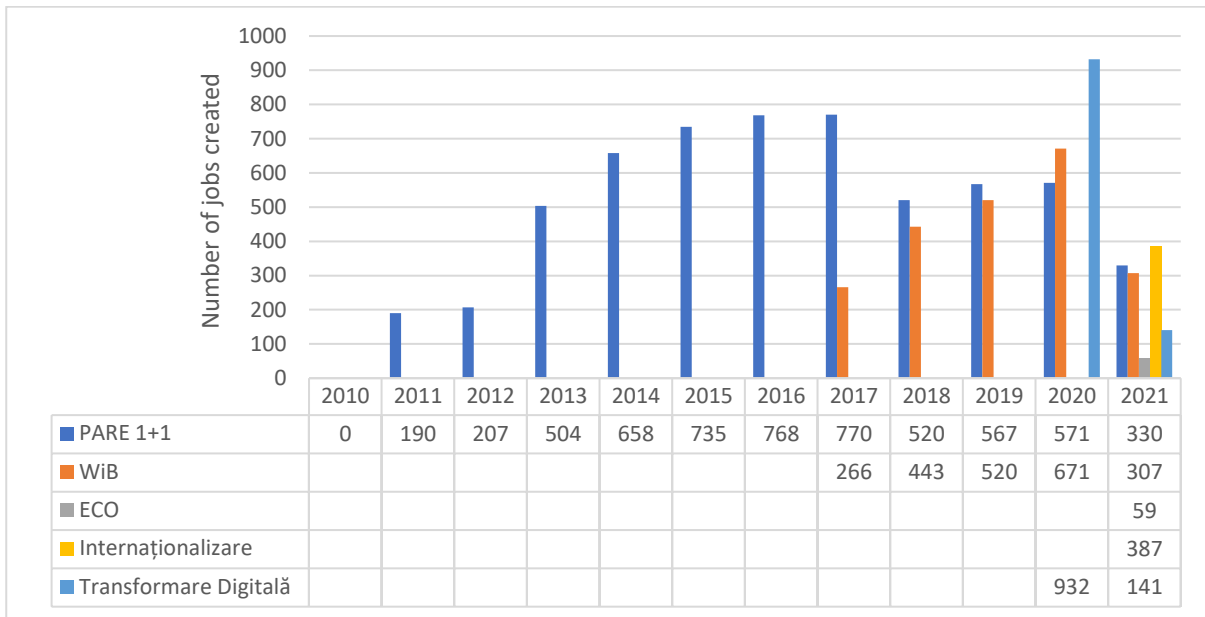
**Fig. no. 8** The total amount of Grants disbursed and the in-sector generated investment for PARE 1+1 Programme, 2010-2021

The PARE program demonstrates a predominant focus on the agricultural sector, as evidenced by the highest number of grants disbursed in 2017, totaling approximately 133 grants. Nevertheless, recent years have witnessed a slight decline in the agricultural sector, accompanied by a convergence in the number of grants disbursed within the services sector, encompassing areas such as car washes, taxi companies, and tourism, among others. Conversely, the industry sector has not exhibited a comparable magnitude of grants disbursed, with the highest number recorded in 2013 amounting to 51 grants.



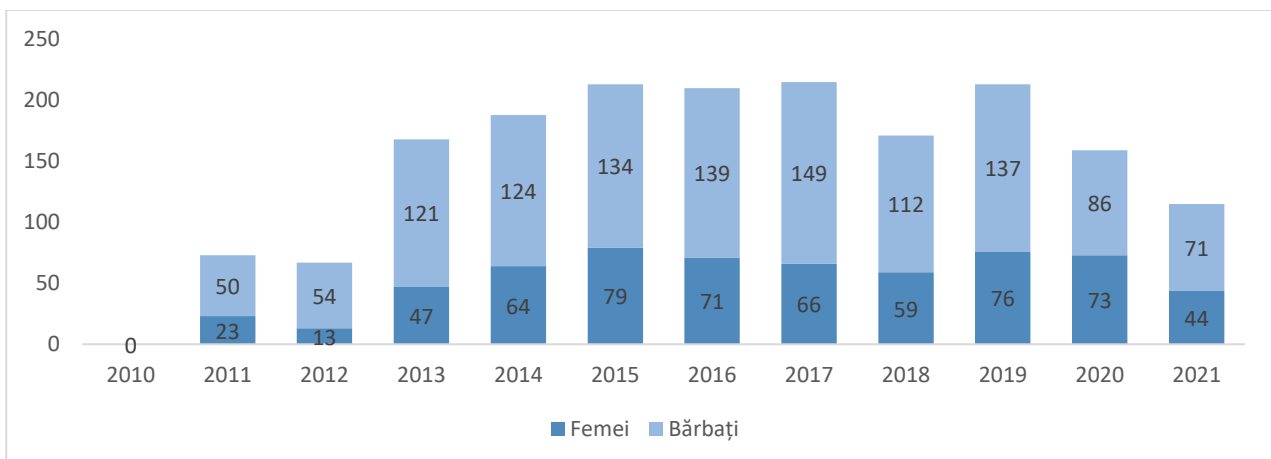
**Fig. no. 9** Number of grants disbursed by the field of activity, 2011-2021

The disbursement of grants within the PARE program is anticipated to yield positive outcomes, including the creation of employment opportunities. Notably, the program has exhibited a significant contribution to job creation, as evidenced by the data until 2017, wherein approximately 800 jobs were generated. However, a decline in job creation has been observed since 2018, attributed to the diminishing number of grant disbursements within the PARE program. Nevertheless, despite the challenges posed by the COVID-19 pandemic in 2020, the program still managed to facilitate the creation of around 320 jobs in 2021.



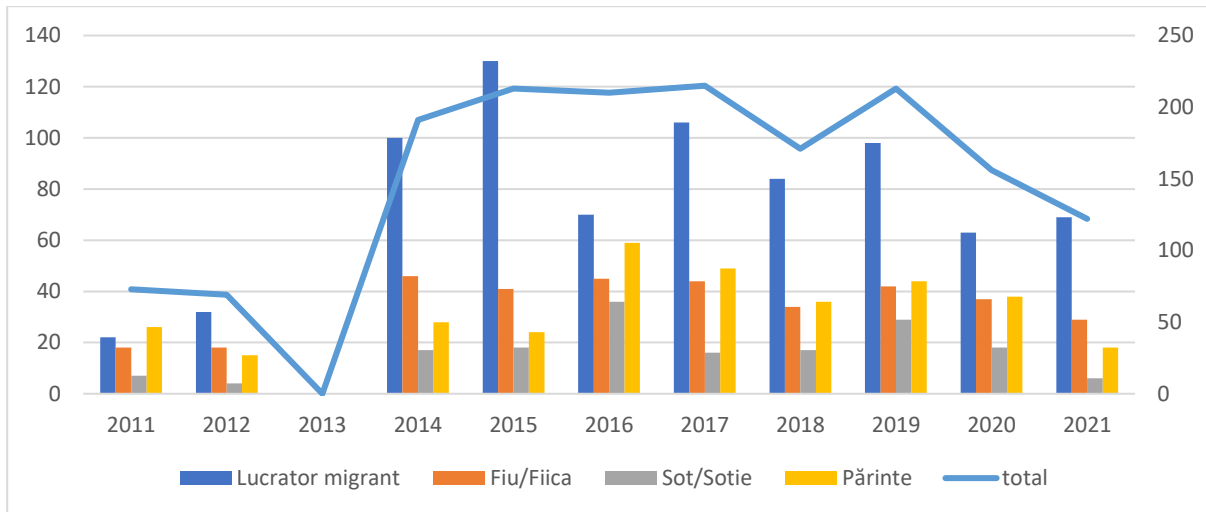
**Fig. no. 10** Number of jobs created within the "PARE 1+1" programme compared to other national programmes, 2010-2021

In recent years, there has been a notable focus on promoting the involvement of women in the business sector and encouraging their entrepreneurial endeavours. However, when examining the distribution of grants under the PARE program, it becomes apparent that the proportion of grants awarded to women remains considerably lower compared to men. This disparity is particularly evident in 2012, where only 13 out of 69 fully disbursed grants were allocated to women. It is important to note that gender-based discrimination is not practiced in the selection process for grant recipients. The limited number of grants obtained by women through the PARE program may be attributed to two factors: a relatively low number of applications submitted by women and potential non-compliance with the grant requirements. Notably, the highest number of grants awarded to women-owned businesses was recorded in 2015, totalling 79 grants. It is also worth mentioning the implementation of the Women in Business (WiB) program, which has been in effect since 2017 and has likely impacted the allocation of grants to women entrepreneurs.



**Fig. no. 11** Number of grants granted under the National Programme "PARE 1+1", by gender, 2010-2021

The primary objective of the program is to channel remittances into the national economy, thereby facilitating economic growth. To this end, the PARE program allows for businesses to be established and managed by either a migrant worker or a first-degree relative. It is worth noting that there is no available data for the year 2013 regarding the relationship between the founder and the manager of the business. However, in cases where information is recorded, the majority of grants disbursed indicate that both the founder and manager of the business are migrant workers. Following this, a significant proportion of grants are attributed to businesses founded and managed by the children or parents of the migrant worker.



**Fig. no. 12** Relationship between the founder and the manager of the businesses benefiting from the "PARE 1+1" National Programme

In the year 2022, an additional component was introduced to enhance the existing program, resulting in the creation of "PARE 1+2". While the fundamental conditions of the original "PARE 1+1" program remain unchanged, an extra element has been incorporated. Component III of the program exclusively targets beneficiaries of Component II, which includes graduates of the "PARE 1+1" program, who have successfully implemented their investment projects and aim to expand their economic activities. This expansion entails increasing production capacity, diversifying products, and venturing into new markets.

To be eligible for participation in Component III of the program, applicants must satisfy the following criteria:

- Successful implementation of the investment project under Component II.
- Intention to expand economic activity through increased production capacity, product diversification, and market expansion.
- Demonstrated activity in the market for a minimum of 2 years, with a positive evolution of the company's economic and financial situation following the implementation of the investment project under Component II.
- Creation and maintenance of at least 5 permanent jobs subsequent to the implementation of the investment project under Component II.
- Upon the commencement of the program's second phase, applications will become eligible for funding under "PARE 1+2".

Grants within this program are awarded for investment projects aimed at expanding the company's operations. Non-reimbursable financial support is provided based on the "1+2 rule," wherein every 1 lei invested from the beneficiary's own contribution is matched with 2 lei from the program. The grant amount is subject to a maximum limit of 500,000 MDL.

## **Conclusions**

Migration has emerged as a significant driver of economic growth and development, enabling the realization of power and influence across distances. The 21st century has witnessed a heightened intensity of migration, facilitated by the establishment of travel-friendly conditions, such as the creation of Schengen areas and integrationist groups. However, the onset of the pandemic has led to a notable trend of migrants returning to their countries of origin. This phenomenon is noteworthy considering the efforts made by countries over the years to develop and implement various programs aimed at attracting migrants and facilitating their reintegration into the national economy. Many of these programs have yielded successful outcomes and remain active, contributing to both an increased number of returning migrants and positive economic outcomes at the country level. Analysing the shifts in scale, direction, demography, and frequency of migration can enhance our understanding of its evolving nature and inform effective policies, programs, and operational responses on the ground.

It is worth noting that the concept of attracting and reintegrating migrants is not a recent trend, as evidenced by the experience of Asian and Latin American countries that have been creating and implementing such programs since the 1980s. While not all migrant attraction programs have achieved desired outcomes, they have served as invaluable sources of inspiration for the development of similar programs in other countries.

The Republic of Moldova, as a former socialist country, was part of a planned economy until the 1990s, providing employment for all its citizens and minimizing mass migration tendencies. However, with the attainment of independence and the emergence of initial financial difficulties, exacerbated by currency exchange challenges, the need for mass migration became evident.

Education and training measures are often overlooked in the range of policy responses aimed at supporting migrants, despite their proven potential in facilitating reintegration and preventing the underutilization of human capital. Successful programs like PARE 1+1 highlight the importance of incorporating professional and vocational training opportunities within policies targeting migrants, who often face uncertainties upon their return regarding the most effective ways to establish their own businesses, find employment, and apply the ideas and knowledge gained abroad.

In addition to the program aimed at attracting remittances, a national plan has been developed to stimulate returns and facilitate the (re)integration of Moldovan citizens involved in the migration process for the period 2022-2026. To establish a connection with the Moldovan diaspora and enable their engagement in the country's socio-economic processes, the DAR 1+3 program has been developed and implemented since 2020. Each program and plan implemented by the Republic of Moldova has a well-defined purpose and significant impact. Currently, the PARE 1+2 program stands out for its extended implementation period and higher visibility among migrants.

This research has underscored the necessity of attracting migrants and reintegrating them into the national economy through the implementation and development of various programs aimed at fostering the growth and development of the country. In conclusion, it can be confidently stated that if a particular program has not achieved success, it calls for a different and innovative approach to stimulate citizen interest by effectively conveying the long-term importance and impact of implementing such programs.

## **Acknowledgement**

This article was elaborated within the project Jean Monnet Chair in EU Studies and Migration, implemented with support of the ERASMUS+ programme of the European Union (ref. nr. 620774-EPP-12020-1-MD-EPPJMO-CHAIR). The support granted by the European Commission for the elaboration of this publication is not a content approval, which only reflects the opinions of the authors, and the Commission cannot be held accountable for any use of the information contained in this.

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