



Social and Economic Impact Assessment of the COVID-19 Pandemic on Vulnerable Groups and Economic Sectors in the Republic of Moldova

Impact Assessment Report



November 2020



Social and Economic Impact Assessment of the COVID-19 pandemic on vulnerable groups and economic sectors in the Republic of Moldova

Impact Assessment Report

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet.

This Socio-Economic Impact Assessment was produced with the financial and technical assistance of UNDP and UNFPA Moldova and with support from the State Chancellery of the Republic of Moldova. The analytical part was commissioned to PwC. The content of this publication is the sole responsibility of the author and does not necessarily represent the views of the UNDP and UNFPA. The data used for the analysis cover the period from May to October 2020.

Copyright: [UNDP Moldova, 2020](#)



Foreword



The Republic of Moldova is going through a difficult period, characterized by multiple challenges. The coronavirus pandemic, currently faced by the entire humankind, has shown that the old means and approaches are ineffective, forcing us to reinvent how to deal with an unprecedented threat that does not take into account national borders, race or social status.

The multiple vulnerabilities, both of the population and of the economy as a whole, have been revealed by the pandemic. The health and education systems have been put in the situation to identify prompt interventions to quickly adapt to the new conditions and ensure their functionality. In such circumstances, the public authorities have committed to identify solutions that are appropriate to the situation, which requires combining the efforts of all actors to develop effective partnerships. In this regard, we appreciate the openness shown and the significant input of the UN agencies as well as their rapid and extremely valuable support.

This Report on the assessment of the socioeconomic impact on the most vulnerable groups of the population and on SMEs in the Republic of Moldova is a useful tool and a significant support in the process of capacity assessment, community mobilization policy-making and, not in the least, communication on the COVID-19 pandemic response measures.

The review of the pandemic crisis impact is accompanied by a set of policy recommendations targeting both the interventions in response to the negative effects of the pandemic and the post-COVID-19 social and economic recovery support measures. Overcoming the challenges faced by the society today as well as ensuring a speedy recovery can only be possible under the conditions of a joint effort of all authorities, the business, and the society as a whole.

In this connection, we appreciate the fruitful cooperation of all ministries and the National Bureau of Statistics with its research team in providing the data and information necessary for the preparation of this Report. We are also particularly proud that this Report is evidence-based, or uses several sources of evidence, including evidence that is used for the first time.

We express our gratitude to the UN agencies for their continuous and valuable expertise in the development of the Republic of Moldova, including in accelerating the implementation of the Sustainable Development Goals.

We encourage the public authorities to use the Report in their policy-making process, expressing our confidence that it will equally serve as a basis for new dialogues with the development partners, local communities, the private sector and social innovators, to coagulate efforts and multiply the positive effects thanks to the implementation of recovery measures.

Liliana IACONI,
Secretary General of the Government





The Republic of Moldova is facing one of the biggest and most complex development challenges in its recent history, an unprecedented public health and socio-economic crisis that affects all people living in the country. The COVID-19 crisis is a test of resilience and capacity to cope with multiple emergencies as well as a test on the capability to turn the crisis into opportunities to build forward

better and recover.

In the last decade or so, the country has made an important progress towards the achievement of multiple Sustainable Development Goals, in terms of reducing poverty, improving access to services, supporting inclusion of vulnerable groups among others. Even before the crisis, there were several areas that required accelerated efforts. The COVID-19 crisis hit at the most inopportune moment, when multiple vulnerabilities of the country compounded with a severe drought affecting the agricultural sector, triggering an economic slowdown. Furthermore, the economic growth from the pre-crisis period has disproportionately benefitted the urban settlements and bigger cities, while rural areas continued to have fewer social and economic opportunities and poorer access to basic social services, including in areas of health, education, access to water and sanitation.

The current crisis is equally an opportunity for change. But such change cannot be achieved by a single actor, and requires collaborative approaches, a genuine engagement with citizens and the private sector, a re-thinking of the development paradigm and exploration of the few next areas of opportunity for development.

Emerging opportunities are around us. From the digitalization and modernization of the public services and businesses, to new engagement to shape the future of skills and modern education system in Moldova, greening the economy, implementing the elements of good governance, accelerating the fight against corruption to engaging with citizens around building a future they want for this country.

The Socio-Economic Impact of COVID-19 on most vulnerable groups and economic sectors conducted during the period end-May – beginning of October 2020 is a comprehensive service for the Government and partners shedding light on the consequences and impact of the crisis and proposing tactical and medium-term policy and programmatic options for recovery and resilience. It provides ‘food for thought’ and has already ignited several multi-stakeholder policy dialogues and debates, underlying the potential and ambition for recovery, but also the enthusiasm for building new partnerships for development and coagulating efforts to overcome the multiple COVID-19 induced challenges.

I trust that this Assessment Report will inspire and encourage actors across all sectors and support collaboratives efforts to overcome COVID-19 crisis and build forward better, stronger and greener.

Dima Al-Khatib
UNDP Resident Representative

A handwritten signature in blue ink, appearing to read 'Dima Al-Khatib', with a horizontal line underneath.





COVID-19 pandemic has put our lives at risks, exacerbated vulnerabilities and imposed us to go through unprecedented times. In 2020, we had to re-think our lives and shape a new course for the future. COVID-19 emphasized the persistent gaps that remained unaddressed for far too long and the urgent need to close them. It also pushed back our efforts for achieving the Sustainable Development Goals. However, as long as it escalated the challenges in many ways, this pandemic also revealed plenty of opportunities.

For example, it emphasized on the great potential of young people to innovate and act as agents of change and proved to us once again that young people can be part of the solution and help the country overcoming the pandemic and building back better.

During this unprecedented Covid-19 virus pandemic, more than ever unity, solidarity and mutual aid demonstrated to be vital values at the heart of the decisions of citizens, civil society and institutions.

In a country like Moldova, which is facing rapid demographic changes and ageing of the population, exploring these inner values and creating bridges between generations to build solidarity and mutual support, can be a long term solution.

There is no easy fix in overcoming the pandemic and building back better, but it is in the power of Moldovan people to overcome it united across different ages, regions and sectors. Building bridges between generations – intergenerational solidarity – blended with strong collaboration between different sectors can make the difference in the lives that we may save and in the wellbeing of the most in need. And it is up to each of us in making this difference. Our own actions are making a difference.

Young people who are there for older persons in the community to ease their social isolation and provide emotional support during this pandemic is making a difference. Collaboration between different sectors in overcoming what has become more than a health emergency is making a difference.

Identifying who are the most vulnerable people as a result of this pandemic and working with them to empower and enable them to become a central element of our society is making a difference.

Working jointly with all partners – Government, civil society, private sector in swiftly adapting and re-thinking on how we are delivering for the most in need is making the difference.

The assessment report on the Socio-Economic Impact of COVID-19 is the main tool to guide our joint efforts. It provides an overview on the most vulnerable groups during the COVID-19 pandemic and identifies ways how we all should respond to it. It also serves as a reference document in designing the response plan of the Government, as it has a structural approach on the implications of pandemic, grounded on data and people's voice, supported by full set of recommendations.

It is in the power of Moldovan people to build back better and make us all more resilient to crises. The way how the Government and all of us will use the findings of this report, will depend how many lives we save and how resilient we are. Let us all make full use on the findings of this assessment report for a stronger and brighter Moldova.

Nigina Abaszada,
UNFPA Resident Representative

A handwritten signature in black ink, reading "N. Abaszada".



Contents

List of abbreviations	4
List of Figures	9
List of Tables	20
Executive Summary	22
1 Updated status of COVID-19 pandemic in Moldova	37
2 Methodology for assessing COVID-19 impact	51
2.1 Selection of the VGs and ESs	52
2.2 COVID-19 impact modelling and key indicators	54
2.3 Data collection	60
3 Socio-economic impact of COVID-19 pandemic crisis on the selected vulnerable groups	65
3.1 Children & youth	75
3.2 Poor households	94
3.3 Vulnerable women	109
3.4 NEET youth	127
3.5 Returning migrants	142
3.6 Older people	158
3.7 Freelancers and entrepreneurs	172
4 Impact of COVID-19 pandemic crisis on the selected economic sectors	185
4.1 Wholesale and retail trade (non-food)	200
4.2 Transportation and storage	206
4.3 Hospitality	213
4.4 Manufacturing sector, light industry	220
4.5 Agriculture	225
5 COVID-19 pandemic crisis impact on public services provision	236
5.1 Healthcare services	236
5.2 Education	243
6 COVID-19 pandemic crisis impact on Transnistrian Region	250
7 Policy recommendation guidelines	258
7.1 Policy recommendation guidelines on addressing the issues of the selected vulnerable groups	258
7.2 Policy recommendation guidelines for the recovery of the selected economic sectors	280
Appendix 1 - Research Methodology	294

List of Abbreviations

COVID-19	The SARS-CoV2 respiratory virus
EIB	European Investment Bank
ERBD	European Bank for Reconstruction and Development
ESA	European Space Agency
ES	Economic Sectors
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
IOM	International Organization of Migration
MAI	Ministry of Internal Affairs
MFA	Ministry of External Affairs and European Integration
MOJ	Ministry of Justice
MSMPS	Ministry of Health, Labour and Social Protection
NBM	National Bank of Moldova
NBS	National Bureau of Statistics
NEA	National Employment Agency
ODIMM	Organization for Small and Medium Enterprises Sector Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
SDGs	Sustainable Development Goal
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Fund
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
VG	Vulnerable Groups
WB	World Bank
WHO	World Health Organization



List of Figures

Figure 1. Real GDP Growth, 2015-2019 [%]	37
Figure 2. GDP current market prices per quarter, 2019-2020, [mn MDL]	37
Figure 3. Current account balance, 2015-2019 [% of GDP]	38
Figure 4. COVID-19 cases in top 5 importers and exporters	38
Figure 5. Inflation rate, 2015-2019, [%]	39
Figure 6. NBM monetary policy rate, September 2016- August 2020, [%].....	39
Figure 7. Population with usual residence of Moldova, at the beginning of 2015-2020, [thousand]	40
Figure 8. Distribution of the adult population (25-64 years) by level of education, 2019, [%]	41
Figure 9. Labor force participation rate, employment rate and unemployment rate, by level of education, 2019, [%]	41
Figure 10. Labor force, 2015-2019 annual average and Q1 & Q2 2020, [%]	42
Figure 11. Labor force participation rate, employment rate and unemployment rate, by level of education, 2019, [%]	42
Figure 12. Participation rate by area, 2015-2020, [%]	42
Figure 13. Employment rate by sex, 2015-2020, [%]	42
Figure 14. Employment rate by area, 2015-2020, [%]	42
Figure 15. Unemployment rate by sex, 2015-2020, [%]	43
Figure 16. Unemployment rate by area, 2015-2020, [%]	43
Figure 17. Distribution of the employed population by economic sectors, Q2 2020, [%]	43
Figure 18. Share of employed population in undeclared work and who received salary in envelopes, Q2 2020, [%]	43
Figure 19. Number of employed persons affected by COVID-19 at work, by gender, Q2 2020, [thousand]	44
Figure 20. Number of employed persons affected by COVID-19 at work, by region, Q2 2020, [thousand]	44
Figure 21. Emigrants by sex, 2015-2019, [persons].....	45
Figure 22. Number of population repatriated, 2015-2019, [persons]	45
Figure 23. COVID-19 cases by age group, 30th of September 2020, [cases]	47
Figure 24. Mobility evolution of city centre behavior by distance travelled, [stay-at-home, % of population], March – June 2020	48
Figure 25. Radius of daily travel routines in Buiucani sector, [meters], 2020....	48
Figure 26. Average telecom activity levels by time of day, [# of calls,messages,etc], 2020.....	49



Figure 27. Average telecom activity levels by hour compared to reference levels, [# of calls, messages, etc.], 2020	49
Figure 28. Stay-at-home ratio for total Chişinău network sectors, [ratio], 2020.....	50
Figure 29. Overview on socio-economic impact assessment methodology.....	51
Figure 30. Stakeholder feedback.....	52
Figure 31. Impact assessment model	54
Figure 32. List of stakeholders interviewed/surveyedl	61
Figure 33. Survey in vulnerable groups	62
Figure 34. Number of companies participating in the survey	63
Figure 35. Micro-narrative triad describing the pillars of trust among the population during the pandemic, [%], 2020	66
Figure 36. Impact of COVID-19 on the income and livelihood of vulnerable groups in PwC VG sample, [%], 2020.....	68
Figure 37. Relation between household income per member and energy expenses per member [MDL], 2020.....	70
Figure 38. VG perception of food availability and CPI, [%] ,2020.....	71
Figure 39. VG outlook on health and education, [%],2020.....	72
Figure 40. VG outlook on health and education, [%],2020.....	74
Figure 41. Number of children 0-17 in Moldova and their weight in the total population with usual residence [thousand individuals, %], 2016-2020	76
Figure 42. Natality rate in Moldova by gender [live births per 1000 inhabitants], 2015-2019	76
Figure 43. Structure of population aged 0-17 by age group and gender	76
Figure 44. Distribution of youth 14-35 by age group [thousand individuals], 2016-2020	77
Figure 45. Number of marriages and divorces for people aged 16-34 [thousand occurrences per year], 2015-2019	77
Figure 46. Profile of children and youth households in vulnerable groups sample	78
Figure 47. Children and youth's' views on COVID-19 protection measures, [%], 2020	79
Figure 48. Main challenges identified during the pandemic by age group: Staying in touch with people and getting the right information [%], 2020	80
Figure 49. Impact of the pandemic on the employment of children and youth households.....	81
Figure 50. Impact of the pandemic on the sources of livelihood and expenditures of children and youth households	81
Figure 51. Annual averages of food consumption per capita by number of children [kg, l, #], 2019.....	83



Figure 52. Impact of the pandemic on the access to food and water of children and youth households.....	84
Figure 53. Impact of the pandemic on the access to health and hygiene of children and youth households.....	85
Figure 54. Reading performance gap between socially advantaged pupils and socially disadvantaged pupils (in grade points).....	87
Figure 55. Percentage of household that have access to internet by income quintile/year], 2015-2019	87
Figure 56. Impact of the pandemic on the access to education of children and youth households.....	87
Figure 57. Barriers encountered in remote education, [%], 2020.....	88
Figure 58. Coping mechanisms of children and youth households.....	92
Figure 59. Prospects and recovery needs of children and youth households.....	93
Figure 60. Crimes by and committed against children, [#], 2015-2019.....	93
Figure 61. Domestic violence against children, outline [%], 2020	94
Figure 62. Rate of poverty, [%], 2014-2018 [%]	96
Figure 63. Depth and Severity of poverty, 2014-2018	96
Figure 64. The rate of absolute poverty by household composition, [%], 2018	96
Figure 65. Profile of poor households in vulnerable groups sample	98
Figure 66. Profile of poor households in vulnerable groups sample	99
Figure 67. Impact of the pandemic on the employment poor households.....	100
Figure 68. Impact of the pandemic on the sources of livelihood and expenditures of poor households	101
Figure 69. Average annually food consumption per capita of 1st and 5th income Quintiles, [units in chart], 2019.....	102
Figure 70. Impact of the pandemic on access to food and water of poor households.....	103
Figure 71. Impact of the pandemic on access to health and hygiene of poor households.....	104
Figure 72. Impact of the pandemic on access to education of poor households.....	105
Figure 73. Common problems in ensuring successful remote learning for poor households, [%], 2020	106
Figure 74. Measures taken by households that have experienced financial difficulties during the pandemic, [%], 2020	106
Figure 75. Coping mechanism of poor households [%], 2020	107
Figure 76. Prospects and recovery needs of poor households [%], 2020.....	108
Figure 77. Total population per gender and main age groups, 2020 [thousands].....	109



Figure 78. Enrolment rate by gender and level and education, 2018/2019 [%].....	110
Figure 79. Distribution of participants in the survey per regions, [%].....	111
Figure 80. Distribution of participants in the survey according to age, [%].....	111
Figure 81. Distribution of participants in the survey according to education, [%].....	111
Figure 82. Distribution of participants in the survey according to age, [%].....	112
Figure 83. Distribution of participants in the survey according to education, [%].....	112
Figure 84. Vulnerable women’s views on COVID-19 protection measures, [%], 2020.....	112
Figure 85. Online schooling, [%].....	114
Figure 86. Online schooling impact on the respondent, [%].....	114
Figure 87. Necessary devices and equipment, [%].....	114
Figure 88. Quality of online schooling, [%].....	114
Figure 89. National average gross salary by gender, 2019 [MDL].....	116
Figure 90. Labor force participation, by gender, by presence of children 0-6 years, 2019 [%].....	116
Figure 91. Main activity of household members, [%].....	117
Figure 92. Expenses per type, [%].....	118
Figure 93. Expenses per type, divided per area, [% of respondents].....	118
Figure 94. Expenses per type, divided per age group, [% of respondents].....	119
Figure 95. Impact on the income, [%].....	119
Figure 96. How long will the income/savings last? [%].....	119
Figure 97. Number of family members in respondents’ household and labor status of respondent [%].....	121
Figure 98. House facilities, [%].....	121
Figure 99 House water supply sources, [%].....	121
Figure 100. Difficulties in accessing products during COVID-19 pandemic, [%].....	122
Figure 101. Access to medical services during COVID-19 pandemic, [%].....	123
Figure 102. Difficulty in accessing medical services during COVID-19 pandemic, [%].....	123
Figure 103. Access to medical services by type of treatment during COVID-19 pandemic, [%].....	123
Figure 104. Coping with emotional stress, [%].....	124
Figure 105. Measures to cope with a deteriorating financial situation, [%].....	125
Figure 106. House facilities, [%].....	126
Figure 107 House water supply sources, [%].....	126



Figure 108. Are you or your family looking for a job? [%].....	127
Figure 109. Expected time to find a job, [%].....	127
Figure 110. Support needed for job seekers, [%].....	127
Figure 111. Number of pupils and students with age 14-29 years, 2015/2016-2019/2020, [thousands].....	128
Figure 112. Distribution of participants in the survey per regions and gender, [%].....	129
Figure 113. Distribution of participants in the survey according to age, [%]	129
Figure 114. Distribution of participants in the survey according to education, [%].....	129
Figure 115. Distribution of participants in the survey according to age, [%]	130
Figure 116. Distribution of participants in the survey according to education, [%].....	130
Figure 117. NEET Youth’s views on COVID-19 protection measures, [%], 2020	130
Figure 118. Population 15-24-years-old, outside the labor force, by relation with the labor market, by gender and area, 2019, [thousand].....	131
Figure 119. NEET Youth’s views on COVID-19 protection measures, [%], 2020.	131
Figure 120. Population 15-24-years-old, outside the labor force, who did not want to work, by reason they did not want to work, 2019, [thousand].....	132
Figure 121. Population 25-34-years-old, outside the labor force, who did not want to work, by reason they did not want to work, 2019, [thousand].....	132
Figure 122. Impact on the income, [%]	133
Figure 123. How long will the income/ savings last? [%].....	133
Figure 124. Distribution of participants in the survey per regions and gender, [%].....	134
Figure 125. Number of family members in respondents’ household and labor status of respondent [%].....	135
Figure 126. Reason why a family member is not looking for a job, [%]	136
Figure 127. House facilities, [%].....	136
Figure 128. House water supply sources, [%].....	136
Figure 129. Difficulties in accessing products during COVID-19 pandemic, [%]	137
Figure 130. Food security, [%]	137
Figure 131. Access to medical services during COVID-19 pandemic, [%].....	137
Figure 132. Difficulty in accessing medical services during COVID-19 pandemic, [%].....	138
Figure 133. Access to medical services by type of treatment during COVID-19 pandemic, [%]	138
Figure 134. Coping with emotional stress, [%]	139
Figure 135. Measures to cope with a deteriorating financial situation, [%].....	139



Figure 136. House facilities, [%].....	141
Figure 137. House water supply sources, [%].....	141
Figure 138. Are you or your family looking for a job? [%].....	141
Figure 139. Expected time to find a job, [%].....	141
Figure 140. Support needed for job seekers, [%].....	141
Figure 141. The value and relevance of remittances in relation to GDP, [mil USD, %], 2018-2020.....	143
Figure 142. Year-on-year change in the number of border crossings by sector, [000s crossings], 2019-2020.....	144
Figure 143. 2020 August YTD year-on-year change in border crossings by age group, [%], 2019-2020.....	144
Figure 144. 2020 August YTD year-on-year change in border crossings by month, [%, 000s crossings], 2019-2020.....	145
Figure 145. Profile of the Returning Migrants in the PwC VG sample.....	145
Figure 146. Returning migrants' view on COVID-19 protection measures, [%], 2020.....	146
Figure 147. Attitudes towards returning migrants - economic perspective, [%], 2020.....	147
Figure 148. Attitudes towards returning migrants - epidemiological perspective, [%], 2020.....	148
Figure 149. Situation of returning migrants, [%], 2020.....	149
Figure 150. Average monthly amount remitted by returning migrants in PwC VG sample.....	149
Figure 151. Average monthly amount remitted by returning migrants in PwC VG sample.....	150
Figure 152. Impact of the pandemic on the employment of returning migrants.....	150
Figure 153. Impact of the pandemic on the sources of livelihood and expenditures of returning migrants.....	151
Figure 154. Personal Transfers (Gross) year-on-year evolution, [%], 2020migrants.....	152
Figure 155. Expectation of length of time returning migrants think it will take to find a job abroad [%], 2020.....	152
Figure 156. Impact of the pandemic on the access to food and water of returning migrants.....	153
Figure 157. Impact of the pandemic on the access to health and hygiene of returning migrants.....	154
Figure 158. Impact of the pandemic on the access to education of returning migrants.....	155
Figure 159. Coping mechanisms of returning migrants in PwC VG sample.....	156
Figure 160. Prospects and recovery needs of returning migrants in PwC VG sample.....	157



Figure 161. Older people Share of Population [%], 2014-2019	158
Figure 162. Old-Age Dependency Ratio (using 60+ population) [indiv. per 100 persons], 2014-2020	158
Figure 163. Older people and Households Population Pool, [000s individuals], 2014 RPL	159
Figure 164. Older people and Households Population Pool, [000s individuals], 2014 RPL	159
Figure 165. Older people and Households Population Pool, [000s individuals], 2014 RPL	159
Figure 166. Profile of the older people in the PwC VG sample	160
Figure 167. Status of confirmed infection cases, deaths, and death rates by age group [#, %], 2020 Sep 16th	161
Figure 168. Main challenges identified during the pandemic by age group: Loneliness and concerns about the healthcare system [%], 2020	162
Figure 169. Association of having depression versus being quarantined, by age group of the head of household [%], 2020	162
Figure 170. Mobility of population during the emergency period [daily occurrences], 2020	163
Figure 171. Share of individuals that use the Internet daily [%], 2010-2020	163
Figure 172. Older people's view on COVID-19 protection measures, [%], 2020	164
Figure 173. Income structure of pensioners versus employed by main income sources [%], 2020	164
Figure 174. Ratio of pension to subsistence minimum [%], 2019	164
Figure 175. Impact of the pandemic on the employment of the older people	165
Figure 176. Impact of the pandemic on the sources of livelihood and expenditures of households led by older people	166
Figure 177. Impact of the pandemic on the access to food and water of the older people	167
Figure 178. Unmet health need, [%], 2020	168
Figure 179. Incidence of malign tumors by age, [new cases per 100,000 individuals], 2019	168
Figure 180. Impact of the pandemic on the access to health and hygiene of the older people	169
Figure 181. Coping mechanisms of the older people in the PwC VG sample	170
Figure 182. Prospects and recovery needs of the older people in the PwC VG sample	171
Figure 183. Older people's perceptions of human rights limitation during the lockdown period (right bank only), [%], 2020	172



Figure 184. Breakdown of freelancers by industry, medium, and gender [000s individuals, %], 2019.....	173
Figure 185. Profile of Freelancers in the PwC VG sample.....	174
Figure 186. Freelancer’s view on COVID-19 protection measures, [%], 2020 ..	175
Figure 187. Impact of the pandemic on the employment of freelancers in PwC VG sample	177
Figure 188. Impact of the pandemic on the income and expenditure of freelancers in PwC VG sample	178
Figure 189. The extent to which the pandemic has affected freelancer’s ability to work the fields, [%], 2020	179
Figure 190. Impact of the pandemic on access to food and water of freelancers in PwC VG sample.....	180
Figure 191. Impact of the pandemic on access to health and hygiene of freelancers in PwC VG sam	181
Figure 192. Impact of the pandemic on access to health and hygiene of freelancers in PwC VG sample	182
Figure 193. Coping mechanisms of freelancers in PwC VG sample.....	183
Figure 194. Prospects and recovery needs of freelancers in PwC VG sample.....	184
Figure 195. SMEs shared contribution to GDP for total economy	186
Figure 196. GVA evolution – thousand MDL (on 1st semester in the overall economy by economic sector (2018-2020).....	187
Figure 197. Quarterly evolution of number of employees at the end of the quarter (excluding employees with suspended work contract) for some economic sectors (persons, %, 2019 vs. 2020)	188
Figure 198. Weight of women in total number of employees by economic sector (31 st of December 2019).....	188
Figure 199. Number of enterprises by economic sector and size (2019).....	189
Figure 200. Number of enterprises with profit by economic sector and size (2019)	189
Figure 201. Average number of employees by economic sector and size (2019)	190
Figure 202. Challenges faced by companies from all in-scope industries	191
Figure 203. The impact of the Covid-19 pandemic on the business activity for all in-scope industries:	191
Figure 204. Impact on employees (historical and expected) for all in-scope industries:	193
Figure 205. Impact on environment during Covid-19 pandemic state of emergency compared to similar period of 2019:.....	194
Figure 206. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic:	195
Figure 207. Measures that should be implemented by the Government in order to improve the companies’ situation:.....	196



Figure 208. Assistance from the donors/development partners that could improve the companies' situation:197

Figure 209. Realistic scenario for all in scope economic sectors 198

Figure 210. Optimistic scenario for all in scope economic sectors 198

Figure 211. Pessimistic scenario for all in scope economic sectors 199

Figure 212. Evolution of the total number of enterprises within Wholesale and retail trade sector (2018 vs. 2019) and share of profitable enterprises (as per 2019) 201

Figure 213. Challenges faced by Wholesale and Retail Trade companies:.....202

Figure 214. The impact of the Covid-19 pandemic on the business activity for Wholesale and Retail Trade companies:.....203

Figure 215. Sales evolution due to administrative restrictions 204

Figure 216. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic: 204

Figure 217. Measures that should be implemented by the Government in order to improve the companies' situation:205

Figure 218. Assistance from the donors/development partners that could improve the companies' situation:.....205

Figure 219. Evolution of overall Wholesale and retail trade sector until June 2021.....206

Figure 220. Evolution of the total number of enterprises within Transportation and storage sector (2018 vs. 2019) and share of profitable enterprises (as per 2019) 207

Figure 221. Transported goods, 2019-2020, % compared to the corresponding period of the previous year 207

Figure 222. Transported passengers, 2019-2020, % compared to the corresponding period of the previous year 207

Figure 223. Telecom activity and comparative mobility analysis to pre-lockdown week (9-15th of March 2020).....208

Figure 224. Challenges faced by Transportation and Storage companies.....209

Figure 225. The impact of the Covid-19 pandemic on the business activity for Transportation and Storage companies..... 210

Figure 226. Sales evolution due to administrative restrictions:211

Figure 227. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic211

Figure 228. Measures that should be implemented by the Government in order to improve the companies' situation: 212

Figure 229. Assistance from the donors/development partners that could improve the companies' situation: 212

Figure 230. Evolution of overall Transportation and storage sector until June 2021.....213



Figure 231. Evolution of the total number of enterprises within the Hospitality sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)	214
Figure 232. Challenges faced by Hospitality companies.....	215
Figure 233. The impact of the Covid-19 pandemic on the business activity for Hospitality companies:.....	216
Figure 234. Sales evolution due to administrative restrictions.....	217
Figure 235. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic	217
Figure 236. Measures that should be implemented by the Government in order to improve the companies' situation	218
Figure 237. Assistance from the donors/development partners that could improve the companies' situation	219
Figure 238. Evolution of overall Hospitality sector until June 2021.....	219
Figure 239. Evolution of the total number of enterprises within Manufacturing sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)	220
Figure 240. Evolution of the total volume (thousand MDL) of industrial production for the Manufacturing sector – light industry (2019 vs. 2020)	221
Figure 241. Challenges faced by Manufacturing (light-industry) companies:...	221
Figure 242. The impact of the Covid-19 pandemic on the business activity for Manufacturing (light-industry) companies	222
Figure 243. Sales evolution due to administrative restrictions:.....	223
Figure 244. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic:	223
Figure 245. Measures that should be implemented by the Government in order to improve the companies' situation.....	224
Figure 246. Assistance from the donors/development partners that could improve the companies' situation	224
Figure 247. Evolution of Manufacturing sector until June 2021.....	225
Figure 248. Top EU Agri-food imports from Moldova by product category in 2019.....	227
Figure 249. Sown areas by agricultural crops and categories of producers...	227
Figure 250. Telecom activity and comparative mobility analysis to pre-lockdown week (9-15th of March 2020).....	228
Figure 251. Evolution of the total number of enterprises within Agriculture sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)	229
Figure 252. Challenges faced by Agriculture companies.....	230
Figure 253. The impact of the Covid-19 pandemic on the business activity for Agriculture companies	231



Figure 254. Sales evolution due to administrative restrictions	232
Figure 255. Measures implemented by companies in order to mitigate the impact of Covid-19 andemic.....	232
Figure 256. Measures that should be implemented by the Government in order to improve the companies' situation.....	233
Figure 257. Assistance from the donors/development partners that could improve the companies' situation	234
Figure 258. Total arable crop area	235
Figure 259. Evolution of Agriculture sector until June 2021	235
Figure 260. Evolution of number of physicians in Moldova	237
Figure 261. Evolution of number of physicians per 10,000 usual residents	237
Figure 262. Evolution of number of paramedical personnel in Moldova.....	237
Figure 263. Evolution of number of paramedical personnel per 10,000 usual residents	237
Figure 264. Evolution of number of hospitals per type.....	238
Figure 265. Evolution of number of other medical institutions per type	238
Figure 266. Evolution of total number of beds in hospitals.....	239
Figure 267. Evolution of total number of beds in hospitals per 10,000 usual residents	239
Figure 268. Split of COVID-19 cases per HCWs categories (as of September 7th, 2020).....	241
Figure 269. Number of educational institutions by type of institutions	247
Figure 270. Number of pupils and students enrolled in education	247



List of Tables

Table 1. List of defined key indicators for vulnerable groups	55
Table 2. List of defined key indicators for economic sectors.....	59
Table 3. Change in disposable income component of general population by area, [%], Q2/2019-Q2/2020	67
Table 4. Change in disposable income by income quartile [MDL, %], Q2/2019 – Q2/2020	68
Table 5. Change in expenditure component of general population by area, [MDL, %], Q2/2019-Q2/2020	69
Table 6. Donated devices for remote online schooling, [#], 2020	89
Table 7. Poverty thresholds in Moldova for 2016 recalculated in 2018, [MDL, 2016 prices].....	95
Table 8. Inequality indicators in Moldova, 2018-2019	98
Table 9. Impact on the income depending on the source of income, [%].....	120
Table 10. Food consumption sources, 2019-2020, [%].....	126
Table 11. Education status, 2019, [%].....	128
Table 12. Impact on the income depending on the source of income, [%].....	135
Table 13. Food consumption sources, 2019-2020, [%].	140
Table 14. Average monthly income per capita by socio-economic status [MDL], 2019	176
Table 15. Evolution of SMEs indicators.....	185
Table 16. Export-import evolution for EU-27 and Independent State Community - 1st Semester of 2020 vs. 2019	186
Table 17. Profitability evolution during Covid-19 pandemic:.....	203
Table 18. Profitability evolution during Covid-19 pandemic.....	210
Table 19. Profitability evolution during Covid-19 pandemic.....	216
Table 20. Profitability evolution during Covid-19 pandemic.....	222
Table 21. Profitability evolution during Covid-19 pandemic.....	231
Table 22. Pedagogical staff by type of institutions	248
Table 23. Number of graduates by educational level.....	248
Table 24. Education expenditures from the national public budget.....	249
Table 25. Number of interviews per each targeted vulnerable group.....	309
Table 26. Number of interviews conducted per each industry	310



Contributions

UNDP Moldova and UNFPA Moldova acknowledge the important contributions of partners in the Government, civil society, private sector, development partners and the UN System organizations to the updated Socio-Economic Impact Assessment Report (SEIA). We particularly wish to highlight the continuous support and guidance from the State Chancellery, line ministries and the National Bureau of Statistics of Moldova. The SEIA also benefitted from contributions of the private sector - in particular Orange Moldova and Premier Energy - with big data; from the European Space Agency for Earth observation data to understand the impact of COVID-19 on the agricultural practices in Moldova and the status of air pollution during and after the lockdown; from civil society organizations working with marginalized groups. The use of thick data was possible due to support from Cognitive Edge, a partner of UNDP Moldova.

Important Note

The current impact assessment report makes use of the data, including statistical and new types of data, that cover the period from approximately end of May 2020 to the beginning of October 2020. All data is vetted by the national partners and the National Bureau of Statistics.



Executive Summary

The socio-economic impact assessment of COVID-19 in the Republic of Moldova is led by UNDP, conducted with UNFPA, in collaboration with the State Chancellery and in close consultations with the rest of UN System organizations. PwC is the contracted partner, to conduct this study with focus on the most vulnerable groups and most affected business sectors.

As part of the UN's response to the pandemic, UNDP Moldova is leading a UNDP Task Team on Socio-Economic Impact, which aims to support the Government, donor community and wider audience in assessing the immediate and projecting the medium-term and long-term impact of the COVID-19 outbreak.

The COVID-19 pandemic has started as a health crisis, but it has evolved to be much more, becoming an unprecedented socio-economic crisis¹. The COVID-19 outbreak has affected states and communities all around the globe, in more than 9 months since the first announced cases of infection. The impact of the outbreak on a small and open economy and a fragile local business community as the one in the Republic of Moldova is expected to be significant.

Persons belonging to vulnerable groups in Moldova are disproportionately affected by the crisis and the losses due to the rising income and non-income inequalities. The disparities are being further exacerbated by the pandemic, affecting the modest, yet positive, achievements of the country and its people when it comes to achieving the localized SDGs. The Voluntary National Review undertaken by the Moldovan Government notes that over the last five years “significant progress was registered towards achieving SDGs 1, 8, 13 and 17, while the results towards achieving SDGs 2, 3, 5, 7, 9 and 11 are moderate. While efforts have been undertaken to develop all the social areas, the impact on SDGs 4, 6, 10, 12, 15 and 16 is yet to be noticed”². Thus, at risk are not only reversals in poverty trends and increasing inequalities, but also worsening of conditions associated with food adequacy and nutrition, health and wellbeing, as well as gender equality. In addition, COVID-19 may lead to the creation of new vulnerable groups that may be put at risk of being left behind.

The crisis is expected to transform the business environment with new business models being expected to emerge, once solid supply chains will break down or even disintegrate, and new ones will be established. The local authorities of Moldova have prepared a set of specific targeted immediate response measures for the duration of the State of Emergency to support the most vulnerable people and the business community. However, a sustained recovery will require a comprehensive response and recovery strategy, yet to be put in place.

¹ UNDP - COVID-19 pandemic, Humanity needs leadership and solidarity to defeat the coronavirus

² The Government of Republic of Moldova – Voluntary National Review, Progress Report, 2020

1

Purpose and scope of the study



2

Structure, methodology and limitations

This document is the second of two reports agreed to be delivered, as the study was structured in two parts:

Initial Impact Assessment Report – The purpose of the first report was to provide an initial impact assessment of the pandemic on vulnerable people and business sectors. It covered: overview of baseline vulnerabilities and emerging findings of socio-economic impact, preliminary early anti-COVID-19 measures, and high-level policy guidelines. The first report also elaborated more extensively on the scoping principles behind the selection of vulnerable groups and economic sectors.

Final Impact Assessment Report – The purpose of this report is to analyse in detail the socio-economic impact of the COVID-19 pandemic on the selected vulnerable groups and economic sectors in Moldova. To this end, the report builds on the initial impact assessment, but presents deeper analysis and articulates the findings and recommendations in more comprehensive and holistic view, using additional datasets that have become available since the initial impact assessment was undertaken.

This report is structured as follows: **Chapter 1** starts by briefly presenting the pre-pandemic socio-economic situation in Moldova and follows with an updated status of the COVID-19 pandemic. Attention is given to establishing the economic, social, and demographic context, as well as highlighting the evolution of the pandemic from an epidemiological perspective, up to the point of writing.

Chapter 2 details the methodological approach, by explaining the process of selection of vulnerable groups and economic sectors scoped for study, as well as presenting the models and frameworks used for analysis and the data collection process. The chapter lays down the key indicators defined across the analysed dimensions and describes the way the surveys undertaken were instrumented.

Chapter 3 analyses each vulnerable group in scope, and infers the impact based on multiple dimensions: quarantine status, employment, sources of livelihood (including remittances) and expenditures, access to food and availability, affordability and quality of basic services, coping strategies, and prospects and recovery needs. To capture the breadth and diversity of the issues of each vulnerable group, the chapter integrates insights from the micronarrative first-hand accounts of the COVID-19 pandemic experiences. Where appropriate, linkages and cross-correlations between the vulnerable groups and the economic sectors are actively sought out and highlighted.

Chapter 4 moves on to the economic sectors in scope, and takes a scenario model approach to the sectors, tackling the impact on sales, production, labor, financials, government support measures and establishment's prospects. Additionally, environmental aspects and opportunities for business transformation are also discussed, including observations from mobility data available and digitalization perspectives from the business survey.



Chapter 5 focuses on the impact of the COVID-19 pandemic on the provision of public services in the sectors of Healthcare and Education. As the health system experienced increasing strain, the medical resources have transitioned into the spotlight. Likewise, schools, Vocational Education and Training (VET) institutions and universities had to adapt swiftly, following lockdown measures, which meant a transition to online classes. For both sectors, indicators are used to establish both structural and process aspects of patient and student outcomes and accessibility pre and during the pandemic.

The impact of COVID-19 on Transnistria is reviewed in **Chapter 6**. Unlike the other chapters, the assessment of the impact of the pandemic on the left bank is grounded solely in secondary research. The limitations are presented to the reader, followed by the evaluation of the infection dynamics and initiatives taking place in response.

In **Chapter 7** the main policy recommendation guidelines are discussed. These are informed by the issues identified in the analysis and complemented by programmatic entry points (concept notes). The policy guidelines take a pragmatic lens and focus on the most efficient and targeted interventions for the vulnerable groups and economic sectors. Different policy mixes are explored for each category and time horizon.

The vulnerable groups selected for study are:	The economic sectors selected for study are:
<ul style="list-style-type: none"> • Children and youth • Poor households • Vulnerable women • NEET youth • Elders and older population • Returning migrants • Freelancers 	<ul style="list-style-type: none"> • Wholesale and retail trade (non-food) • Transportation and storage • Hospitality • Light industry • Agriculture • Healthcare • Education

In order to arrive at the list in Table 1, an **initial scoping phase** was undertaken. Scoping started with a broad list of potential vulnerable groups and affected sectors and was narrowed down based on emerging themes from our research (vulnerability scorecard and economic impact scale modelling), as well as consultations with an extensive list of stakeholders (both through interviews and questionnaires). A limitation particular to the vulnerable groups is the **inherent qualitative nature of relative vulnerability (that reflects the social values of a community at a certain point in time)**, which translates into difficulties comparing different groups.

Upon scoping, **analysis frameworks** for assessing socio-economic impact were defined, and the process proceeded to sourcing the data in order to apply the frameworks. For the vulnerable groups, we are drawing on the UN's socio-economic impact assessment (SEIA) toolkit in conceptualizing the incremental impact of the SARS-CoV2 virus from a multi-dimensional perspective. For the economic sectors, a model of impact was developed, considering different scenarios based on evolution of the main macroeconomic and business variables.



The major limitation encountered for the impact assessment is the **availability of timely public data (2019 onwards)**. We have relied to a great extent on series from the National Statistics Bureau (NBS) for establishing baseline trends, specifically on the Household Budget Survey (HBS), the Labor Force Survey (LFM), and the economic statistics (including national accounts, trade and industry data). In addition, we have benefited from in-crisis research done by various UN agencies and international institutions (UNDP, UNFPA, UN Women, IOM, WHO, World Bank).

The analysis was augmented with insights based on a comprehensive and structured set of indicators, from the following selected sources:

- The 2020 Q2 HBS results (including the ad-hoc module on COVID-19 influence on the household)
- Primary data based on a survey done for PwC (operated by a market research company) – featuring a module on the vulnerable groups and one on the economic sectors
- Anonymized telecom-based big/thick data of in-crisis behavioral patterns, provided by UNDP
- Anonymized energy-based big data of household electricity consumption before and during the pandemic
- Earth-observation data, based on a project of collaboration with the European Space Agency, including agriculture and air quality modules
- Micro-narratives, based on qualitative study, provided by UNDP

On top of that, other sources of data were consulted, such as the UNICEF-driven study on impact of remittances on children, the economic impact study performed by the Economic Council of Prime-minister, the survey on COVID-19 impact on businesses, run by Amcham Moldova and others.

The WHO has declared the coronavirus outbreak a pandemic on March 11th, 2020. Moldova reported the first local case of COVID-19 on March 7th, with the government declaring an emergency lockdown period for 60 days on March 17th. Containment and social distancing measures were imposed, such as: travel restrictions, suspension of schools, kindergartens, universities, restriction of commercial activities and services. Among the measures targeted at limiting the spread of the virus are: bans on large gatherings, remote working and schooling, prescribing hygiene protocols at home, in hospitals and public places, through the use of masks and protection equipment and cleaning of public spaces.

Currently, the pandemic is still unfolding³. As of 30th of September, there were 53,042 (31,116 women, 21,926 men) total confirmed cases, out of which 38,997 recovered, 12,725 active cases and a death toll of 1320 (639 women, 681 men).

³ Live official figures are compiled by Ministry of Health and are available at <http://gismoldova.maps.arcgis.com/apps/opsdashboard/index.html?fbclid=IwAR32zFLOhMRQrvsDAzwwEADtnVdk7t6m2WmfFg48Wwd-NI847NdW-GzpeEleg#/d274da857ed345efa66efbc959b021b>

3

The COVID-19 pandemic the Republic of Moldova



4

Socio-economic impact on the vulnerable groups

The infection rate has increased dramatically post-lockdown. After initial containment progress, Moldova is currently seeing higher infection rates than peer countries (MD: 12,905 cases per million population⁴; RO: 6,530; UA: 4,785).

The COVID-19 pandemic has found the Moldovan economy in a vulnerable position. An economic recession in 2020 is imminent. The impact comes from two factors: External (decline in exports, remittances and FDI) and Internal (strict containment measures).

The COVID-19 pandemic started as a health crisis but has quickly shown a socio-economic dimension. Tackling COVID-19 is also a humanitarian and development crisis that is threatening to leave deep social, economic and political scars for years to come⁵.

The vulnerability of certain groups is acknowledged by the law⁶ in Moldova, which grants that due to factors of physical, psychological or social nature, some individuals and families may not have the possibility of ensuring a decent standard of living. This implies lower resilience in dealing with crises on behalf of the most vulnerable members of society.

More broadly, vulnerability is often understood as susceptibility to harm, that results from an interaction between the resources available to individuals and communities and the life challenges they face⁷. As such, **most pre-existing vulnerabilities have been exacerbated by the COVID-19 pandemic:** the most socially advantaged children have had the most difficulties in accessing remote education, the poor have seen the largest income declines, a fragile labor market will perpetuate weak contracts for returning migrants and overall dire job prospects for NEET youth, health concerns have increased the anxiety of the older population, and increased stress will accentuate the potential for experiencing aggressions for vulnerable women, the access to services of people with disabilities has suffered where no accessibility provisions were available (i.e. Education), the Roma are at risk of being left behind given poverty levels and potential discrimination. **Thus, it is the leading vulnerability of each vulnerable group that opens the channels of impact of COVID-19.**

For the vulnerable groups in scope for this study, systemic themes of income loss, energy, food and mobility poverty have emerged. In terms of energy, there was a direct positive relationship observed between the income level per household member and the energy spend per income member. This finding presents implications for the coming cold season, given that the pandemic stemmed an increase in electricity consumption (household Kwh consumption was +1% higher in Chişinău and +4.4% in the Centre-South, March-July 2020 vs. July 2019).



⁴ PwC analysis

⁵ United Nations Development Programme - COVID-19 Integrated Response

⁶ Law 547/2003 of Social Protection

⁷ Mechanic and Tanner - Vulnerable People, Groups, And Populations: Societal View, Health Affairs Vol. 26, 2007

Food poverty was noted across several of the vulnerable groups, as food reduction (either the quantity consumed or lower-priced quality) turned out to be the main coping mechanism, probably due to food being the most controllable expenditure category. Around 79% of the older people, 67% of the poor households and 65% of the vulnerable women raised concerns about rising food prices, and 28% of the older people and 18% of the poor households reported eating less food to compensate for potential income losses.

Mobility was reduced for the population overall, with many people being forced to postpone travel altogether (stay-at-home ratios peaked at 70% in residential areas) or containing travel to short trips (the decrease in travel radius observed during lockdown seeing very slow and gradual pick-up all the way to June). Both long and medium distance travels have seen only gradual recoveries. However, a more accentuated mobility poverty was observed in some segments of the population, in particular the older people, who had on average fewer physical interactions with other people and out-of-house outings, but also lower connectivity and internet usage.

Gender-wise, a skewed effect of the pandemic was observed across the vulnerable groups in scope, with women experiencing a slightly stronger impact – specifically from an economic perspective. Even as the participation of women in the labor force is lower (35.2% versus 41.5%), the impact of COVID-19 has been borne more by women in terms of job loss in the general population (NBS Q2 figures show that 30.9% of women were affected in some way by the pandemic at the workplace, versus 18.5% of men). In the vulnerable groups sample 1 in 4 women lost their job. This adds to the 14.1% of overall gender pay gap embedded in the Moldovan economy even before the pandemic (2019). The higher share of NEET women (35.5% versus 19.4% NEET men) suggests more NEET women are at risk of facing difficult job market prospects. Older people, in particular women have reported a higher decrease in income (cumulatively 42% citing at least some decrease in income, versus 18% of older men). Domestic violence was another important issue, with 6% of vulnerable women in the sample admitting to being victims during the pandemic.

Examining the specific impact on each vulnerable group in scope, the following trends were observed:

- The inability of children to attend school physically will likely contribute to a further inequality of educational performance between pupils from socially advantaged pupils and socially disadvantaged ones, observed in PISA tests⁸. Despite government and donor efforts (for example donations), there is still a baseline disparity in availability of information technology equipment, with 75% of the children and youth in the vulnerable sample not having enough devices, and 50% not being connected to the internet. This view complements the results of the NBS Ad-hoc module on the impact of COVID-19 on the population, which found that children that needed the most parental assistance were those that did not have adequate levels of material conditions (lacking devices, poor or inexistent internet connection). Around 7% of the children in the sample were attached to a school that was not



⁸ Programme for International Student Assessment (PISA) – Moldova Country Note 2018

able to ensure remote learning, and 21% to schools that ensured it only partially. As recent estimates indicate that 5 months of school closures will result in an immediate loss of 0.6 years of schooling adjusted for quality (UNICEF), some students are facing the prospects of never catching up due to not having the prerequisite knowledge for advancing to the next level.

- Poor households suffer multiple deprivations and have notable overlapping vulnerabilities with many of the other groups. For example, children and older people living in poverty. Households with 3+ children have the highest rate of absolute poverty among any group⁹ – 42%, a starting point that, by virtue of low resources, limits their ability to adapt to the pandemic. In addition, poor families with many children have a baseline vulnerability in the diet they consume (20-100% less of each essential nutrient per family member versus the top earning quintile). While 12% of poor households in the study suffered a 75-100% decrease in their income, 76% of poor households do not have enough income or savings to cover current monthly expenses.¹⁰ As a result, 65% of poor households in the VG study had to rely on cheaper food and 22% to have fewer daily meals. In the vulnerable groups sample, 18% of poor declared losing their job due to the pandemic – which is considerably higher than the 2.8% rate from the NBS Ad-hoc module, which surveyed the general population. The resource constraints and the energy poverty that follows, shape the mindset of the poor – 51% stated they are not anymore willing to invest in energy efficient devices versus 25% that did.
- During the pandemic containment measures were imposed and people had to shift their living habits in order to protect themselves and their family from the infection with the virus. Such changes have affected more women than men in terms of time poverty, since the conception in the country is that women should be responsible with house care and childcare. This meant that women have allocated more time to housework than men, as well as monitoring and assisting their children during remote schooling. This had a direct impact on women's work and careers, as the National Bureau of Statistics has found, 24.4% of the total employed population was affected by the COVID-19 pandemic, out of which 60.5% were women.¹¹ Another vulnerability among the female population comes from the fact that large share of them depend on social benefits and remittances as sources of income. While social benefits might not be sufficient to offer a comfort level for women and protect them during a crisis, 30% of the women respondents have declared that they have lost remittances due to the pandemic (as per a survey conducted by NBS¹² and remittances are expected to drop significantly due to COVID-19 crisis¹³, estimates being in the range of 24-40% decrease in 2020 compared to 2019.



9 National Statistics Bureau – The Level of Poverty in Moldova 2014-2018

10 The Public Opinion Barometer ran by the Institute of Public Policies in June found that 36.6% of households with low socio-economic status could not afford monthly expenses and 43.1% barely manage them. These figures highlight the increased extent of vulnerability of respondents in the VG sample.

11 NBS

12 NBS Ad-hoc module on COVID-19 impact on the population

13 Oxford Economic, German Economic Team

The psychological and emotional aspect is also of importance, with women being impacted on one hand from social isolation, as a result of significant time poverty, and on the other hand being victims of domestic violence. An increase in cases of domestic violence was noticed, due to higher pressure on some households coming from income scarcity, social distancing, fear of disease, the circumstances were even more unfavourable due to the fact that social shelters had to be closed for healthcare safety reasons and women in need lacked a place to go when subject to domestic violence.

- NEET young people are at greater risk of social exclusion compared to the rest of the population because they neither develop their skills through education, nor they accumulate experience by engaging in the labor market. The vulnerabilities in the youth population and NEET youth precede the COVID-19 crisis and have been accentuated by the pandemic due to the low level of economic activity among this category of population. In 2019, only 38.4% of the Moldovan youth population was working. NEET youth is divided between persons who devote themselves to family responsibilities, especially raising and caring for children, being mostly young women, people who expect to return abroad from work, but also of people who choose not to work, maybe due to patterns seen in the family. Thus, the largest share of NEET population are not looking for a job and are not willing to work.
- The older population displayed more feelings of loneliness and concerns about the healthcare system – a fact especially relevant when considering that there are around 125 thousand one-person households led by older people in Moldova. Despite experiencing the lowest incidence of being placed in quarantine among all age groups, the older people were subject to some of the toughest restrictions in terms of leaving the house. A joint exercise by UNFPA, RCO, OCHR and HelpAge International found that the mobility of the older people was lower than younger individuals, while their connectivity and unmet health needs higher¹⁴. The older people in the study showed a lower knowledge of prevention measures with only 76% citing wearing a mask (versus a sample average of 90% across all groups), which is relevant given the higher fatality rate for the older population. At the same time, the older people had the most difficulty in procuring protective equipment, with 60% encountering difficulties in procuring face masks and 39% hand disinfectant. Even though 94% of the older people in urban areas suffered no change in income, 89% of them do not have enough income or savings to cover the monthly expenses, highlighting pre-existing vulnerabilities. This is further confirmed by the fact that the older people group was flagging most concerns about food prices – with 79% seeing increases. The study found an ample array of concern for the health system among the older people, with 64% citing increasingly difficult access to healthcare services, highest complications being related to access to Non-Contagious diseases (40% of respondents). This may signal unmet medical needs, as the older people may have not requested as many medical examinations during the pandemic as they would have in the absence of the virus.



¹⁴ UNFPA – Impact of COVID-19 on older persons: risks and vulnerabilities, 2020

In addition to the traditional vulnerable groups studied in the past, **“new vulnerable” have emerged out of the crisis:**

- Returning Migrants have been forced to return home or re-evaluate their work prospects, with many still being unable to return and reunite with their families (15% in the NBS Ad-hoc module). IOM has found that that for 118,000 households remittances constitute more than 50% of disposable income, highlighting the broader importance of migrants for the whole Moldovan society and economy (in 2019, remittances were 3.1x all the foreign-direct investment inflows). As host countries experienced economic damage, many migrants have lost their jobs in tumultuous labor markets. In the vulnerable groups sample, 62% of returning migrants lost their job (highest percent and more than double the next vulnerable group of vulnerable women). The nature of their jobs appears to act as a constraint for the majority of returning migrants, with 92% of those that have worked during the pandemic being engaged in activities that cannot be performed remotely. Due to weak contracts and low legal protection, returning migrants that work informally and are thus falling outside of the social safety nets, are the most exposed to social and economic strain. In the vulnerable groups sample, 78.2% of returning migrants did not have health insurance, thus amplifying any potential unmet health needs. As half of the returning migrants have compensated the situation by spending their savings, the group has cited among the top priorities the reopening of the country’s logistic infrastructure.
- Freelancers¹⁵, while not being considered part of the traditional vulnerable, have found themselves in a difficult position. Craftsmen, small entrepreneurs and farmers have seen decline in sales, restricted access to raw materials and decline in domestic demands and have serious concerns about declines in liquidity/cashflows¹⁶. It is to be noted that the average self-employed income is only 53% of the average salary for persons self-employed in agriculture and 82% for self-employed in sectors outside of agriculture¹⁷. In the PwC sample, 13% of the freelancers saw income loss between 75%-100%, with the 40% saying their income and savings are not enough to cover the monthly bills. Freelancers showed exceptional worries over the period or the next three months, with 73% being very concerned about the evolution of the situation – they were also the most indebted group in the sample. Almost three quarters cited the need for new platforms and channels with new job listings.

¹⁵ A freelancer (self-employed) is “the person that exercises his activity in his own unit or in a individual business, with or without the help of unremunerated family members” . Included in this category are independent entrepreneurs (street vendors, private tutors, private taxi drivers), as well as liberal professions and freelancers (lawyers, musicians, artists), occasional workers, individual farmers. Freelancers cannot hire any permanent employees, but they can have temporary employees. As freelancers usually undertake activities in their own name, legally they are usually registered as an “individual enterprise” according to the Entrepreneurship and Enterprises Law of 845/1992, with the defining feature of not having any distinct legal personality and unlimited liability. In other words, the equity of the business is undistinguishable from the equity of the entrepreneur.

¹⁶ Expert Group – Needs Assessment and Evaluation of COVID-19 impact on MSMEs

¹⁷ National Statistics Bureau – Household Budget Survey 2019, estimations by PwC



5

Socio-economic impact on the selected economic sectors

The effects of COVID-19 crisis in the economy can be seen in the results of the second quarter of 2020, with all activities contributing to a decrease in GDP of 11.5% compared to the same period of 2019. The economic sectors which had a more significant contribution in the contraction of the economy were: wholesale and trade, maintenance and repair of motor vehicles, transport and storage, as well as accommodation and catering activities.

Our scenarios predict a slow recovery until June 2021, when it is expected that the analyzed sectors will reach the level of 2019, in terms of weight in GDP.

Although the COVID-19 pandemic has different level of impact on the industries in scope, as well as within the sectors themselves (e.g. transportation of goods compared to transportation of passengers), still, in terms of sales there was a decrease for all the analysed sectors but to a different degree.

Besides that, all the analysed sectors were impacted by lack of digitalization and relative rigidity in terms of adapting new business models, with uncertain prospects in this respect for the upcoming period.

Similarly, as regards the environment protection, the companies seem not yet prepared to adapt their business models to environment friendly policies.

Looking at specific impacts on each sector in scope, our we could observe the following trends:

Wholesale and retail trade

Non-food wholesale and retail trade was affected during the pandemic as it was considered non-essential and this led to a decrease of sales in S1 2020 compared to 2019, the most impacted subsector being Wholesale and retail trade of motor vehicles and motorcycles (22.3%).

Transportation

Transportation was affected mainly due to the reduced passengers' mobility and reduced demand for goods. By comparison to July 2019, the passengers' traffic was reduced by almost 49% during the state of emergency period.

The average number of employees within this sector also decreased in the 2nd quarter of 2020, compared with the similar period of 2019, by 15.7%.

Hospitality

Hospitality employees were among the most affected in the overall economy especially the ones working in the urban areas. The average number of employees decreased in the 2nd quarter of 2020 (compared with the similar period of 2019) with more than 60%. According to the Covid Matrix, developed by the Economic Council of the Prime Minister, when it comes to accessing unemployment benefits as a result of Covid 19 pandemic, they faced high bureaucracy.



Compared to the other sectors, the Hospitality's recovery pace is expected to be the slowest (-5% June next year, on realistic scenario).

Manufacturing

Due the specificity of the industry (lohn producers), the sales were affected by the dynamic of the external markets in the first two months of 2020, followed by a massive dropdown during the lockdown period (March-April), with a negative peak in April, with almost 50% decrease linked to quarantine period in the EU states.

Agriculture

The main challenge faced by this sector is related to the draught that affected the country this year, corroborated with the poor irrigation infrastructure system. This led to a decrease of vegetal production by 26.8% in S1 2020 compared with the similar period of the last year.

Also, in the same period, the export of several important agricultural products decreased (e.g. oil seeds and oleaginous fruits by 30.1%, cereals and cereal based products by 16.4%, raw and processed tobacco by 67.3%, milk products and poultry eggs by 39.7%, meat and meat products 40.6%).

Another systemic issue of the sector is the fact that the average salary is very low and the population living in the rural area is unable to ensure a decent income. This has led throughout the years, to a very high level of migration, not only intracountry (rural – urban) but also abroad.

When it comes to COVID-19 pandemic impact on this sector, based on our analysis the impact is relatively low. The main issue was the access to open markets for wholesaling of the farmers and reduced demand from Hospitality sector. However, the impact was offset by better sales in the retail network.

As per the conclusion of our scenarios, the negative effects of the draught will also affect the autumn productions. Our analysis shows that the worst negative impact will be seen next year S1.

Additional to the analysis of the productions sectors, we have assessed the impact of the pandemic on other two economic sectors with a rather social angle, such as Healthcare and Education.

The Healthcare system is the most affected in terms of capacity and medical staff due to the current evolution of COVID-19 pandemic in Moldova. The medical personnel are overwhelmed and exposed to burnout in day-to-day activities. Both, medical staff and patients are vulnerable during pandemic. Since the outbreak, the main challenge for medical staff, was their exposure toward the infection.

As for the Education, although the schools and universities adapted to remote learning, the COVID-19 pandemic is disrupting learning for an entire generation and school closures affect disadvantaged populations much more severely, Access to digital learning being limited in Moldova, about 16,000



6

Recovery strategy

students (4.8% of total), and 3000 teachers (10.6% of total) do not have access to ICT technology (laptop, tablet or access to internet), as well as the low digital literacy of the teaching staff affected the quality of the education process. To that end, there are different potential impacts on learning.

The authorities of Moldova have increased vigilance and monitorization regarding COVID-19 cases since the beginning of February 2020, after the spread of the virus to Europe. Strict containment measures and social distancing were introduced after March 7th when the first local case was reported and currently the country is under state of emergency in public health.

Also, the authorities have prepared a set of specific targeted immediate response measures for the duration of the State of Emergency, to support the most vulnerable people and the business community. The measures adopted by the local authorities were structured around three main areas: health sector, social protection and support to the economy.

However, a sustained recovery will require a comprehensive post-COVID 19 recovery strategy, yet to be put in place.

The ongoing nature of the pandemic and the complex chain of impact both highlight the role that strong governance plays in recovery planning. In particular, an early warning system with several modules could be envisioned to underpin rapid central decision making and coherent policy implementation regarding COVID-19. As the VNR acknowledges a certain lack of data in relation to tracking progress on SDGs, such an early warning system would effectively work to build the Government's capacity for statistical data acquisition, as well as the capacity to anticipate what is likely to happen and translate insights into actions required in terms of policy.

Based on the findings of this report, a set of policy recommendations addressing the needs of vulnerable groups is proposed, which should enhance the mechanisms used by the state in order to combat the effects of the pandemic. **The policy recommendations for vulnerable groups**, together with a brief justification, are listed below:

- **Establish a system of telehealth services to benefit the most vulnerable in COVID-19 context groups** – Given rising number of cases (and the looming danger of further increases) as well as the pre-pandemic unmet medical needs of some vulnerable groups, a suggestion is to use technology for (suitable) remote medical services, thereby bringing doctors and patients together, and fulfilling some medical needs. Two key aspects are: the creation of regulatory environment for telemedicine and the IT capabilities for piloting telemedicine at municipal level. Additional research and analysis need to be conducted to assess whether a technological gender divide (incl. in terms of access to technology, but also digital skills) is attested within this group, in such a way that the measures put in place are mindful of any gender disparities. **Use of big data and new evidence to ensure protection (or prophylaxis) of population** – Big data has the potential to uncover patterns and provide more responsive information concerning the spread of the virus, aiding decisions. Two central dimensions are: first, making big data and the analytical infrastructure



available; and second, ensuring the protection and security of private data.

- **Increase in social support payments and expansion of the social protection coverage to the most vulnerable persons currently unable to access social benefits** – The poor have been some of the most affected, seeing their incomes decline and reducing basic consumption to compensate. With vulnerable women being affected to a larger extent than men by job and income loss, the social support mechanisms need to prioritise women, including older women who were even more severely affected. Safeguarding the livelihood and wellbeing of the most vulnerable members of society implies expanding the coverage of the social safety nets. This can be done either through extension of ‘Ajutor Social’ program or Temporary Basic Income (monthly top-ups to a poverty threshold or a lump-sum approach), with due consideration on the differentiated impact of the pandemic on men and women, particularly the vulnerable
- **Safeguarding the most vulnerable, the older people, particularly women from these groups, with extended social assistance,** through a hybrid policy of food distribution (short-term) and hiring of additional social assistants (long-term)– Supporting the older people, particularly women, with food concerns and mobility issues, as well as psychological support, while at the same time offering returning migrants and NEET another opportunity for reconversion.
- **Domestic violence prevention and response program** – moving towards a community-based paradigm for women who are either victims, survivors or at risk of domestic violence, providing community support (including therapeutic and legal support) that compliments access to social shelters, but is more resilient to interruptions. Community education and awareness programs shall be strengthened, including by engaging men, as well as community leaders.
- **Bridge to learning for children** – Findings of insufficient IT equipment and resources for remote learning, coupled with the drastic impact that loss of schooling has on education – make the case for immediate development of alternative learning channels that are as accessible, inclusive and efficient as possible. Core policy content covers the sustained development and administration of online platforms, teacher training, enhancement and transformation of the curricula, and building the capacity for adaptation.
- **Facilitate establishment and operation of alternative childcare services** – addressing the time poverty of working women (some which may be especially vulnerable, i.e single mothers, victims and survivors of domestic violence), with potential synergies with Bridge to Learning for children in day-care facilities. Investments in care economy infrastructure, at large, beyond child-care services, shall be prioritised to address time-poverty of women and foster women’s economic empowerment and secure additional income for the economy, at large. **Support for building back better and decoupling recovery from unsustainable consumption and production** – Driving a greener outlook through enshrining sustainability criteria in project lifecycle (procurement, investment / financing, design and build) and introducing green fiscal recovery packages to help decouple post-



pandemic economic growth from environmental and climate impacts and reduce existing welfare inequalities.

- **Professional reconversion for NEET youth and returning migrants to industries with potential labor force shortages** – leveraging know-how brought by migrants, as well as offering a gateway to employment for NEET through specialized training programs for industries which are experiencing a labor force shortage; this proposal is interlinked and can have synergies with the economic sectors policy of reintegrating and recruiting the workforce. The programmes addressed at NEET youth in particular, shall prioritize women, who are at higher risk than men in terms of access to jobs.**Program to ensure adequate access to proper information, legal, rights-based and well-informed labor migration** – In light of the declared high intention to re-emigrate, efforts to ensure better information would not only ensure a dignified migration, but also more sustained benefits on the medium-term through more informed migrant decisions.
- **Increase household resilience, particularly women-led households from vulnerable groups, by developing their ability to save through financial education and discipline** – Given potential signals for relatively lower savings rate among the population, an educational program would help build the understanding of practical aspects of personal money management, like monthly budgeting, savings principles and spending strategies.
- **Support national statistical system to adapt to new COVID-19 realities and build new capabilities to collect, (re)use and disseminate data and new evidence** – The pandemic makes the case for upgraded processes of data collection and higher-frequency, richer data. The policy seeks the creation of additional capacity, particularly at the NBS, to generate new evidence based on ad-hoc and amended modules, new tools and methodologies for remote data collection, use of administrative, register-based and big data available from public authorities and private sector. The collection of sex-disaggregated data shall be further strengthened and expanded to include all socio-economic sectors.
- **Applying the principles and practices of good governance to respond and recover from COVID-19** – A broad collection of initiatives that encompass principles of open and innovative government together with risk governance, which can foster efficient communication, tackle misinformation, support digitalization, and develop citizen-driven, human rights inclusive and gender sensitive solutions to public problems.

Also, at the end of March and beginning of April 2020, the Government of the Republic of Moldova adopted a series of measures meant to protect and stimulate companies from all economic sectors. In the report we have proposed additional actions, which, in case of being implemented will contribute to a much faster and sustainable recovery. **The policy recommendations for economic sectors**, together with a brief justification, are listed below:

- **Support for reintegrating and recruiting workforce** – A set of measures for reintegrating the employees which, due to the pandemic, were subject to technical unemployment or unpaid leave and for hiring



both young people and Moldovan citizens which used to work abroad is compulsory for the economic development of the country, lowering the unemployment level (especially among people below 35 years old) and reversing the workforce migration trend. As women were affected to a larger extent than men by job losses due to pandemic (30.9% versus 18.5%), workforce reintegration efforts need to clearly prioritise women. **Support for teleworking and working in shifts in factories** – Reducing the risk of COVID-19 infection by means of implementing, as much as possible, teleworking and working in shifts is of paramount importance for individuals, for the healthcare system and for the daily activity of the companies.

- **Deferral of tax and social contributions payments for companies witnessing a drop in incomes** - According to a survey carried out by PwC for the purpose of drafting this report survey, deferral in paying both taxes and social security and health insurance were indicated as most important measures the Government should adopt in order to aid the business environment, particularly from the sectors most impacted by COVID-19 pandemic.
- **Credit payment deferral for MSMEs** - The policy, which is in fact a continuation of the measures taken by both the Government and some of the commercial banks in the initial stage of the pandemic, is meant to allow micro, small and medium enterprises to use all their incomes for working capital purposes.
- **Providing preferential interest loans and governmental guarantees for MSMEs** - Together with the deferral of tax and social contributions payments (Policy recommendation 1) and credit payments deferral for MSMEs (Policy recommendation 2), getting access to credits with pre preferential interest and / or to governmental guarantees will complete the package of measures meant to support Moldovan companies, allowing their survival throughout the next 6 months and their development. Consistent efforts to ensure that women-led businesses are systematically included in the support mechanisms are of paramount importance to ensure a gender-inclusive business sector recovery plan. All information about incentives to be put in place shall be disseminated through specialized women in business networks. Dedicated efforts shall be employed to ensure that the design of support packages includes the voice and perspective of women-led businesses.
- **Deferral of deadline for submitting financial statement and audit reports** – The predictable extension of the COVID-19 pandemic beyond the end of 2020 makes likely the finalization of financial statements and audit reports in due time. Therefore, an extension for their submittal by the end of May 2021 is proposed.
- **E-commerce and transportation & storage support measures** – Not only that it is of high importance for the survival of many companies during the pandemic, but e-commerce will also play a crucial role on medium and long term for the commercial success of Moldovan companies. Severely impacted by the pandemic, transportation & storage will also benefit from this set of legal and financial measures.

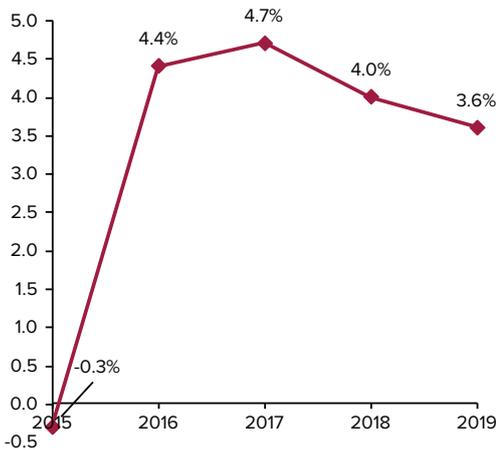


1 Updated status of COVID-19 pandemic in Moldova

Economic overview

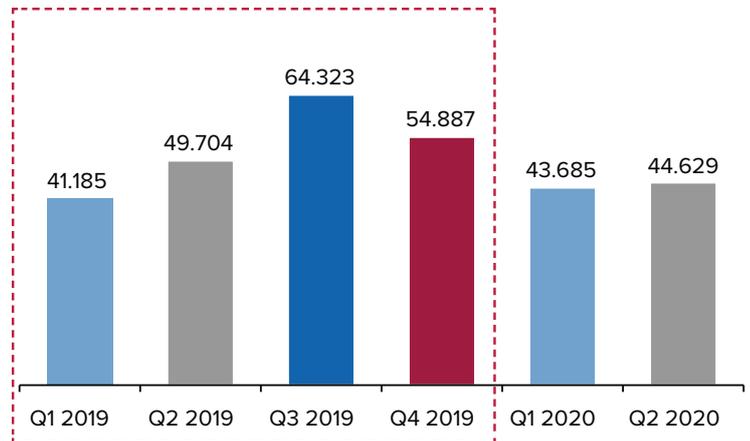
Moldova has reached significant growth levels in real GDP between 2015-2019, considering that it had to overpass a financial crisis started in 2014 from the banking sector. The growth levels were larger than those in the rest of the in the Eastern Europe, of maximum 3% in the presented years¹⁸, but the economy has presented a slowdown in 2019 when the real GDP growth was of 3.6%. While in the first three quarters of 2019 the GDP has registered a constant increase driven mainly by investments in the construction sector and private consumption, in the last quarter of 2019 growth has slowed down on the back of contractions in agriculture (-10.9% decrease in gross value added), mining and utilities (-0.6% decrease in gross value added) and professional and technical activities (-3.6% decrease in gross value added)¹⁹.

Figure 1. Real GDP Growth, 2015-2019 [%]



Source: NBS

Figure 2. GDP current market prices per quarter, 2019-2020, [mn MDL]



Source: NBS

In the first quarter of 2020, the economy showed a recovery while increasing by 1.2% from the same period of 2019 and with 0.5% from the last quarter of 2019. The growth was led by the construction sector followed by information and communications. The effects of COVID-19 crisis in the economy can be seen in the results of the second quarter of 2020, with all activities contributing to a decrease in GDP of 11.5% compared to the same period of 2019. The economic sectors which had a more significant contribution in the contraction of the economy were: wholesale and trade, maintenance and repair of motor vehicles, transport and storage, as well as accommodation and catering activities. Even before the statistical data was published, international organizations and the governmental consultants, German Economic Team, agreed that a plunge in the economy was unavoidable amid COVID-19 containment measures. World Bank’s 2020 Spring Report on Moldova stated that a significant contraction is to be expected, indicating a baseline scenario with 3.1% GDP contraction and a downside with a reduction of 5.2% in 2020 compared to 2019. The IMF estimated a real GDP drop of -3% in 2020, with a rebound in 2021 up to 4.1%²⁰, while the German Economic Team’s forecast was even more gloomy, predicting a GDP decline of 6.3% for 2020²¹, affecting the country even more than the financial crisis in 2014-

¹⁸ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/EU/EURO/EUQ

¹⁹ <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=6605>

²⁰ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/EU/EURO/EUQ

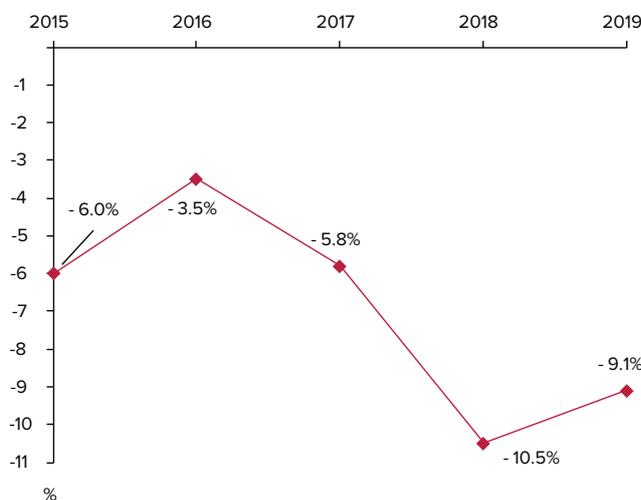
²¹ German Economic Team newsletter no.58 March-April 2020, issue no.12 June 2020

2015, but having a shorter duration and therefore being subject to full recovery in 2021. However, a recovery in the next year would be highly dependent on the governmental support measures over the upcoming period and on a significant fiscal stimulus.

Moldova is importing more than double of what it is exporting. In 2019 the imports were EUR 5.2 bn versus EUR 2.5 bn of exports²². During 2019 the current account deficit has dropped below 10% but expected drop in exports and in remittances during 2020 will widen again the deficit to above 10%²³. The IMF estimates a deficit of 8.3% in 2020, while reaching 10.1% in 2021²⁴. A high current account deficit is a constant worry for the Government to secure appropriate funding. The main sources of funding are: domestic bonds and IFIs, as well as international assistance from the IMF, European Commission and World Bank (WB). The Government is currently assessing issuing a Eurobond as an alternative source of funding.

Pressure is building on public finances as the collections by the fiscal service decreased by 3.6% in the first quarter of 2020 compared to the same period of 2019²⁵. However, Moldova seems to have a good standing in terms of public debt of 25% of GDP in 2019²⁶, therefore it has space to further increase its debt level. The German Economic Team forecasts an increase of the public debt to 38% in 2021²⁷, while WB estimates an increase to 33.1% considering it a moderate level²⁸. At the same time, the country has built up its international reserves, from USD 1.8 bn in 2015 to USD 3.2 bn in June 2020²⁹, covering more than 5 months of imports³⁰.

Figure 3. Current account balance, 2015-2019 [% of GDP]



Source: Eurostat

Figure 4. COVID-19 cases in top 5 importers and exporters

Top 5 import partners					Top 5 export partners				
Country	Total amount 2019 (thousand USD)	COVID -19 total cases	COVID -19 cases per million	GDP forecast for 2020	Country	Total amount 2019 (thousand USD)	COVID -19 total cases	COVID -19 cases per million	GDP forecast for 2020
Romania	841.179	125.414	6.519	-5%	Romania	765.413	125.414	6.519	-5%
Russian Federation	691.797	1,167.805	8.003	-5.5%	Italy	267.047	313.011	5.177	-9.1%
China	602.248	90.528	63	+1.2%	Russian Federation	249.876	1,122.241	7.690	-5.5%
Ukraine	568.964	204.932	4.686	-7.7%	Germany	245.960	289.219	3.452	-7.0%
Germany	484.247	289.219	3.319	-7.0%	Turkey	175.543	317.272	3.762	-5.0%



Note: COVID-19 cases published on 30th of September

Source: NBS Moldova, IMF, Oxford University

22 Eurostat

23 World Bank's 2020 Spring Report on Moldova

24 https://www.imf.org/external/datamapper/BCA_NGDPD@WEO/OEMDC/ADVEC/WEOWORLD/MDA

25 World Bank's 2020 Spring Report on Moldova

26 <http://www.ccrm.md/performanta-managementului-datoriei-de-stat-auditata-de-curtea-de-conturi-1-4634>

27 German Economic Team issue no.12 June 2020

28 World Bank's 2020 Spring Report on Moldova

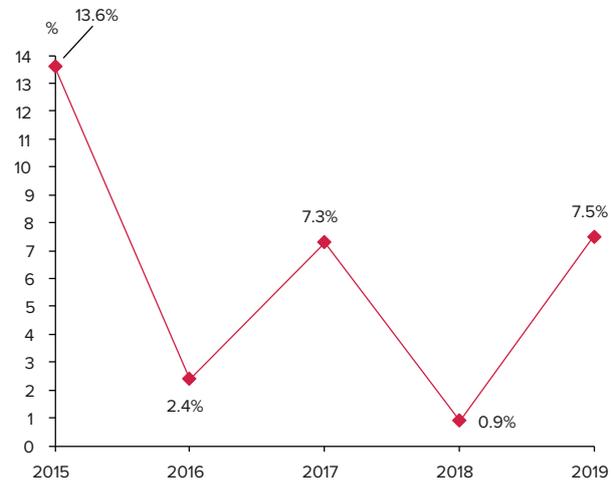
29 National Bank of Moldova

30 World Bank's 2020 Spring Report on Moldova

Further to the forecasted slowdown of the economy, due to internal factors such as decreasing private consumption, Moldova is expected to suffer external shock as its trading partners are also severely hit by the COVID-19 crisis. The German Economic Team forecasts a strong decline in exports by 8% as well as an even sharper decline in imports due to a reduction in private consumption and investments³¹.

Being a small and open economy, Moldova is also exposed to a volatile inflation rate, on top of the volatility in demand of its trading partners. According to the National Bank of Moldova, the annual inflation rate in 2019 was 7.5%, declining to 5.9% at the end of Q1 2020, to 4.25% at the end of Q2 and even to 3.45% at the end of August 2020. This significant decrease was mainly due to weaker domestic demand and to decreasing international commodity prices³². On this background and considering the economic and social supportive measures that are already being adopted, as well as the ones to be further adopted, disinflation is set to prevail in 2020. According to WB, inflation is expected to start increasing in 2021, when demand is predicted to boost³³. On the other hand, the IMF forecasts also a decreasing level of inflation for 2020, expected to reach 2.8% at the end of the year, but also predicts that this trend to be maintained in 2021 and the inflation to reach 2.3%³⁴.

Figure 5. Inflation rate, 2015-2019, [%]

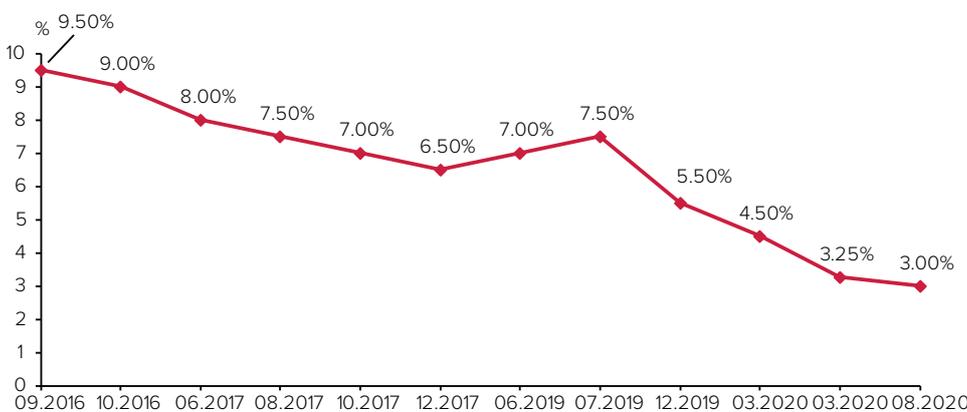


Source: National Bank of Moldova

To ensure adequate liquidity and to support demand, the National Bank of Moldova has applied a gradual decrease of the reference interest rate reaching 3.00% in August 2020 (a new historic level), down from 7.50% in July 2019. The German Economic Team estimates that the monetary policy rate will remain low for the near future³⁵.

Moldova ranks 48th out of 190 economies in terms of ease of doing business in the World Bank’s 2020 Doing Business report (losing one position compared to the previous edition). The country can represent a bridge between Western and Eastern European markets; however the political and economic environment might cause

Figure 6. NBM monetary policy rate, September 2016- August 2020, [%]



Source: National Bank of Moldova

challenges to potential investors, making it not so attractive.

According to the National Strategy for Investment Attraction and Export Promotion 2016-2020, seven priority sectors were identified for investment and export promotion: agriculture and food, automotive, business services such as business process out-

31 German Economic Team issue no.12 June 2020

32 World Bank’s 2020 Spring Report on Moldova

33 World Bank, Brief on Moldova, 7th May 2020

34 https://www.imf.org/external/datamapper/BCA_NGDPD@WEO/OEMDC/ADVEC/WEO_WORLD/MDA

35 German Economic Team issue no.12 June 2020

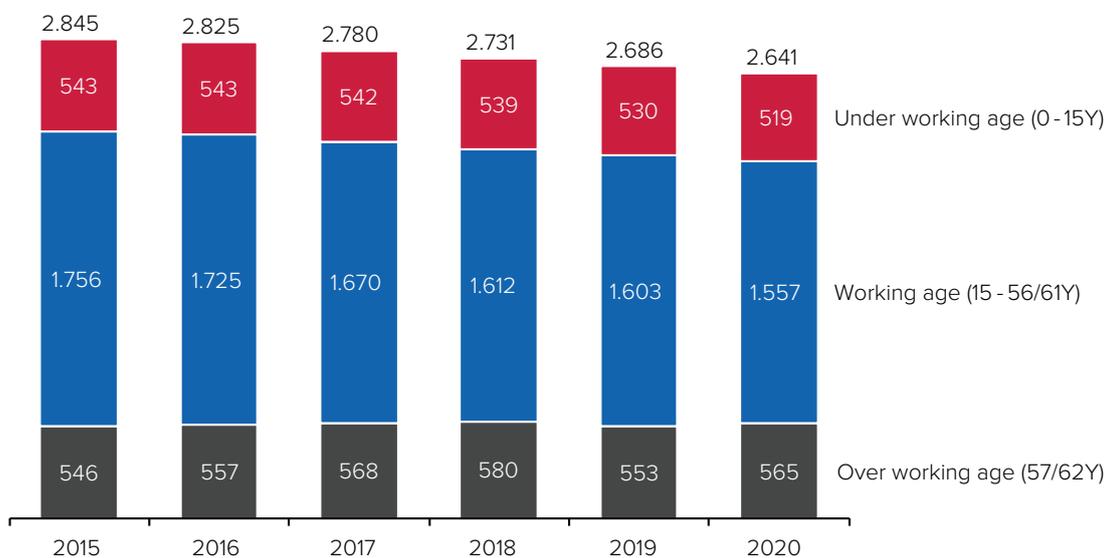
sourcing (BPO), clothing and footwear, electronics, information and communication technologies (ICT), and machinery.

As regards the foreign direct investments (FDIs) inflows in Moldova, they have reached USD 589 mn in 2019, up from USD 308 mn the previous year³⁶. The total inflows stock reached USD 4.8 bn in 2019, the main source being from European countries. FDIs have decreased during the COVID-19 pandemic and are expected to remain low during 2020³⁷.

Demographics

The population having the residence in Moldova has been constantly shrinking in the past years, reaching 2,640,438 inhabitants (usual resident population) at the beginning of 2020, 1.7% lower than a year ago.³⁸ The young population of up to 15 years old is following the same downward trend as a consequence to decreasing fertility rates and birth rates. The working-age population has suffered a significant (11% from 2015 to 2020, with an annual compound decrease of 2.37%, while the decrease for the under working-age population was of 4% in the 5 years analyzed, with an annual compound decrease of 0.90%. This decline has been triggered by large-scale migration of people seeking jobs and higher income in other countries. At the same time, Moldova is facing an enlarging category of over working-age population, comprising women over 57 years and men over 62 years. This category of the population grew with 3.35% in 5 years (2020 compared to 2015) with a compound annual growth of 0.66%, as a result of a modest improvement in life expectancy, up to 66.8 years in 2019 (from 65 years in 2014) for men and to 75.1 years in 2019 (from 74 years in 2014) for women³⁹. Despite witnessing a greater life expectancy in the last years, Moldova is still lagging behind the European Union, where life expectancy is 75 years for men and 82 years for women⁴⁰. The decreasing trend of the population combined with a longer life expectancy leads to growing the share of older people from the resident population, phenomenon which puts pressure on the pension system, a restraint on the available labor force and negatively impacts the long-term competitiveness of the country⁴¹.

Figure 7. Population with usual residence of Moldova, at the beginning of 2015-2020, [thousand]



*Note: Data for 2020 are preliminary

Source: NBS

36 UNCTAD, World Investment Report 2020

37 World Bank's 2020 Spring Report on Moldova

38 <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=6695>

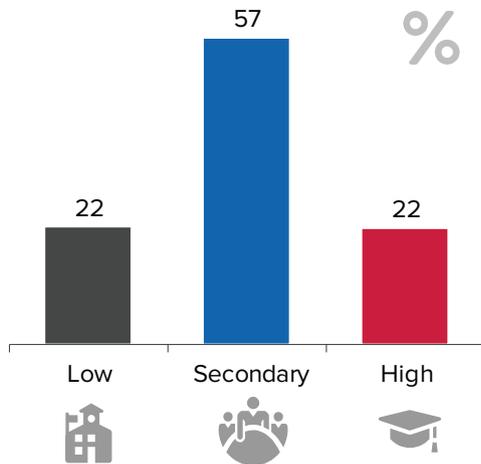
39 NBS

40 <https://www.statista.com/statistics/274514/life-expectancy-in-europe/#:~:text=The%20average%20life%20expectancy%20in%20Western%20Europe%20was%2079%20years,years%20for%20females%20in%202019.&text=The%20difference%20in%20life%20expectancy,women%20outliving%20men%2C%20on%20average.>

41 <https://www.worldbank.org/en/country/moldova/overview>

A high share of the adult population of Moldova has only secondary level education, with only 22% holding a university/ post university degree, while the share of population with only primary education is 22%. This represents a barrier in having good work opportunities, in fulfilling a career and achieving a financial stability.

Figure 8. Distribution of the adult population (25-64 years) by level of education, 2019, [%]



Note: The levels of education are considered as follows:

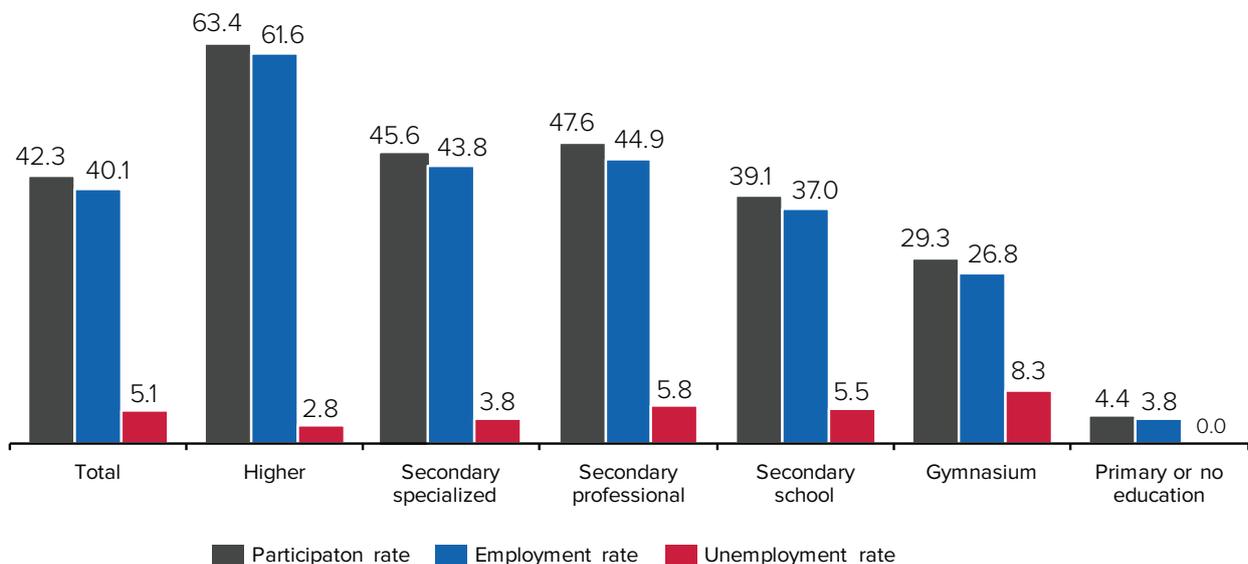
- low: gymnasium, primary, no education;
- secondary: lyceum, vocational, upper secondary;
- high: university, post university

Source: NBS

A connection between education level and labor force status can be seen, with people having higher education being more economically active and registering a lower unemployment rate. The lower the education level, the labor participation rate and employment rate face a significant drop, and unemployment rises.

Labor force status has deteriorated in 2019 and first quarter of 2020, reaching the lowest labor participation rate and employment rate in the past five years: 42.3% and 40.1% respectively in 2019. Furthermore, the unemployment rate reached the highest level during the past five years of 5.1% in 2019. This comes as a result of a lower GDP growth rate during 2019 (3.6%) and a massive emigration (60% increase in 2019 compared to 2018). COVID-19 crisis is not yet reflected in the labor participation and employment rates registered during the second quarter of 2020, since both show a slow recovery when compared to the first quarter of 2020: 39.9% versus 39.1% and 38.2% versus 37.5%. However, the effects of the crisis are felt in unemployment levels in the second quarter of 2020. Although the total unemployment rate had only a minor slip to 4.2% versus 4.1% in the first quarter, the rates registered per regions presents a different story, with a high increase in urban areas to 5.5% from 4.4% in Q1 2020, with its effect on the total rate being reduced by decreasing trend registered in the rural area.

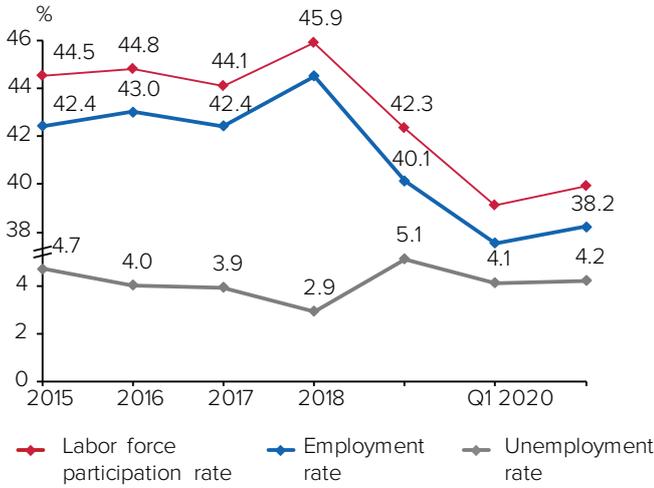
Figure 9. Labor force participation rate, employment rate and unemployment rate, by level of education, 2019, [%]



*Note: Data for 2020 are preliminary

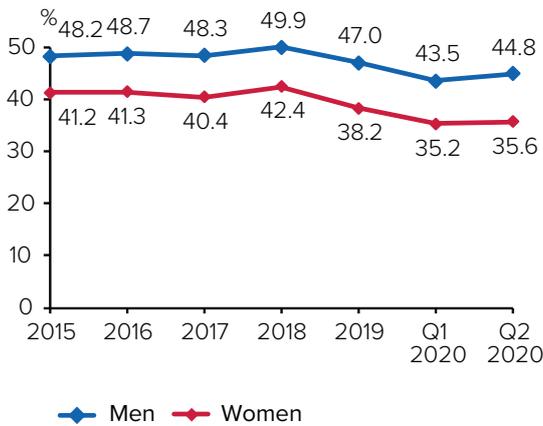
Source: NBS

Figure 10. Labor force, 2015-2019 annual average and Q1 & Q2 2020, [%]



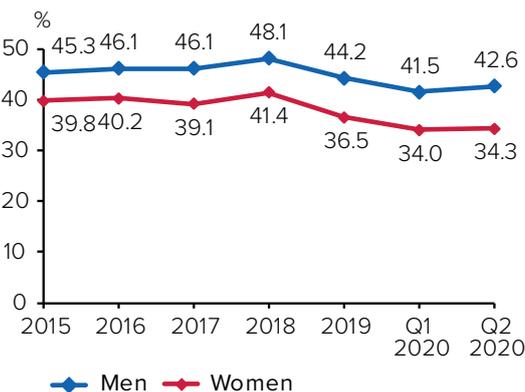
Source: NBS

Figure 11. Labor force participation rate, employment rate and unemployment rate, by level of education, 2019, [%]



Source: NBS

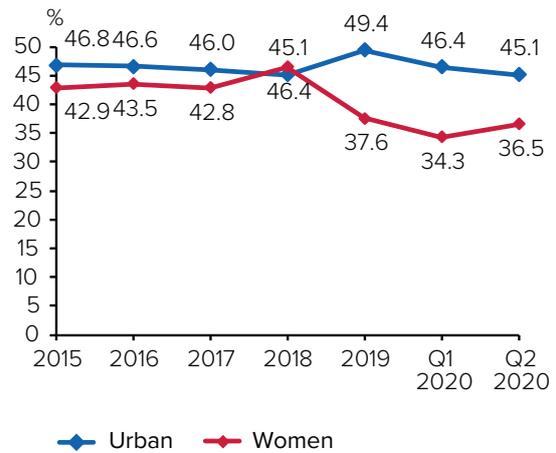
Figure 13. Employment rate by sex, 2015-2020, [%]



Source: NBS

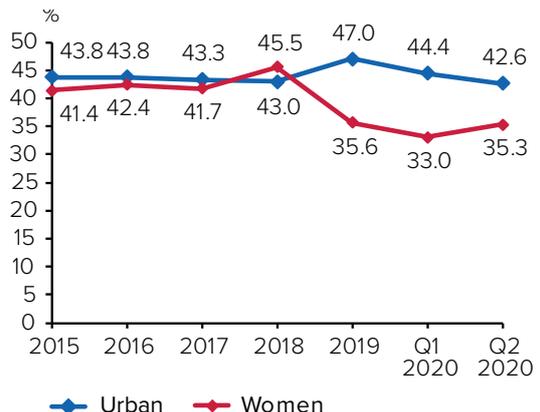
Gender inequalities are present in the labor market, with male population being representative in terms of labor force participation rate, with 44.8% versus 35.6% for women, as well as in employment rate, with 42.6% versus 34.3% (Q2 2020 figures). At the same time, unemployment is also higher for men than for women, 4.9% versus 3.5%. Disparities between urban and rural areas are present in the labor force in Moldova, where the rate of economically active persons is higher in the urban area than in the rural area, 45.1% versus 36.5%. Also, employment rate follows the same trend with 42.6% in the urban area and 35.3% in the rural area. The differences between the areas are also noticeable in terms of unemployment rate registered, with urban area having generally higher rates than the rural area, with the only exception being 2019, when rural area has exceeded the urban area in terms of unemployment.

Figure 12. Participation rate by area, 2015-2020, [%]



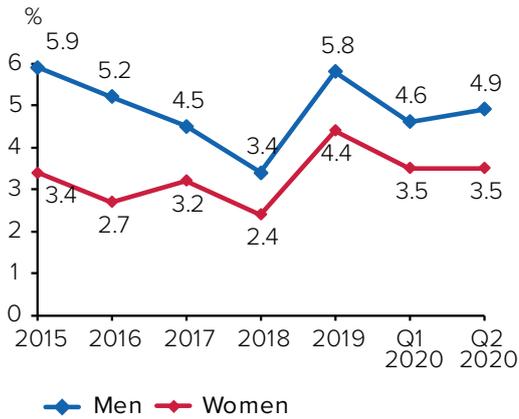
Source: NBS

Figure 14. Employment rate by area, 2015-2020, [%]



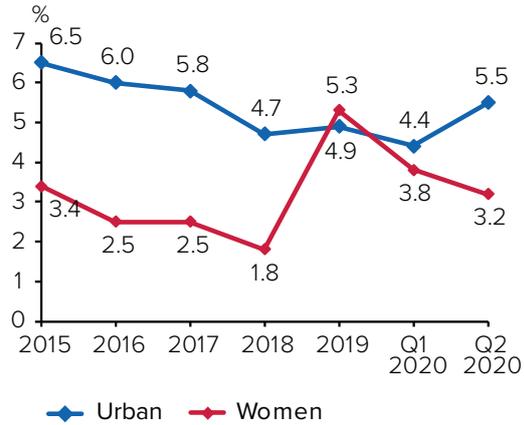
Source: NBS

Figure 15. Unemployment rate by sex, 2015-2020, [%]



Source: NBS

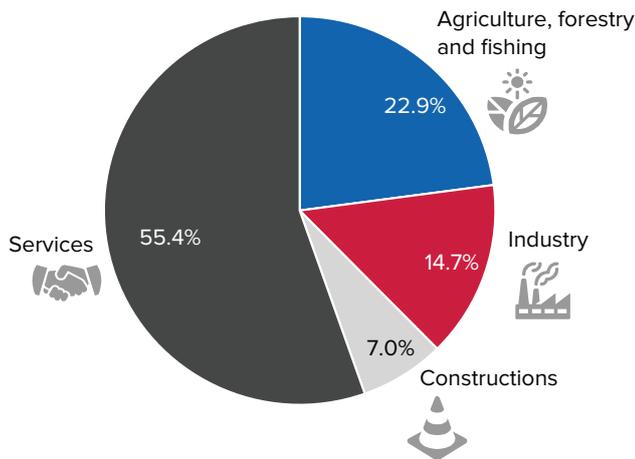
Figure 16. Unemployment rate by area, 2015-2020, [%]



Source: NBS

More than half of the employed population in Moldova is working in services, while agriculture still holds a large share of 22.9%, industry taking third place with 14.7% and construction having 7.0%.

Figure 17. Distribution of the employed population by economic sectors, Q2 2020, [%]

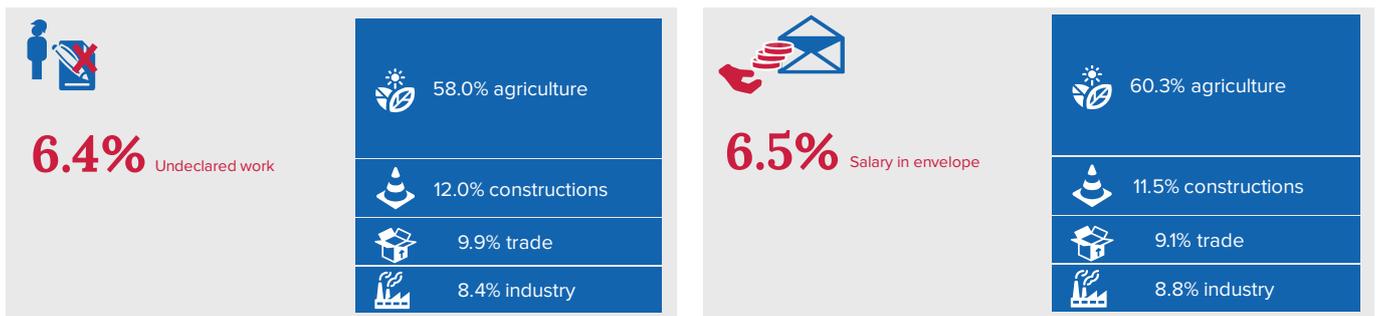


Source: NBS

The data published by the National Bureau of Statistics shows that the informal economy takes 17.6% of the employed population, the majority of which work in agriculture. Agriculture also takes the lead in the total share of employees who receive their monthly pay in envelope.

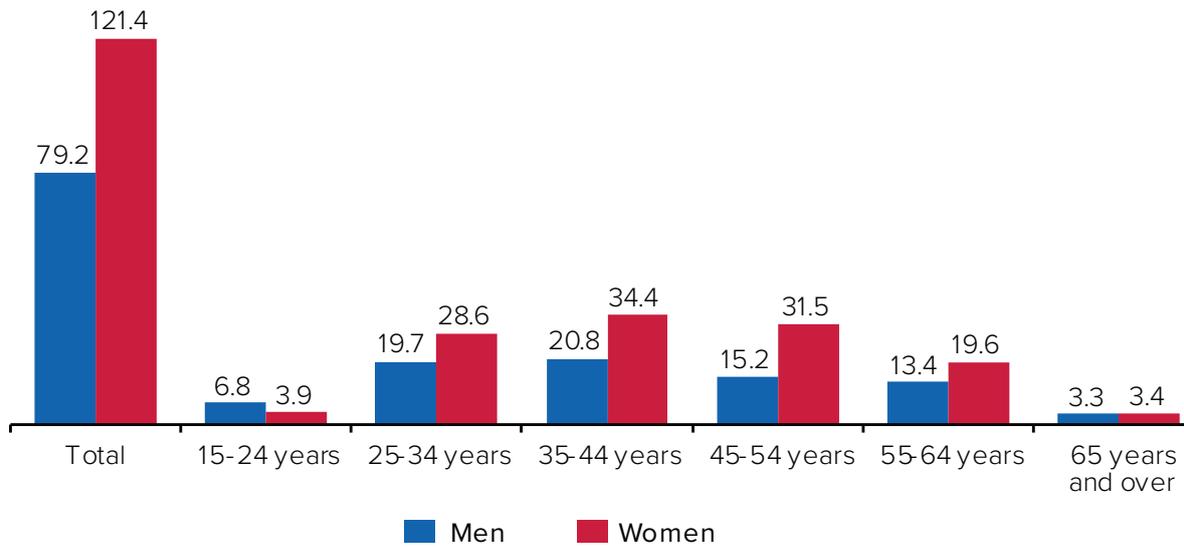
COVID-19 pandemic has affected a large share of the population, with one in ten persons declaring that they had a direct impact in their economic activity due to the pandemic. The working conditions of 24.4% of the total employed population have changed due to the restrictions imposed by the pandemic, with a heavier impact being felt in the female population and in urban regions.⁴²

Figure 18. Share of employed population in undeclared work and who received salary in envelopes, Q2 2020, [%]



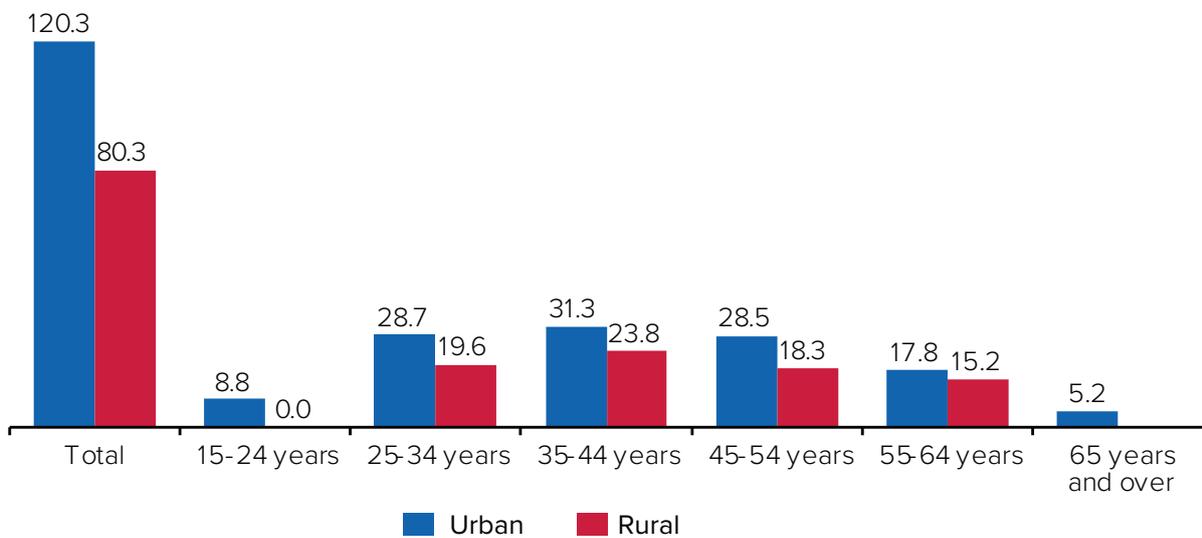
Source: NBS

Figure 19. Number of employed persons affected by COVID-19 at work, by gender, Q2 2020, [thousand]



Source: NBS

Figure 20. Number of employed persons affected by COVID-19 at work, by region, Q2 2020, [thousand]



Source: NBS

The impact on the working population was felt in different forms, depending on how the restrictions imposed during the pandemic have affected the industry in which they were working.

- **60.7%** of the employed population affected by the pandemic did not work at all (8 times higher than the figures registered in Q2 2019). The absence from work was due to unpaid leave, interruption of the activity, technical unemployment, annual leave. The highest absences were recorded in trade, industry and education
- **25.6%** of the employed population worked remotely (10 times higher than the figures registered in Q2 2019)
- **30.4%** of the employed population worked less hours
- **7%** of the employed population were transferred to part time.

Besides the employed population, the self-employed were also affected.

The inactive population is represented in a high proportion by pensioners, holding a share of 45%, followed by pupils and students (13,3%) and persons in charge with home care and childcare with 13,2%. People migrating from Moldova to other countries for better work opportunities represent a group of inactive population. 12,6% of the share is taken by those who do not work and do not seek for a job in Moldova, because they already have a job (permanent or seasonal) abroad, or who plan to work abroad. Also, 6.3% is represented by people who have gone abroad for a period of less than one year either to work or to look for a job.⁴³

Migration from Moldova is on an increasing trend, affecting the demographic future of the country, as well as the education and health system⁴⁴. Ascending migration was seen in the past period, in 2019 increasing with over 60% compared to 2018. In the same time, the number of people subject to repatriation has sharply decreased. Most people leaving Moldova belonged to the working-age group, looking for job opportunities and higher salary levels. In 2019, the countries which attracted most Moldovans were: Russia, USA, Germany, Ukraine and Israel.

Figure 21. Emigrants by sex, 2015-2019, [persons]

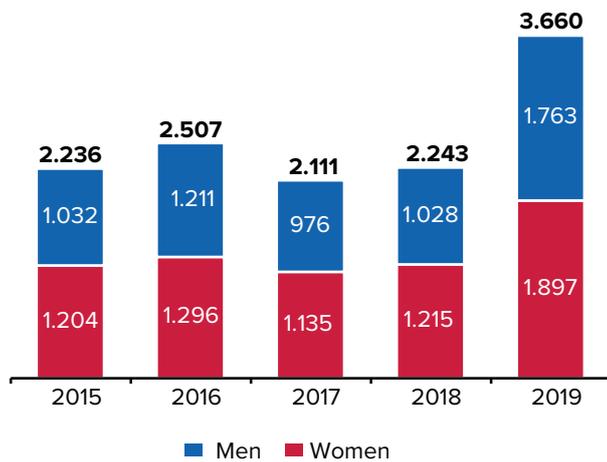
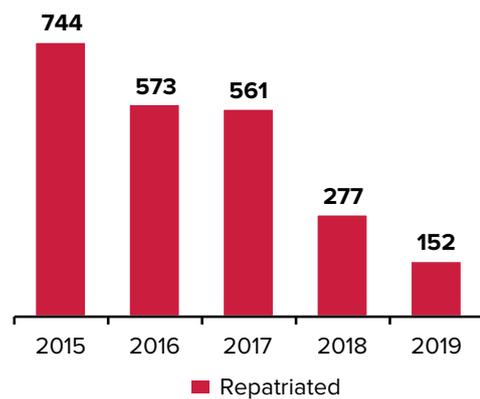


Figure 22. Number of population repatriated, 2015-2019, [persons]



Source: NBS

With a significantly large number of people emigrating each year for better working opportunities, remittances became an important source of foreign cash inflow in the country, reaching 16% of the GDP in 2019⁴⁵. According to the National Bureau of Statistics, 24.7% of the Moldovan households received remittances in 2018. According to the International Organization for Migration, the percentage was even 30%, for than more than half of these households remittances constituting more than half of their disposable income⁴⁶. As a consequence to the COVID-19 containment measures and crisis, many migrants were expected to return home, due to reduced economic activity in the countries where they worked. According to International Organization for Migration in its study on rapid assessment on the impact of COVID-19 on the well-being of Moldovan emigrants, 83% of the surveyed migrants reported that they have been affected by COVID-19 by losing jobs and/ or homes due to income decrease. Furthermore, the drop in remittances in Moldova is expected to be significant in 2020: Oxford Economics estimates an annual decline of 24-27%, while the German Economic Team estimates an even stronger lowering up to 40%.

43 NBS

44 <https://www.md.undp.org/content/moldova/en/home/blog/2018/making-the-most-of-emigration.html#:~:text=at%20least%20one%20Emigration%20from%20Moldova%20is%20the%20eleventh%20highest%20in%20the%20world,those%20are%20also%20young%20people.&text=Many%20countries%20in%20our%20region,families%20and%20in%20entire%20societies.>

45 <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=MD>

46 Oxford Economics, Republic of Moldova, Bracing for domestic and external Covid-19 shocks, 29 April 2020

COVID-19 Status

TOTAL CONFIRMED

53.042

TOTAL CONFIRMED

38.997

TOTAL CONFIRMED

1.320

Follow this weblink for updated Daily status on COVID-19 in Moldova⁴⁷

The coronavirus epidemic started in Wuhan, China in December 2019, and has spread to Europe at the end of January 2020. The Moldovan authorities adopted on February 2nd the first Governmental Decision regarding increased vigilance and monitoring of the COVID-19 virus spreading. On February 24th, when global cases reached close to 80,000 cases and a death toll of 2,500, yellow code was installed in the Republic of Moldova. The first local case of COVID-19 was reported on March 7th. On March 17th, the Government declared a health emergency state, with strict containment and social distancing, such as: travel restrictions, suspension of schools, kindergartens, universities, as well as restriction of group gatherings, restriction of commercial activities and services, except retail food industry, pharmaceuticals and oil industry. Although on May 15th many of the measures were relaxed, Moldova is still under public health emergency state which was extended beyond 1st of October, attributing emergency state codes to various districts⁴⁸. During the public health emergency state, the following containment measures were applied⁴⁹:

- Gatherings of more than 50 people are not allowed either in public or private places
- People over 63 years have restrictions to access to public places
- Cultural events, such as theatrical shows, movie projections and concerts, can be organized only outdoor, with an audience of up to 50 people
- Restrictions are in place in public places, such as forests, parks, alleys or beaches, for groups of more than 3 people
- 1-meter physical distance between people should be maintained
- Masks should be worn in public transportation, shops and other indoor public spaces

As of the data published on 30th of September, there are a total of 53,042 (31,116 women, 21,926 men) confirmed cases, out of which 38,997 are recovered, 12,725 active cases and a death toll of 1,320 (639 women, 681 men). The spread of the virus has been under control during the start of the pandemic and for one month there were under 100 new cases per day. Until 13th of May, the number of new cases was at a decent level, however after that day the spread rate has become worrying, reaching a peak of 868 new cases on 26th of September. The death rate is lower than the one registered by other states, at 2.6%, compared to 4% in Romania, 8% in France or 12% in Italy. However, the high number of daily cases puts a huge pressure on the health system and risks being overwhelming for the current capacity. The strain on the health system also depends on the share of people aged over 60 in total population, as the infection with COVID-19 seems to be more severe for people in this age group. The Republic of Moldova has an increasingly aging population, but the COVID-19 infection rate on the population over 60 years old is of 27% out of the total infection cases, while in Italy, for example, the total infection rate for the same age category is of over 50%⁵⁰ (as of 25th of August). From this point of view, the

⁴⁷ <http://gismoldova.maps.arcgis.com/apps/opsdashboard/index.html?fbclid=IwAR32zFLohMRQrvsDAzwwEADtnVdk7t6m2WmfFg48Wwd-NI847NdWGzpeleg#/d274da857ed345efa66efbc959b021b>

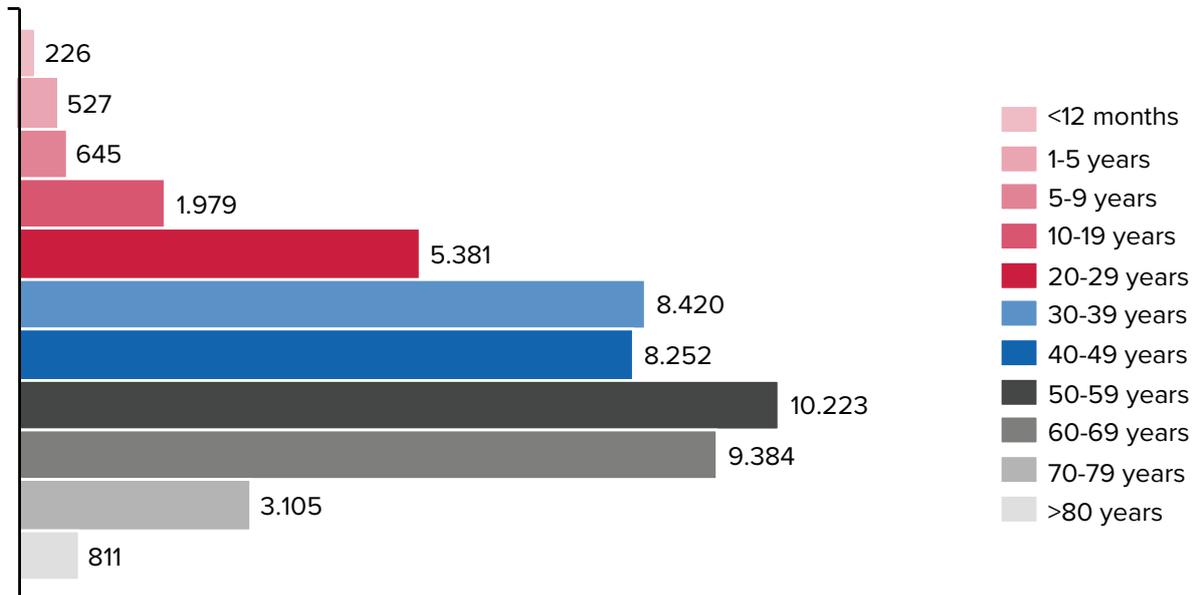
⁴⁸ Decision of the National Extraordinary Public Health Commission, no.33, 28.09.2020

⁴⁹ Government Decision no.21, 24.07.2020

⁵⁰ <https://www.statista.com/statistics/1103023/coronavirus-cases-distribution-by-age-group-italy/>

situation in Moldova proves to be similar to the one in Romania, where the number of cases on the population over 60 years old represent 27% of the total cases (as of 23th of September)⁵¹.

Figure 23. COVID-19 cases by age group, 30th of September 2020, [cases]



Source: <http://gismoldova.maps.arcgis.com/apps/opsdashboard/index.html?fbclid=IwAR32zFLohMRQrvsDAzwwEADtnVdk7t6m2WmfFg48Wwd-NI847NdWGzpEleg#/d274da857ed345efa66e1fbc959b021b>

Nevertheless, while the emergence of new cases was tempered during the lockdown, from mid-March to mid-May, once the COVID-19 containment measures and the state of emergency were introduced, it has been observed that the level of cases started to increase once the measures were eased.

As the numbers of new cases and hospitalized people are still increasing, with the COVID-19 pandemic still not contained, a sharp deterioration of the population health situation and of the healthcare system might occur. Cumulated with an economic lockdown and travel restrictions imposed for 2 months, by mid-May, the estimations are that the country will register a severe drop in disposable income for 2020, also impacted by decrease of remittances, and further reduction of private consumption. A significant dimension of the pandemic crises that should be considered is poverty. In practical terms, Moldova needs sustained actions to support and create jobs and lift more people above poverty line.

Population Mobility and Attitudes

Population mobility patterns can provide insights about society’s sentiment of perceived safety and economic recovery signals, during and after the COVID-19 period in Moldova. Lower activity levels even after the lockdown period has ended may be associated with a reluctance of the population to travel for larger distances due to fears of contracting the infection. The subsequent mobility analysis is based on Telecom data from a telecom operator from Moldova (anonymized call data records) structured around three services – (1) Telecom activity and comparative mobility analysis; (2) Stay-at-home indicator; (3) Average mobility radius per day.

Figure 25 plots the radius of daily travels for the Buiucani sector of Chişinău, which reveals a gradual increasing trend, with a more prominent slope starting in June – during this time however, the infection rate also spiked. Overall, average travel radius before the emergency was between 9-11 km daily and with the introduction of emergency, it dropped to 5-7 km. Before the emergency, short-distance travel (less than 3km) accounted for 50% of all travel; medium-distance travel (3-8 km) - 32% of all travel; and long-distance travel (>8km) – 18%;

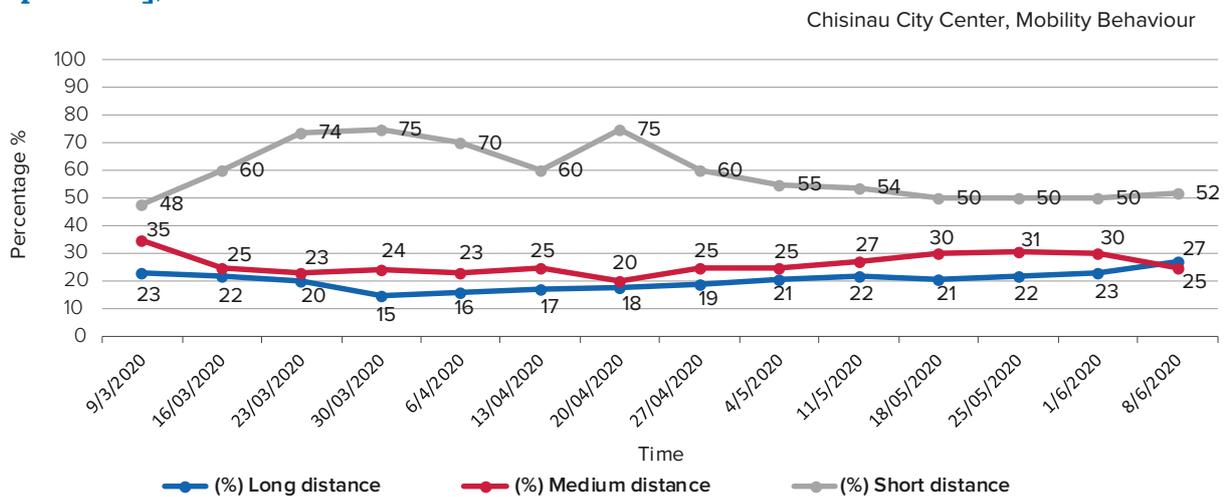
⁵¹ <https://www.statista.com/statistics/1104592/romania-covid-19-infections-by-age-group/>

at the peak of the restriction measures short-distance (75%); medium-distance (20%) and long-distance (15%). Decreasing travel radius suggests that people are taking shorter trips outside (mostly limited to essential trips like grocery) and reducing their daily commute. Travel radius usually peaked during weekends and was slowly decreasing during the weekdays suggesting that a lot of travel inside the city was not work-related (Figure 24).

This mobility trend is confirmed by the stay-at-home ratio presented in Figure 28, which shows that once the emergency state was eased, there was a pick-up in the level of activity and a decrease in the people staying at home – however happening at a gradual pace.

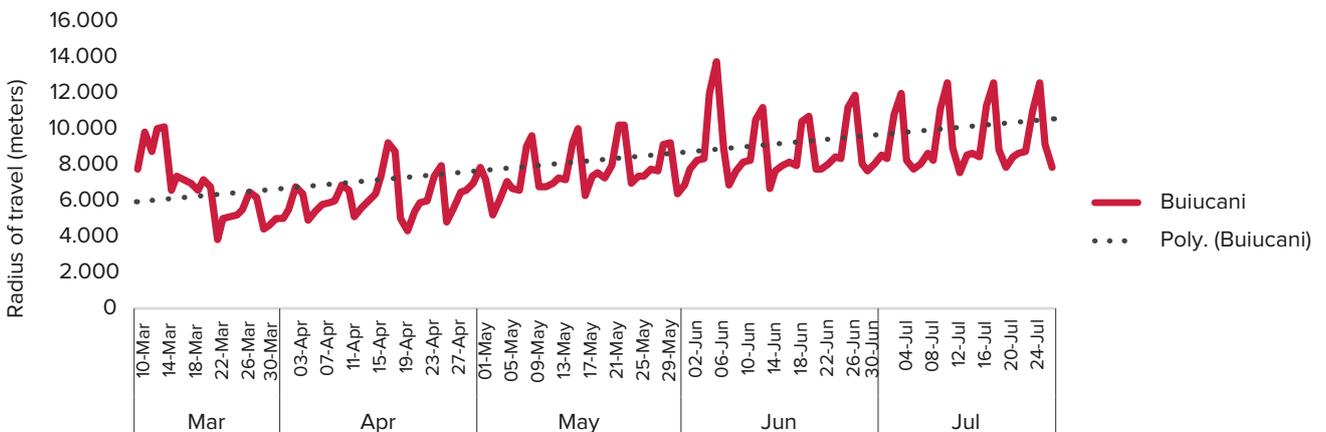
Stay-at-home was used as a proxy to understand how many people are following social distancing guidelines. As the lockdown policy was imposed, the stay at home indicator has risen considerably compared to the pre-lockdown. The peak ratio reached was 70/30 in residential (70% of people not leaving their home district) but as COVID-19 measures relaxed the indicator started dropping quickly reaching pre-lockdown ratio.

Figure 24. Mobility evolution of city centre behavior by distance travelled, [stay-at-home, % of population], March – June 2020



Source: UNDP Analysis

Figure 25. Radius of daily travel routines in Buiucani sector, [meters], 2020



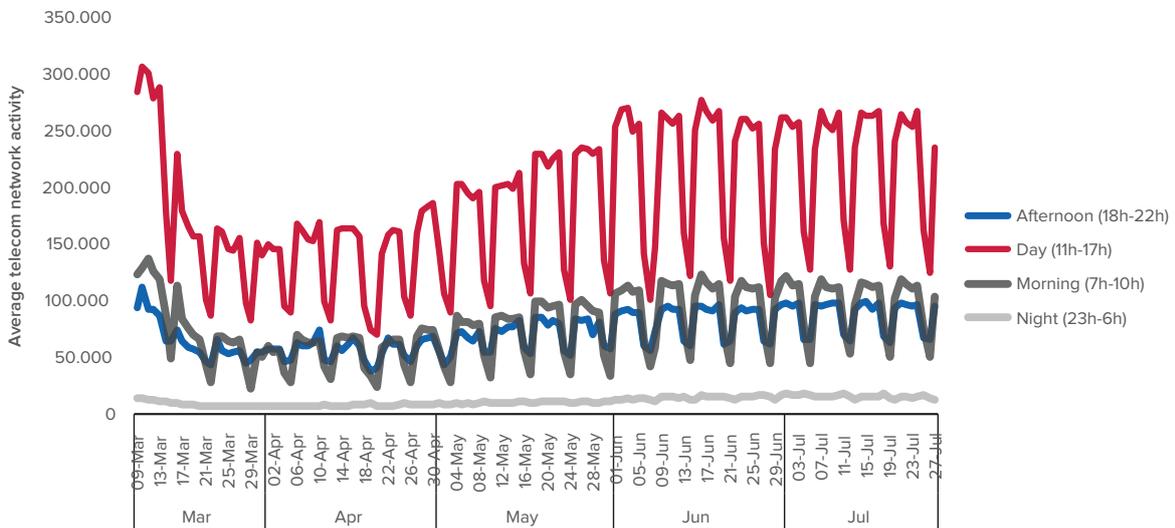
Source: UNDP Analysis

Figure 26 plots telecom data of monthly activity levels, which include calls and messages operated via the network. The series are not seasonally adjusted, with drops observed on weekend days. As of July, the communication levels picked up, but had not reached the pre-lockdown March peaks, which may indicate lower economic activity both on part of individuals, but also of companies. Q2 2020 data shows however that mobile

voice calls were up +5.9% year-on-year, fixed-line voice calls +8.5%, and mobile traffic was +46.2% up⁵². During the lockdown period, on average the activity of people decreased by 50% in Chişinău Municipality. The highest decrease was in the City Center (suggesting decrease of work-related calls), and lower decrease in residential districts and suburbs. Among the main possible causes are: (i) People move out of urban areas (ii) Increase use of online methods of communication; (iii) Financial difficulties and lack of digital skills.

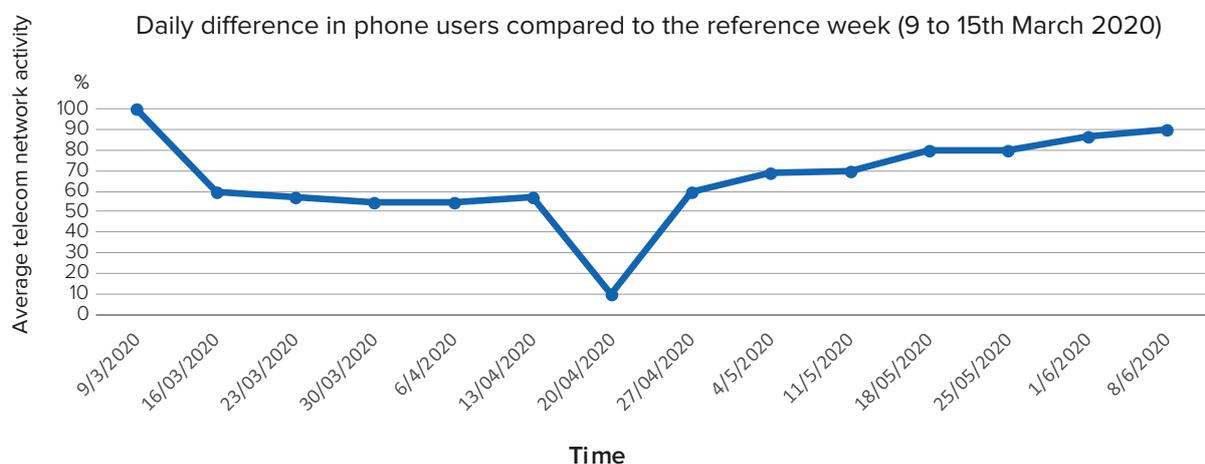
Telecom activity in education and transportation-related points of interest (airports, train stations, university etc.) has considerably dropped and stayed relatively low. Activity in entertainment and recreation points of interest (public parks) dropped in the first two weeks after it started increasing. The activity analysis performed in other areas of interest – Cahul, Ungheni – shows that activity has not dropped as much as in the capital and had a quicker recovery rate. This may be indicative of the structure of local economy, the rural areas predominantly relying on agriculture and farming, wherein Chişinău has a larger service sector.

Figure 26. Average telecom activity levels by time of day, [# of calls, messages, etc], 2020



Source: UNDP Analysis

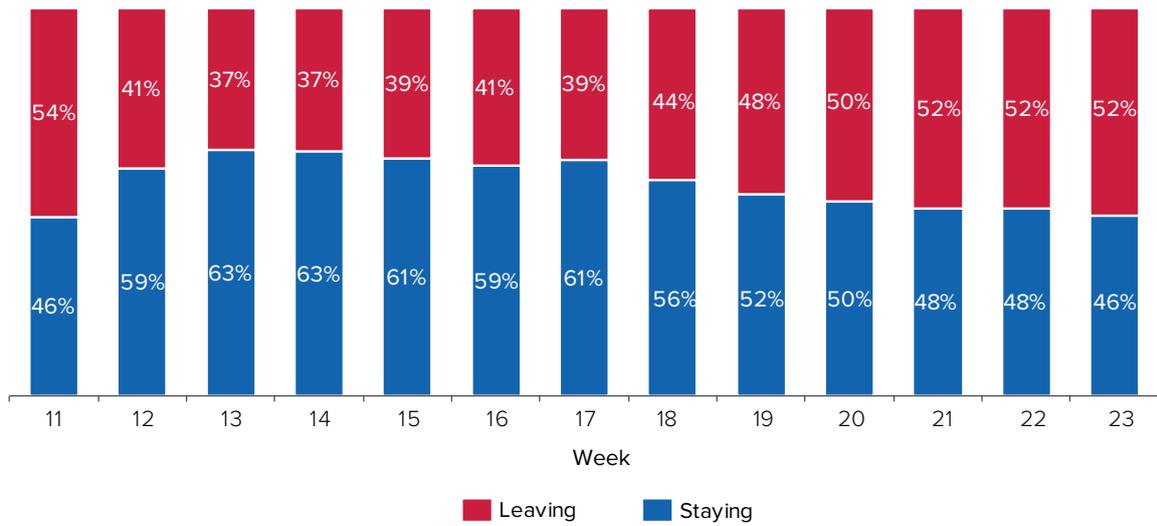
Figure 27. Average telecom activity levels by hour compared to reference levels, [# of calls, messages, etc.], 2020



Source: UNDP Analysis

52 ANRCETI. https://www.anrceti.md/news_040920

Figure 28. Stay-at-home ratio for total Chişinău network sectors, [ratio], 2020



Source: UNDP

In terms of air pollution Moldova has a good standing, especially when the comparison is made with other European countries.⁵³

According to the study Climate Smart Agriculture in Moldova, the greenhouse gas emissions in Moldova average 10.8 Metric tons CO₂ equivalent (Mt CO₂ eq), much less than the average emissions in Eastern Europe and OECD countries. Approximately 71.7% of the country’s emissions are attributed to the energy sector, while agriculture, waste management, and industrial processes contribute 11.6%, 11.5%, and 4.9%, respectively, to the total emissions.⁵⁴

Higher concentration of air pollutants was observed in the following regions, but they are still low compared to other EU countries⁵⁵:

- in and around big cities: Chişinău, Bender and Bălţi districts
- near large power plants: around the border with Ukraine, especially where the Kuchurgan power plant is located
- around the cities Tiraspol and Ribnita in Transnistria

A study was concluded to assess the air quality during the COVID-19 pandemic⁵⁶, and it turned out that all 5 major air pollutants are in accordance with WHO Air quality guidelines. Low decrease in concentrations was observed in the Northern Region of Moldova and around the capital Chişinău, however air pollution dynamics during COVID-19 era did not show any significant change that can be related to country lockdown.

53 Lack of reliable monitoring air quality data in the RM is acknowledged, which implies relatively high level of uncertainty in the comparative air quality assessments and respective conclusions.

54 <http://www.clima.md/lib.php?l=ro&idc=82&>

55 COVID-19 Impact on air quality in Ukraine and the Republic of Moldova, ESA, with the support of UNDP, 21 September 2020

56 COVID-19 Impact on air quality in Ukraine and the Republic of Moldova, ESA, with the support of UNDP, 21 September 2020

2 Methodology for assessing COVID-19 impact

PwC methodology for socio-economic impact assessment is based on rapid assessment principles and aims to capture the multi-dimensional effects of COVID-19, drawing on both quantitative and qualitative analysis.

The main phases of the project are presented in Figure 29 below.

Figure 29. Overview on socio-economic impact assessment methodology



Source: PwC Methodology

- **Scoping/Planning** – the study started by analysing a comprehensive list of vulnerable groups and a complete picture of economic sectors narrowing the selection of the in-scope vulnerable groups and economic sectors through activities like research based on public data⁵⁷, consultations and interviews with relevant stakeholders and analysis of impact assessment questionnaires⁵⁸
- **Secondary Data Research** – identification of available data and the key indicators to be analysed, for setting the initial baseline and capturing the initial in-crisis impact. Based on the trends observed and impact severity of selected key indicators, high-level preliminary policy recommendations and measures were developed
- **Primary Data Research** – a collection of primary acquisition tools was employed including:
 - a. a survey undertaken within a representative sample to cover sociodemographic aspects of citizens and business characteristics of companies,
 - b. relevant discussions with experts and NGOs/associations
- **Analysis** – summarize, consolidate and analyse the data gathered throughout the previous phases in order to understand the underlying vulnerabilities and their magnitude. Re-evaluate the impact in relation to secondary data findings and newer data sets available (e.g. NBS⁵⁹)
- **Consultations** – discuss findings with all relevant stakeholders and build consensus understanding on social and economic distress of COVID-19 pandemic, while clearly stating the assumptions, limitations and information gaps. Review and expand the recommendations guidelines as well as response measures
- **Reporting** – develop the final Assessment Report amended as resulted from consultations and main stakeholders' validation

The current document (Final Impact Assessment Report - draft) covers all the phases of the methodology, intending to help Moldova's representatives and donors to find answers and shape solutions to navigate the COVID-19 crisis. The variable, besides the manifestation of the disease is the multiple time horizons over which we see the crisis.

⁵⁷ Including NBS, UNDP, Oxford Economics, EU Commission Social Inclusion Policies, Social Assistance Law Moldova, ODIMM, IOM

⁵⁸ Based on approximately 50 questionnaires from key stakeholders (public sectors institutions, development partners/donors, business associations/civil society), reflecting both current and future planned initiatives. The questionnaire was developed by PwC covering both ongoing initiatives (including those where changes arose in Covid-19 circumstances) as well as initiatives planned in response of Covid-19 pandemic

⁵⁹ NBS

2.1 Selection of the VGs and ESs

The initial assumptions for understanding the vulnerable groups (VGs) and economic sectors (ESs) revolved around starting from main vulnerable groups that have been identified in Moldova by prior studies, undertaken by both UNDP and other development actors⁶⁰. In addition to the literature, the choice of vulnerable groups was evolved with stakeholder feedback and contributing opinions, exposing underlying vulnerabilities for the main groups.

Figure 30. Stakeholder feedback



Source: PwC analysis

For the vulnerable groups, a structured scorecard was implemented across four measures, based on which a composite score has been calculated. The four measures and their associated weights are as follows: pre-existing vulnerability (30%), pandemic impact strength (30%), pandemic impact duration (30%) and population pool (10%). Each measure was the average of multiple sub-scores, based on several sources, including in-crisis surveys. The sub-scores were evaluated on facts spanning across multiple dimensions (core income resilience, poverty and inequality, health, education, justice and security, social participation and access to information), in order to capture a multi-dimensional impact. The five vulnerable groups resulting were: 1) Children and Youth 2) Poor Households 3) Vulnerable Women 4) NEET Youth and 5) Returning Migrants. At the request of UNDP, the scope of the study was extended to include two additional vulnerable groups: 6) Older population and 7) Freelancers.

In our analysis, we have started by looking at an extensive range of economic sectors, then we have narrowed down our endeavour to 8 main economic areas and, finally, we have focused on 5 main economic sectors and 2 social sectors proposed for our scope, based on research and stakeholder’s consultation.

60 Among the cornerstone studies that formed the basis of ex-ante consideration of vulnerable groups was the 2010 Social Exclusion study done by UNDP, as well as the 2020 Urban Inequalities report.

For the economic sectors selection, an impact scale was used taking into consideration three relevant indicators: GDP weight, number of employees and COVID-19 impact (integrating two sub-indicators: impact severity and recovery prospects). In the following chapters of the report, the most negatively impacted five economic sectors were addressed: Wholesale and Retail Trade (non-food), Transportation and Storage, Manufacturing (light industry), Hospitality and Agriculture. Moreover, given their special character during pandemic, Healthcare and Education sectors were analyzed from both economic and social point of view, attention given to the end-users of medical and education services, and not just to the economic impact.

Although “Wholesale and retail trade; repair of motor vehicles and motorcycles” and “Transportation and storage” are reported as two different economic sectors by the Moldovan statistics authorities, as a strong link was identified between the two sectors and also the Hospitality sector, we included in the in-depth analysis presented below the transportation of goods in the Wholesale and Retail Trade (non-food) economic sector and transportation of people in the Hospitality economic sector. Also, related to Wholesale and Retail Trade, only the non-food part is in scope for the current study⁶¹.

For the purpose of this report, Manufacturing (light industry) refers to textiles and clothing industry only, and Hospitality refers also to travel agencies, tour operators and other booking services and related activities (sub-sector under the Administrative and Support service activities sector – as is categorized in the NBS reports).

Another economic sector that is analysed in the current report is Agriculture. Accounting for a large share of the GDP (almost 11% as of 2019) and the highest percentage of employed population in the whole economy, agriculture is considered to have a significant impact on overall Moldova’s economy also due to its high share of Moldovan exports.

The Healthcare system is considered to be the most affected sector in terms of capacity (number of beds) and medical staff due to the current evolution of COVID-19 pandemic in Moldova. The medical personnel are considered to be overwhelmed and exposed to burnout in day-to-day activities. Low motivation due to reduced incomes for the healthcare personnel not directly involved in treating COVID-19 cases has the potential to increase the already widely spread phenomenon.

According to a research done by UNESCO⁶², the educational process of 9 out of 10 students worldwide was impacted by COVID-19 pandemic. Moldova’s educational system was also affected by the COVID-19 crisis mainly due to the following reasons:

- Teachers with limited skills to use the digital environment for providing online teaching
- Limited access to IT devices (e.g. tablets, laptops, computers, smartphones), as well as limited Internet connection (reduced Internet coverage across the country, especially in rural areas) for students and pupils
- The lack of capacity and time of working-from-home parents to substitute normal educational activities

Another COVID-19-related risk is increasing school dropdown rates in the next immediate period due to potential increase of domestic responsibilities.

In order to assess the impact of the pandemic on the in-scope economic sectors, data triangulation was performed between the available data from NBS (covering previous years and Q1 and Q2 of 2020) – macro-economic information, the outcomes of the targeted surveys and local experts’ inputs – relevant on field-oriented findings.

More details concerning the scoping phase and selection of groups and sectors are presented in the Initial Impact Assessment report (Deliverable 1 of this project).

⁶¹ Due to lack of disaggregated data for food and non-food related activities, it was used the overall data for the entire Wholesale and retail trade sector

⁶² UNESCO – COVID-19 impact on education

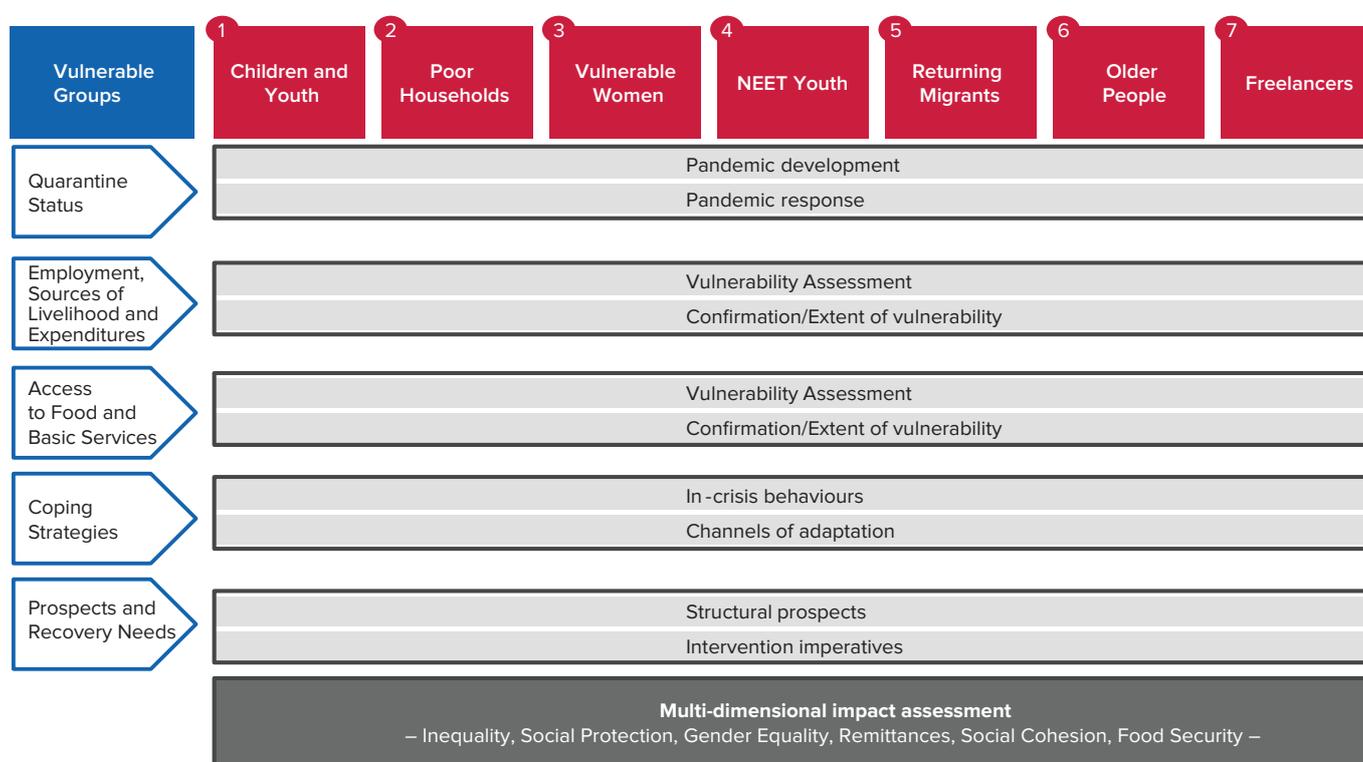
2.2 COVID-19 impact modelling and key indicators

2.2.1 COVID-19 impact modelling and key indicators of vulnerable groups

The framework for assessing the social-economic impact of COVID-19 draws on the UN’s socio-economic impact assessment (SEIA) toolkit in conceptualizing the incremental impact of the pandemic from a multi-dimensional perspective. Five core dimensions are structured into an analysis framework, presented in Figure 31. These dimensions are:

1. **Quarantine Status** – Understanding the knowledge and attitudes of the population in light of the pandemic development, as well as reflecting on the pandemic response, as shaped by shared vulnerabilities and individual constraints
2. **Employment, Sources of Livelihood and Expenditures** – Gauging directly the economic and financial impact on the vulnerable groups, as well as estimation of the damage to the labor market, both in formal and informal sectors
3. **Access to Foods and Basic Services** – Observing the household’s access to – and impact of COVID-19 on food procurement and basic services like education, health, and access to water and sanitation
4. **Coping Strategies** – Evaluating the in-crisis behaviours of households and their channels of adaption
5. **Prospects and Recovery Needs** – Understanding the priorities and even imperatives needed for recovery, and setting up the foundation informing the policy response

Figure 31. Impact assessment model



Source: PwC Methodology

The analysis of each vertical will be assessed through both quantitative and qualitative lenses. The framework used aims to support broader conversation around multi-dimensional impact, as well as to facilitate dialogue around the response and recovery pillars set out by the UN⁶³.

63 A UN framework for the immediate socio-economic response to COVID-19, April 2020; UN Comprehensive Response to COVID-19: Saving Lives, Protecting Societies, Recovering Better, June 2020

In addressing the vulnerable groups in scope, indicators were conceptualized across five impact dimensions and along two categories:

- **Baseline indicators:** Pre-crisis and in-crisis secondary data. The purpose of these indicators is to establish the scale and level of pre-existing vulnerability and overall condition of each group. Given the on-going character of the COVID-19 pandemic, the granularity and periodicity of the data was subject to availability from the National Bureau of Statistics and the other public institutions⁶⁴. The reference period chosen was December 2019, or latest data available.
- **Survey indicators:** Primary data, whose selection of indicators was grounded in SEIA principles designed by UNDP. The purpose of these indicators is two-fold: i) to sample direct multi-dimensional aspects of the household dynamics during the crisis and ii) to validate and inform the findings of the initial assessment based on secondary data alone.

The list of defined indicators is presented as follows in the table.

Table 1. List of defined key indicators for vulnerable groups

Baseline Indicators	Survey indicators
Dimension 1 – Quarantine Status	
<ul style="list-style-type: none"> • No of COVID-19 tests performed per capita • No of infections at 60 days since first case • Infection rate by gender • Infection rate by age • Rate of recovery 	<ul style="list-style-type: none"> • Respondent knowledge of COVID-19 • Household members that show COVID-19 symptoms, whether tested or not • Opinion on possibility to take measures • View and choice of prevention options
Dimension 2 – Employment, Sources of Livelihood and Expenditures	
Sub-Dimension 2.1 – Employment	
<ul style="list-style-type: none"> • Participation rate • Unemployment rate (ILO) • NEET youth rate • Share of persons living in jobless households • Share of migrants reporting intention to return to Moldova • Share of households with self-employed economic status • Active population demographic burden • Increases in unemployed registered with NEA • No of new self-employed / freelancer businesses closed during period 	<ul style="list-style-type: none"> • Employment Status in 2019 • Type of ownership of the establishment enterprise in which the household's member works • Employment Sector

64 Including the Ministry of Internal Affairs (MAI), National Bank of Moldova (BNM), Ministry of Health and Social Protection (MSMPS)

Baseline Indicators

Survey indicators

Sub-Dimension 2.2 – Income

- | | |
|---|--|
| <ul style="list-style-type: none"> • Share of people under absolute poverty line • Median deficit of resources • Ratio between top and bottom income quintile Q20/Q80 • Gini coefficient • Dynamics of personal transfers during period • Dynamics of remittances during period • Remittances as % of GDP • Share of migrants reported negatively impacted by COVID • Share of households with self-employed socio-economic status • Differential gender impact on employment | <ul style="list-style-type: none"> • Income change • Percentage change in household income over the reference period • Availability of household income for short term essential expenses |
|---|--|

Sub-Dimension 2.3 – Expenditures

- | | |
|---|--|
| <ul style="list-style-type: none"> • Expenses by number of children • Expenses by head of household • Expenses by socio-economic status • Procurement of non-food commodities • Inflation rate | <ul style="list-style-type: none"> • Household indebtedness • Household capacity of debt servicing • Other sources of income, excluding wages, salaries and own-businesses prior to and during COVID-19 • Budget expenditures before and during COVID-19 • Prices changes as perceived by the household |
|---|--|

Dimension 3 – Access to Food and Basic Services

Sub-Dimension 3.1 – Food

- | | |
|---|---|
| <ul style="list-style-type: none"> • Household consumption of meat by income • Household consumption of milk by income • Household consumption of eggs by income • Mean daily calories intake by source | <ul style="list-style-type: none"> • Household concern over access to food • Main sources of Food to the household p re- and post-COVID-19 outbreak |
|---|---|

Sub-Dimension 3.2 – Water and sanitation

- | | |
|--|---|
| <ul style="list-style-type: none"> • Share of households with no running water or sewerage system • Number of persons per room | <ul style="list-style-type: none"> • Access to safe and affordable water pre-and ~ post-COVID-19 outbreak • Type of toilet facility available to the household before the outbreak of COVID-19 • Change in access to clean sanitation due the outbreak of COVID-19 |
|--|---|

Sub-Dimension 3.3 – Health and Hygiene

- | | |
|--|--|
| <ul style="list-style-type: none"> • Financial access to healthcare services of households with children aged under 18 years • Infant mortality • Incidence of HIV/AIDS per 100.000 • Incidence of Tuberculosis per 100.000 • Incidence of mental illness per 100.000 • Share of health expenses from total household expenses • Life expectancy at birth • Subjective state of health | <ul style="list-style-type: none"> • Changes in level of access to Health • Access on hygiene items • Access to specific health services • Change in access to clean sanitation due the outbreak of COVID-19 |
|--|--|

Baseline Indicators**Survey indicators****Sub-Dimension 3.4 – Education**

- | | |
|--|---|
| <ul style="list-style-type: none"> • Early school leavers by gender • Secondary cycle enrolment rate • Tertiary cycle enrolment rate • NEET rate • Access to computer • Access to internet • Quality of Education - PISA scores | <ul style="list-style-type: none"> • Children school attendance pre-COVID-19 • Impact of COVID-19 on children school attendance • Reason why school-aged children (if any) have stopped attending school. • Household devices and appliances (incl. internet connection and smartphone/tablet) • Availability of remote learning |
|--|---|

Dimension 4 – Coping Strategies

- | | |
|--|---|
| <ul style="list-style-type: none"> • Ratio of childcare benefits to minimum subsistence level • Share of households receiving social benefits (without pensions) • Share social benefits (without pensions) from total income • Value of average benefit income per person • Estimated impact of government programmes • Big Data in-crisis telecom data | <ul style="list-style-type: none"> • Compensation measures in the face of loss of income • Assistance received • Type of assistance received |
|--|---|

Dimension 4 – Prospects and recovery needs

- | | |
|---|---|
| <ul style="list-style-type: none"> • Crimes against family and minors • Human Development Index • Score for Peace • Estimated impact of government programmes | <ul style="list-style-type: none"> • Concern over livelihood conditions for the next three months • Household needs prioritization • Types of assistance needed • Household members who are seeking employment • Type of support most useful to household members who are looking for a job. • Occurrence of family violence during period • Type of family-related violence during period |
|---|---|

Source: PwC methodology

2.2.2 COVID-19 impact modelling and key indicators for economic sectors

The impact model for the in-scope economic sectors was designed considering three alternative scenarios, based on different evolutions of the COVID-19 pandemic crisis: the optimistic scenario, the realistic scenario and the pessimistic scenario. The evolution of each economic sector within each of the three scenarios is based on available data provided by NBS and LFS⁶⁵ for the first six months of 2020 and forecasted data for the next period, based on PwC analysis.

The three scenarios rationales are described as follows:

- January and February 2020 were considered months not all affected by the COVID-19 pandemic. Impact was identified to be starting from March 2020 and from July 2020 for Agriculture

⁶⁵ Labor Force Survey (Ancheta Fortei de Munca)

- For March – June 2020, available data from NBS for relevant industry indicators were used in order to present the actual impact of COVID-19 pandemic
- For July 2020 - June 2021, the three scenarios were developed based on forecasted figures
- For neither of the three scenarios, a second lock-down with similar negative consequences was considered
- **Realistic scenario:** For the forecast process, a distinct approach was applied for each economic sector in scope in order to better assess the recovery pace:
 - For Transportation and Storage, Manufacturing (light industry) and Wholesale and Retail Trade (non-food), the impact was forecasted to gradually decrease with 30% monthly from July 2020 to June 2021.
 - For Agriculture, the impact was mainly forecasted based on the draught impact rather than on the COVID-19 crisis impact, following the agriculture seasonality. Taking into consideration the specificity of Agriculture activities, the real impact of the low production registered in the 2nd quarter of 2020, will be reflected starting with July 2020, reaching a maximum negative impact in February – March 2021.
 - For Hospitality, the impact was forecasted to gradually decrease with 20% monthly from September 2020 to June 2021. As no new restrictions were imposed or existing restrictions lifted, for the summer period (July-August), same impact was taken into consideration (44%).
- **Optimistic scenario:** It was considered that the impact will gradually decrease with a more rapid pace (10%) compared to the realistic scenario, except for Agriculture. Based on the forecasted data, the following negative impact (compared to similar period of 2019) is expected to be reached at the end of 2020: Hospitality – 9%, Agriculture – 8%. Transportation and Storage, Manufacturing (light industry) and Wholesale and Retail Trade (non-food) are expected to recover at 2019 level by the end of the year, if the current evolution trend is maintained.
- **Pessimistic Scenario:** It was considered that the impact will gradually decrease with a slower pace (10%) compared to the realistic scenario. Based on the forecasted data, the following negative impact (compared to similar period of 2019) is expected to be reached at the end of 2020: Hospitality – 29%, Agriculture – 15%, Transportation and Storage – 3%, Manufacturing (light industry) – 2%, Wholesale and Retail Trade (non-food) – 2%. Manufacturing and Wholesale and Retail Trade (non-food) are expected to fully recover at 2019 level by June 2021.

For the in-scope economic sectors, a set of indicators including both general and specific aspects of economic activities were defined. The indicators were used to set a baseline for the pre-crisis assessment (Q1 2020) and were further used to assess the impact for the affected period (e.g. Q2 2020) by comparison:

- QoQ comparison (2019 vs. 2020)
- YoY evolution comparison (2018-2019 evolution vs. 2019-2020 evolution)

The list of defined indicators is presented as follows in the table below:

Table 2. List of defined key indicators for economic sectors

Baseline Indicators	Impacted sectors	Level of granularity
General indicators		
<ul style="list-style-type: none"> • Contribution in GDP • Number of active enterprises • Number of employees • Number of enterprises with profit • Average monthly income 	<ul style="list-style-type: none"> • All 	<ul style="list-style-type: none"> • Breakdown on economic sectors or even at CAEM (Classification of Activities in Moldovan Economy) level • Breakdown on economic sectors or even at CAEM level (Micro, Small, Medium) • Breakdown on economic sectors or even at CAEM level and on segmentation (Micro, Small, Medium) • Breakdown on economic sectors or even at CAEM level (Micro, Small, Medium) • Breakdown on economic sectors or even at CAEM level
Specific indicators		
<ul style="list-style-type: none"> • Transported goods • Transported passengers • Tourism services • Inbound tourism • Outbound tourism • Domestic tourism • Tourists accommodation • Overnight accommodation • Total volume of industrial production • Sown areas • Production • Number of physicians • Number of paramedical personnel • Number of hospitals • Number of medical institutions • Number of beds in hospitals • Number of pupils and students enrolled • Pedagogical staff • Number of graduates • Educational expenditures from the national public budget 	<ul style="list-style-type: none"> • Transportation • Transportation • Hospitality • Hospitality • Hospitality • Hospitality • Hospitality • Hospitality • Manufacturing • Agriculture • Agriculture • Healthcare • Healthcare • Healthcare • Healthcare • Healthcare • Education • Education • Education • Education 	<ul style="list-style-type: none"> • Transport type (railway, road, water, air) • Transport type (railway, road, water, air) • Tourism type (leisure, business, wellness) • Accommodation type (hotels, motels, summer camps, recreation structures, guesthouses, etc.) • Accommodation type (hotels, motels, summer camps, recreation structures, guesthouses, etc.) • Breakdown on economic sectors or even at CAEM level and on segmentation (Micro, Small, Medium) • Type of agricultural crops and categories of producers • Type of agricultural crops • Evolution per 10,000 usual residents • Evolution per 10,000 usual residents • Type of hospitals (public, non-public) • Type of medical institutions (public, non-public) • Evolution per 10,000 usual residents • Type of institution (primary and general secondary, vocational, higher education) • Type of institution (primary and general secondary, vocational, higher education) • Type of educational level (lower secondary, general upper secondary, vocational, higher)

Source: PwC methodology

The level of granularity and periodicity (monthly or quarterly) were subject to data availability from the National Bureau of Statistics of the Republic of Moldova and relevant public institutions. The above-mentioned list of indicators contains only the available indicators (for specific periods or industries) used for building the economic impact model and drawing relevant conclusions related to the evolution of in-scope economic sectors during COVID-19 pandemic.

2.3 Data collection

The current study is based on data and information collected through several channels using specific methodology, including:

- **Desk research** covering existing documentation for the vulnerable groups and sectors analysed, including pre-crisis and in-crisis sectorial and group assessments and evaluations, statistical data, policy documents, etc.;

The objective was to collect existing information and analyse secondary statistical data from public records, press releases, reports and publications issued by national and European or international authorities. Our desk research team performed a thorough analysis of the reports publicly available and offered to us by various stakeholders, for the in scope economic sectors activities.

The main risks for this approach refer to lack of, poor quality, insufficient level of detail and inconsistency of data. To partly mitigate this risk, we have performed a mapping of potential alternative data sources, such as the Ministry of Economy and Infrastructure or the Ministry of Health, Labor and Social Protection. An important source for our effort was the data compiled by the National Bureau of Statistics.

Figure 32. List of stakeholders interviewed/surveyed

Public sector institutions	Business associations/ Civil society	Development partners/donors
		
<ul style="list-style-type: none"> • Ministry of Health, Labour and Social Protection • Ministry of Finance • Ministry of Economy • Ministry of Agriculture, Regional Development and Environment • Ministry of Education, Culture and Research • Ministry of Internal Affairs • Ministry of Foreign Affairs • Ministry of Defence • Ministry of Justice • National House of Social Insurance (CNAS) • National Medical Insurance Company (CNAM) • Moldovan Investment Agency • National Employment Agency • Moldova E-Government Agency • National Agency for Public Health • National Agency for Auto Transport • National Bureau of Statistics • ODIMM • Diaspora Relations Bureau • Department of Exceptional Situations • National Office of Wine and Vine • Border Police • National Bank of Moldova • National Council for Disabilities and Work Ability Assessment 	<ul style="list-style-type: none"> • American Chamber of Commerce • European Business Association • Foreign Investors Association • Small Businesses Alliance • Partnership for Development Centre • Gender Equality Platform • Organizations Alliance for People with Disabilities in Moldova • National Centre for Children Abuse Prevention • National Centre of Roma • League of people living with HIV • SocioPolis • Natives Association of Selemet • Natives Association of Carpineni village • Chamber of Commerce and Industry of Tiraspol (Transnistria) • Rezonance NGO (Transnistria) • Interaction NGO (Transnistria) • Expert Grup 	<ul style="list-style-type: none"> • UNFPA • UNICEF • UN Women • IOM • OHCHR • FAO • UNODC • IFAD • Worldbank • USAID • EBRD • EIB • German Embassy • Swedish Embassy • UK Embassy • Czech Embassy • Swiss Development Cooperation • Embassy of the Netherlands

- **Interviews and consultations** with the relevant stakeholders, including both representatives of the public and of the private sector;

In order to assess the view of most relevant stakeholders on the COVID-19 pandemic impact and learn about their initiatives aimed to reduce the crisis effects, individual phone interviews were organized. The stakeholders were in advance grouped into categories considering the key-economic sectors and vulnerable groups targeted by the report. This ensured that proper questions were addressed and high quality, detailed information was provided by the interviewees. The list of targeted stakeholders is presented (Figure 32) above.

- **Impact assessment questionnaires**, directed to main stakeholders (public sector institutions, development partners/donors, business associations/civil society) and meant to collect information regarding ongoing and planned initiatives as well as impacted initiatives by the COVID-19 pandemic:

The tailor-made questionnaires were employed in order to gather information regarding the adjustments made by the stakeholders to their current projects due to the COVID-19 pandemic, as well as regarding the projects/initiatives in their pipeline that need to be modified to address the COVID-19 impact. Questionnaires were filled in by more than 45 key stakeholders, including public sectors institutions, development partners/donors, social NGOs and business associations.

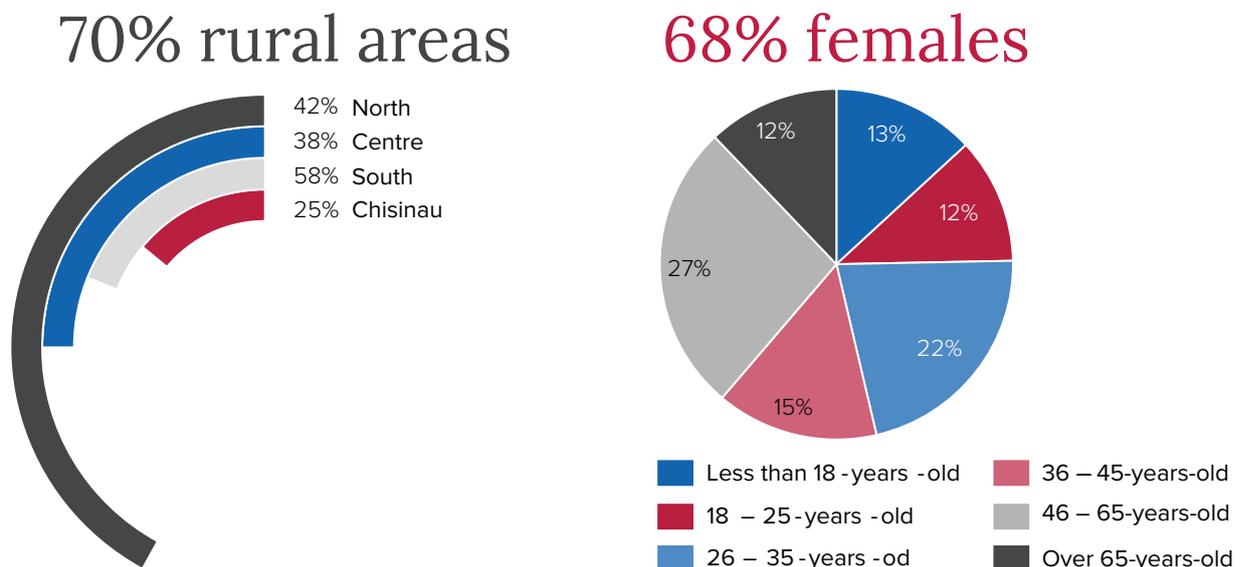
- A **targeted survey** developed in collaboration with a specialized company - Magenta Consulting.

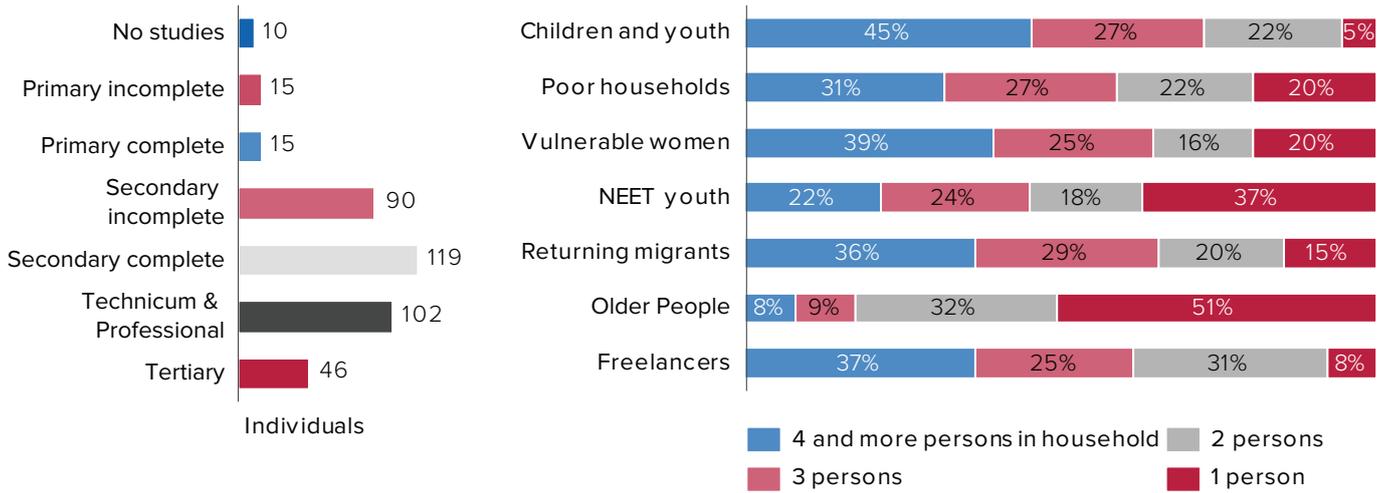
The structure of the survey was developed together with UNDP (with inputs from OHCHR, UNFPA and other UN agencies) and Magenta Consulting representatives. The survey covers relevant aspects for both in scope vulnerable groups and economic sectors. The survey has collected primary data and information from 390 Moldovan citizens and 450 companies (relevant persons from the company’s management) across all in-scope economic sectors, the answers **reflecting their perception on specific aspects..** The results of the survey are disaggregated and presented extensively in Chapters 3 and 4. For more details regarding the sampling methodology used and instrumentation of the questionnaires used, please see Appendix 1.

For the vulnerable groups, the survey was conducted during 19th of August and 14th of September 2020, and was answered by 390 respondents in Moldova across all in-scope vulnerable groups, with the following profile:

Figure 33. Survey in vulnerable groups

390 respondents out of which:





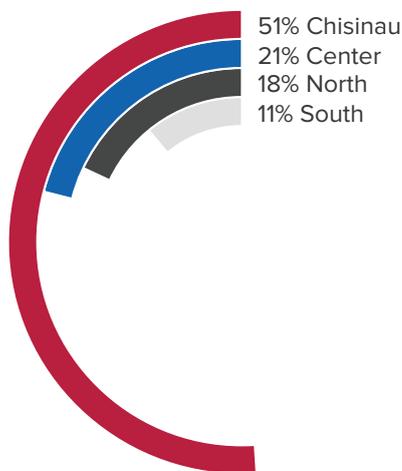
Source: PwC Methodology

For the economic sectors purpose, the survey was conducted during 18th of August and 14th of September 2020, and was answered by 450 companies operating in Moldova across all in-scope economic sectors as follows:

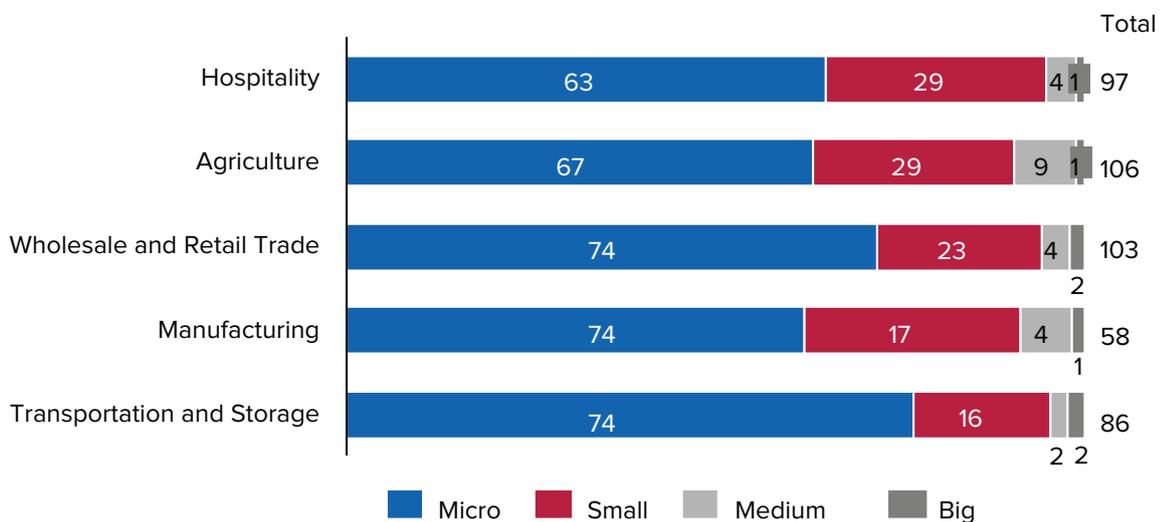
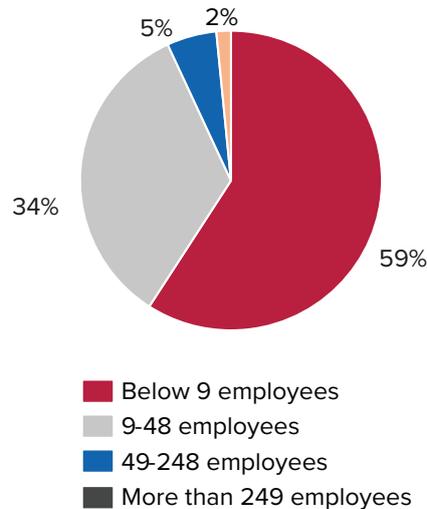
Figure 34. Number of companies participating in the survey

450 respondents out of which:

72% urban areas



58% women



Source: PwC and Magenta Consulting survey data

- **NBS Ad-hoc Module on COVID-19 impact on households**, used as additional data source to the survey and validation gateway of main conclusions.

The National Bureau of Statistics ran an ad-hoc module to the Household Budget Survey addressing the COVID-19 pandemic impact. The module offered valuable in-crisis context for household impact and is an excellent benchmark for the results of the main survey on vulnerable groups. Of particular interest was the ability to extract overlapping vulnerabilities from the module, with respect to health concerns, difficulties related to the education of children, and finances. Moreover, as the module included questions related to the changes in employment locally or abroad, it was also relevant in the analysis of returning migrants.

- **Mobility big data**, kindly provided by UNDP, reflecting anonymized in-crisis behaviour, including geolocation patterns.

The dataset was based on flows recorded by a telecom operator in Moldova. The technology supported mobility statistics based on (anonymized) mobile phone signals. This dataset allows visualization of the dynamics of origin/destination flows, the trends in personal activity, stay-at-home ratios, and the evolution of the radius of distance travelled in kilometres – thus serving the basis for benchmarking against past peak values and serving as a proxy for population confidence and economic reopening.

- **Electricity consumption**, kindly provided by UNDP, showing anonymized electricity consumption patterns.

The dataset presented monthly electricity consumption patterns for both 2020 and prior years (the main analysis investigated 2019 year-on-year dynamics, but some of the data went back up to 2014). The data was based on a Moldovan energy operator and was anonymized and aggregated up to regional level, with the possibility to separate the Chisinau area. The trends informed a data-driven opinion on the household energy consumption during the pandemic, with implications arising in terms of energy poverty and coping with the coming cold season.

- **Earth observation data** kindly provided by UNDP, based on analysis undertaken in partnership with the European Space Agency.

The spatial dataset was based on rapid response satellite earth observation and featured two services: first, thematic maps and anomaly detection abilities in agriculture (for the Făleşti, Ungheni, Bălți and Sângerei raions); and second air quality analyses and assessment of levels of NO₂, SO₂, CO, PM₁₀ and PM_{2,5} pollutants in the atmosphere (for Moldova nationwide and Ukraine). These two services allowed estimations of the impact of the COVID-19 pandemic on the local agricultural practices and cropland distribution and status (relevant given draught weather conditions), as well as impact on the air quality relating to the lockdown (relevant given decrease in personal transportation over the time horizon).

- **Micronarratives**, collected within a qualitative study performed by UNDP, which were used in conjunction with insights emerging from the quantitative spectrum.

The micro-narratives form part of an initiative of the UNDP to understand the experience and support systems of Moldovan communities, during the COVID-19 pandemic. The dataset added rich qualitative context to the other quantitative sources. In addition to the stories offering direct insight into the concerns and behaviours triggered by the crisis, the dataset also offered possibility to aggregate these by demographics and triads, thus cross validating the issues emerging for sub-groups against yet one additional source.

3 Socio-economic impact of COVID-19 pandemic crisis on the selected vulnerable groups

General aspects

The objective of this section is to evaluate the socio-economic COVID-19 pandemic on the vulnerable groups in the Republic of Moldova. An introduction of the pre-pandemic context is presented with reference to the 2030 Agenda, followed by general patterns observed across all groups being discussed for the main dimensions. The chapter then proceeds to deep dives for each group, with the application of the analysis framework.

The Republic of Moldova and its people are committed to achieve the goals of the 2030 Agenda. **Five years into the implementation of such ambition's agenda, the country has made important positive progress in several areas**, in particular: Significant progress was registered in achieving SDG 1, 8, 13 and 17, while the results obtained in achieving SDG 2, 3, 5, 7, 9 and 11 are moderate. Although efforts were undertaken to develop all the social areas, their impact on achieving the SDG 4, 6, 10, 12, 15 and 16 was to a lesser extent noticeable. **It is important to emphasize that the current crisis threatens to reverse progress on the goals.**

- The key challenges confronted by the country and its people revolve around:
- Systemic issues, including complex challenges in area of inequalities (the present socio-economic impact assesment shows the rising risks of inequalities, both in terms of income and expenditures, but also access to social services, as well as the opportunities/resources);
- Further brain drain and migration;
- A myriad of macro vulnerabilities that affect the general population (dependence on external sources of energy, climate change related risks);
- Low local capacity for innovation and technology transfer (notably in the private sector);
- Financing SDGs is indeed another important issue;
- Data availability and data quality are making rather problematic the evaluation and monitoring of the implementation of the localized SDGs;

At same time, there are multiple opportunities in accelerating SDGs, but these shall be revised particularly in view of the socio-economic negative impact of the COVID-19. For instance: i) the emerging opportunity to further intensify dialogue with private sector for adoption of solutions by public sector in terms of digitization of services, ii) re-focus and re-thinking of business models, iii) support of the Government and development community for new business models, new products and services conducive to accelerated achievement of SDGs, iv) there is ample opportunity to engage in new ways the diaspora and reconnect talent and expertise to local needs and communities of origin, among many others.

The COVID-19 pandemic has a negative impact on the prospects of achieving the SDGs in Moldova and threatening the positive achievements done so far. **The disproportionate negative impact is on most vulnerable and excluded groups of population, which were already extremely vulnerable and marginalized and, given the social and economic impact of the COVID-19, risk to become even more excluded and pushed further to the margins of the society.** Such negative effects mean anticipated slower progress or no progress in some SDGs and additional efforts and investments are therefore required to accelerate progress, particularly in areas of (several examples):

- SDG 1.3. and thinking around new ways to ensuring social protection for most vulnerable groups, and related (a system Temporary Basic Income is possible solution to ensure nobody is left behind);
- SDG 8 and ambition to ensure decent and productive employment and employment opportunities, particularly in view of including the ‘excluded’ onto the local labor market and building new skills required on the local market (for example incentives for hiring and integrating NEETs and youth);
- SDG 4 and targets related to education, particularly in view of the fact that the education system is insufficiently prepared and has shown local weakness in confronting the COVID-19 circumstances and adapting to the new reality (with limited endowments and hardware, teaching methods, outdated content, among others – especially when considering the drastic impact of cumulative lost schooling);

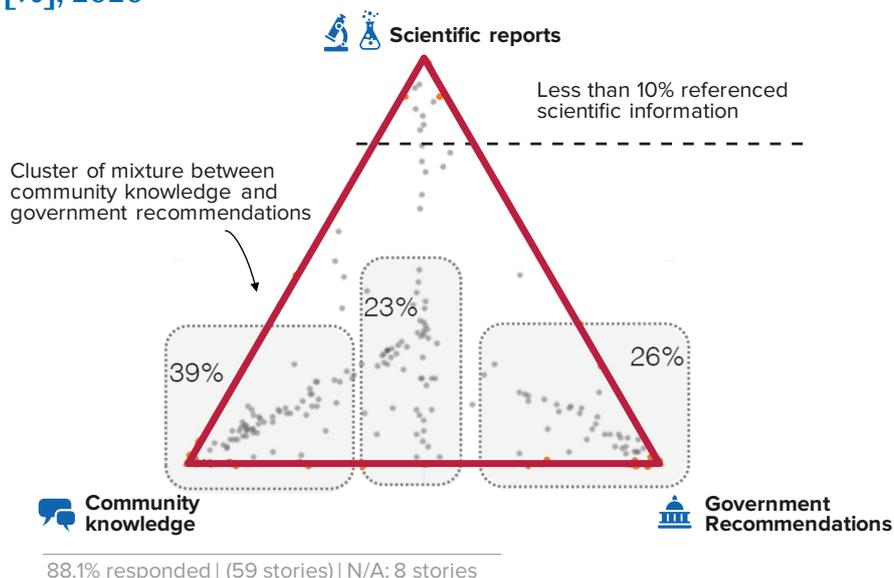
The Voluntary National Review (as well as Socio-Economic Impact Assessment) acknowledges the lack of evidence to monitor and evaluate the progress towards nationalized SDGs⁶⁶ and the impact of the COVID-19 – therefore a strong case is suggested to include this aspect in policy and programmatic recommendations, particularly in view of building the national statistical ecosystem, as well as develop new streams for the generation and the use of new evidence coming from alternative sources for early warning.

Quarantine Status

The sample had a low incidence of COVID-19 cases (4% confirmed cases of children and youth, 2% confirmed cases of poor households). The vulnerable groups were generally knowledgeable about the prevention measures that can be taken, with the older people showing the loosest understanding of preventive measures and equipment.

The informational aspect of prevention is germane, given the progression of the pandemic. Insights coming out of UNDP’s micro-narrative exercise highlighted the fact that despite affirming the primacy of individual judgement in reasoning about COVID-19, most of the respondents in fact said they trusted a combination of community common-knowledge and government recommendations (a 39% cluster). The fact that less than 10% referenced scientific information, **could be a weak signal of scientific misinformation** (i.e “fake news”) (Figure 35), which could contribute indirectly to a faster propagation of the infection.

Figure 35. Micro-narrative triad describing the pillars of trust among the population during the pandemic, [%], 2020



66 Voluntary National Review, Government of Moldova, 2020, pag 162: “It is also essential to enhance the system for monitoring and evaluation of SDG implementation, in order to be able to intervene in a timely manner with efficient actions, when needed. The monitoring and evaluation system of SDG implementation is affected by the lack of data for about a quarter of the nationalized SDGs and insufficient disaggregated data for over 30 per cent of the indicators.”

Employment, Livelihood and Expenditures

According to NBS figures, as per Q2 figures, the pandemic had affected the work circumstances of 200.6 thousand employed individuals (24.4% of total occupied population)⁶⁷, which is six times more than in the first quarter reading. While the rate of unemployment (4.2%) was actually lower year-on-year in 2020, the extent of the damage can only be put in context when evaluating all the furlough and temporary unemployment schemes, as well as the income loss from the informal sector.

The NBS Ad-hoc module shows that in **the general population disposable income fell overall -4.2% year-on-year**, with a higher impact in urban areas (-7.8% overall versus -0.8% in rural areas). From an income component perspective, higher salary losses were seen in urban areas, while income loss from non-agricultural activities was higher in rural areas (-21.5% versus -17% urban). Also notable is the -21.1% overall decrease in other income (which consist mostly of financial aid from family, parents, children, friends or other relatives), which means a relative weakening of alternative support levers in case of need. On the flipside, remittances are up+6.5% overall, which may be explained that the population working abroad has either returned (some of which is analyzed in the returning migrants vulnerable group) or has sent some of the savings accumulated pre-pandemic to relatives back in Moldova.

Table 3. Change in disposable income component of general population by area, [%], Q2/2019-Q2/2020

	Change in disposable income per person, %		
	Total	Cities	Villages
Monthly Total Disposable income	-4.2	-7.8	-0.8
Salary income	-4.4	-11.9	8.0
Agricultural production income	3.0	31.3	1.7
Non-agricultural activities income	-17.0	-12.4	-21.5
Social benefits (pension, etc)	-6.3	2.7	-12.8
Remittances	6.5	5.7	6.9
Other income	-21.1	-10.6	-38.6

Source: NBS Household Budget Survey, UNDP analysis

This distribution was observed in the PwC VG sample as well, with the actual components varying per group, but overall showing a clear trend of salary decreases across the board, with increases in income from activities in agriculture some groups (Vulnerable Women, Returning Migrants), while remittances were generally down in our sample (the highest decrease was noted for Poor Households -10%).

The poor appear to have suffered the highest income decrease in the general population also (-12%), while the third quintile (usually associated with people involved in business, possibly freelancers) saw still a sizeable decrease of -8.1%, driven by income from non-agricultural activities (which was down -66.2%) .

67 NBS – Employment in Moldova: occupation and unemployment in 2Q20. <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=6749>

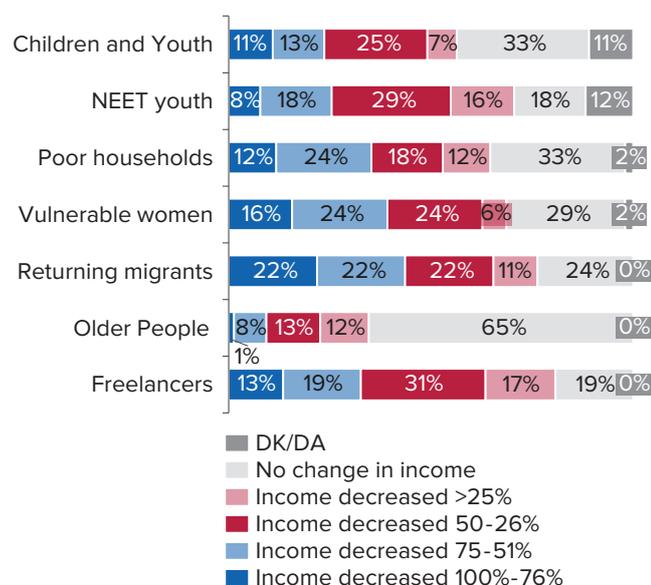
Table 4. Change in disposable income by income quartile [MDL, %], Q2/2019 – Q2/2020

		Change in disposable income per person, %
Quintiles of monthly disposable income per household's member	1 – the poorest	-12.0
	2	-11.3
	3	-8.1
	4	-2.9
	5 – the wealthiest	-2.2

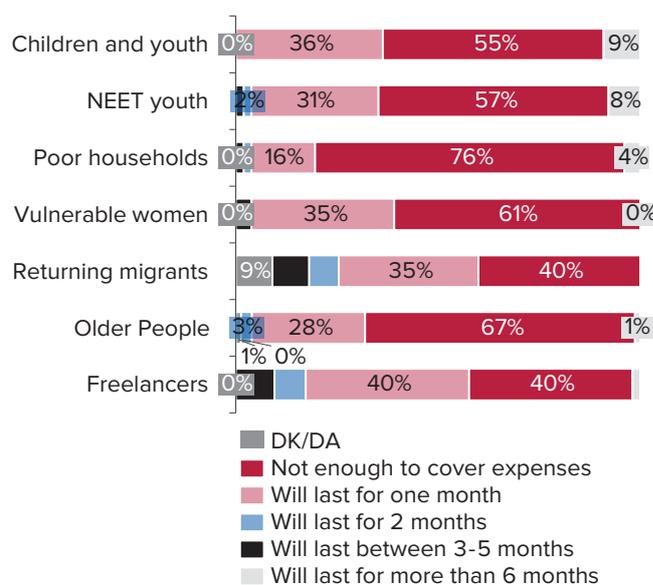
Source: NBS Household Budget Survey, UNDP analysis

Figure 36. Impact of COVID-19 on the income and livelihood of vulnerable groups in PwC VG sample, [%], 2020

As a result of the COVID-19 pandemic, please indicate the change to your income.



“Does your households have enough income or savings to cover the monthly expenses (rent, utilities, food)?”



Source: PwC Vulnerable Groups survey

In the NBS HBS, households of single members have been found to have suffered a higher decrease in income than the general population at -18.3%. This is mirrored by the findings in the PwC sample of vulnerable groups, where households with many children and single parents felt the impact more forcefully, on multiple dimensions, not just financially. More single or divorced parents also said they do not have enough to cover expenses (61%) versus those married or living together (50%). In addition, 27% of parents that were either divorced or single could not organize remote education at all – versus just 1% of married couples or those living together.

In the vulnerable groups sample, the highest income loss (of 75-100% of income) was suffered by returning migrants (22%), followed by vulnerable women (16%). Severe losses (50%-75% of income) were the highest for poor households (24%) and vulnerable women (24%). Older people were the group to report the highest occurrence of no changes to income (65%), thereby highlighting that the dynamics are driven by the main income source of each population segment and vulnerable group, as pensions have not suffered decreases comparable to the other sources.

However, when looking at the coverage of monthly bills from the current income stream and savings, the figures illustrate that economic vulnerability goes beyond current income loss: 76% of poor households did not have resources to cover monthly expenses, followed by 67% older people and 61% vulnerable women. Returning migrants appeared to be the most prepared financially to weather the storm for the next months, followed by freelancers, both groups likely leveraging pre-crisis savings.

Expenses of the general population were found to have decreased -10.3% year-on-year in Q2 2020, in the NBS HBS data (Table 5). The decrease was more pronounced in the rural areas (-11.8% versus 8.8% urban). The highest decreases were in the areas of education (-53.3%) and healthcare (-34.1%). Other expenses (which include recreation and travel) were cut -24.7%. As a percentage of the total expense budget, food had an increasing in weight, especially in rural areas (+5.0pp).

While households with returning migrants increased their spend overall by +11.9% year-on-year in Q2 2020, those without migrants decreased expenses by -13%. Households that were confronted with general difficulties have seen differential dynamics: those infected or in quarantine spent +25% more than those that did not have the infection, households losing their jobs in Moldova spent -17.5% less, while those that could not return from abroad spent +28.2% more, those with depression and anxiety -5.9% less.

Table 5. Change in expenditure component of general population by area, [MDL, %], Q2/2019-Q2/2020

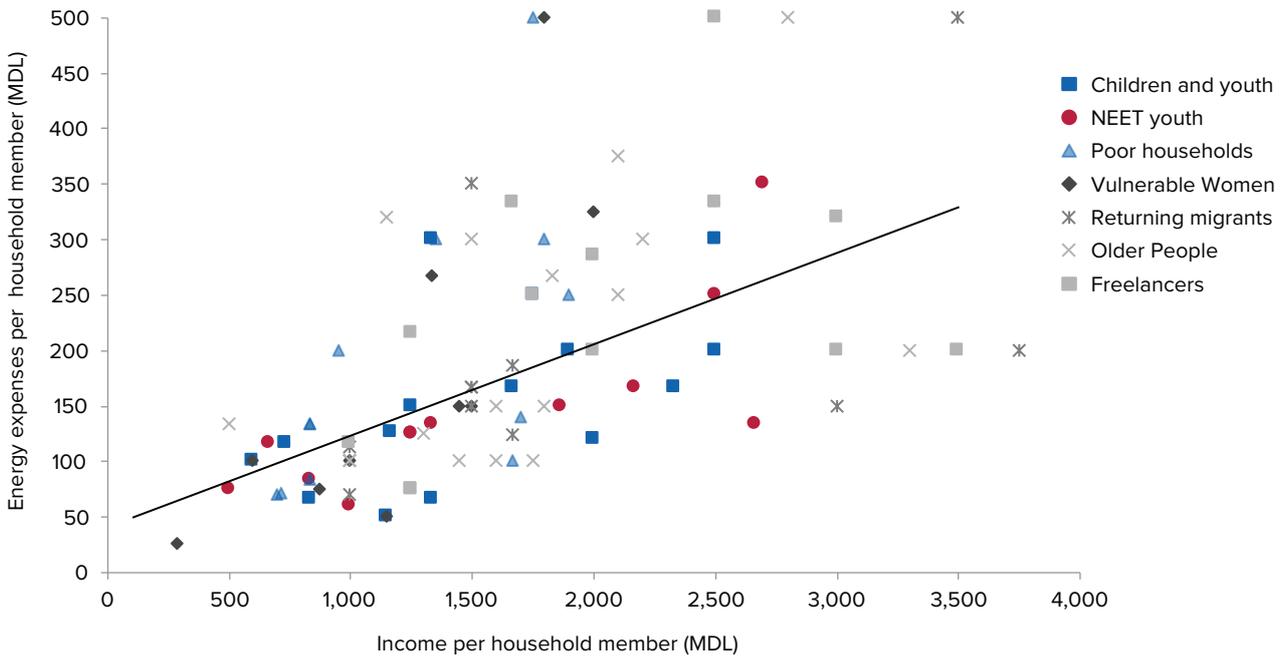
	Change in consumption expenses, %		
	Total	Cities	Villages
Total expenditures	-10.3	-8.8	-11.8
Food	-0.8	0.6	-1.9
Clothing and shoes	-24.7	-25.0	-24.4
Utilities	-3.9	1.3	-8.5
Durable goods	1.0	16.7	-12.6
Healthcare	-34.1	-29.6	-40.0
Education	-53.3	-51.0	-57.7
Transp/Communicat.	-17.3	-17.7	-16.9
Other	-24.7	-21.1	-31.0

Source: NBS Household Budget Survey, UNDP analysis

The expenses dynamics of the vulnerable groups depend on the group itself and in most cases mirror the general trend, but not always (for example, for poor households transportation has increased year-on-year – this appears to be correlated with an increase in medical expenses).

In the PwC VG sample, debt was also found a moderating factor in relation to the impact: 83.5% of all households in the sample that had outstanding debt experienced some decrease in income (with 14% experienced decreases of 75%-100% of income) versus those that did not have debt of 52.8% experiencing some decrease (with 8% experienced large decrease of 75%-100% of income). This result was observed for all the sample and was strongest for poor households.

Figure 37. Relation between household income per member and energy expenses per member [MDL], 2020



Note: based on 91 households across all vulnerable groups in sample that recorded energy expenses part of their budget. Excludes outliers at 3. For children and youth, responses of parent or care-giver were recorded.

Source: PwC Vulnerable Groups survey

The implications of income loss and increasing inequality translate to concrete exacerbating limitations for vulnerable groups.

One such limitation is the energy poverty that can be observed when looking at the relationship between household income per member and energy expenses per member (Figure 37), with implications for the coming cold season (the pandemic Kwh consumption was +1% higher in Chişinău and +4.4% in the Centre-South, March-July 2020 vs. 2019). While energy is not strictly a variable cost (and while individuals household circumstances do vary quite a bit), it is observed nevertheless that consumption is limited with lower income.

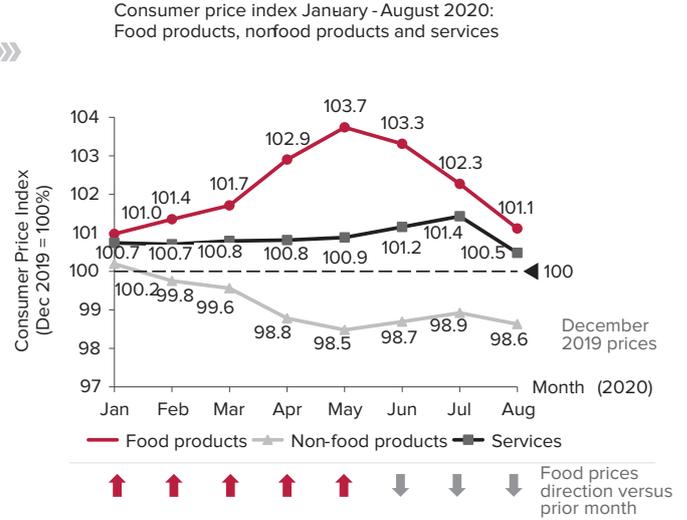
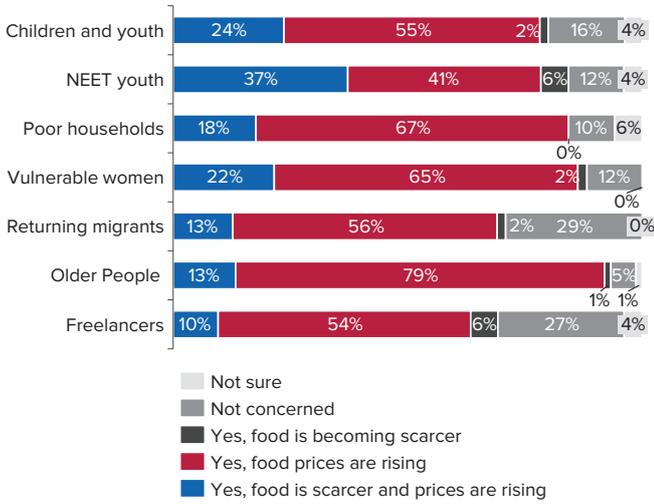
Access to food and water

In relation to food, the most common perception among the vulnerable groups was that the food prices are rising (highest among the older people at 79%). Food was also thought to be scarcer *in addition* to prices rising by some people, with the highest numbers recorded for the NEET youth (37%). Water access had mixed evaluations with individuals citing unchanged access, but many of the vulnerables not having access to a sewage system (76% of poor households).

The perception of the vulnerable groups is validated to a large extent by the monthly inflation figures - this insight forms the foundation for understanding the coping strategies, as both the general population and the vulnerable groups saw reduction in food consumption.. The food products component of the consumer price index (CPI) increased all the way to May (peak at 103.7), after which it started decreasing until August, however still being above December 2019 prices. Year-on-year, inflation for food products stood at +8.73% for 2Q20. The increases in food products reflected disruptions in supply chains and perhaps a panic associated with early lockdown, while the divergent trajectory of non-food products and services point to suppressed demand due to official restrictions, but also due to changes in consumption behaviour. There were also a few cases of reported begging (NEET youth).

Figure 38. VG perception of food availability and CPI, [%] ,2020

Perception of food availability: "Since the inception of the pandemic, did you worry about food availability? Please consider changes in availability independent of changes of your income".



Source: PwC Vulnerable Groups survey, NBS, UNDP

Health and Education

In the households in which at least one member required such services, as per the data of the NBS HBS Ad-hoc module, 15.5% of respondents mentioned difficulties in accessing medical services, and 40% encountered difficulties in procuring masks, gloves and protective equipment (though the number is as high as 61.9% for individuals that could not return from abroad). Out of the individuals that encountered difficulties, 2.4% found it difficult to procure medications.

In the VG sample, most households reported a perception of increasingly difficult access to healthcare (poor households 69%, NEET youth 67% and the older people 64%). The highest perception of severe deterioration to access to healthcare was reported by vulnerable women (6%), driven mostly by women with young children, irrespective if they had demanded a consultation during the period or not.

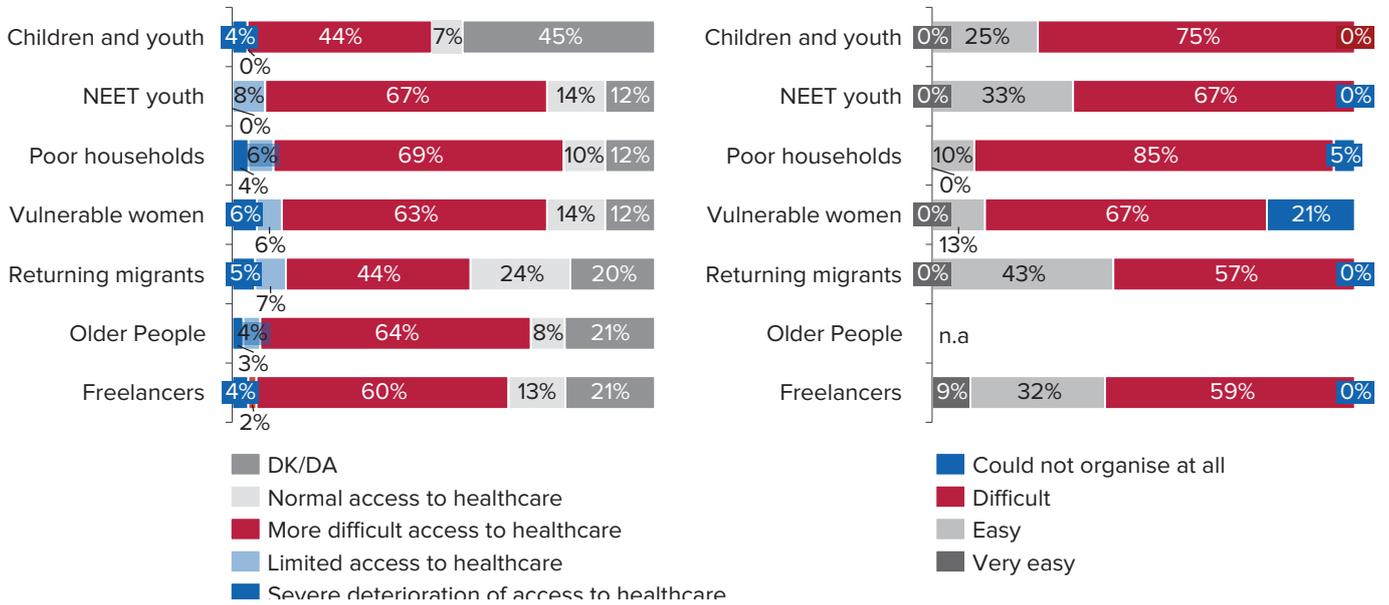
With respect to education, the NBS Ad-hoc module revealed first and foremost the limited access of households to the logistics required to organize and manage remote learning. The most common problems that followed in relation to achieving good educational outcomes were that: 54.6% of materials were not understood by the pupil without explanations (thus 53.9% of parents declaring their involvement was necessary), along with insufficient pupil knowledge in operating the computer (23.6%). When examining the cases where parental involvement was necessary, there were over seventy percent of affirmative instances of basic deprivations: the household did not have a computer or tablet in 75% of the cases, internet connection was lacking in 88.2% of the cases and there were insufficient devices in 92.6% of the cases. The results mirror to a large extent the findings of the PwC VG sample, where basic deprivations were common in all groups (only 20% of poor households had enough devices and only 15% had comfortable knowledge in using the educational platforms required. The importance of physical conditions cannot be overstated, given that for example 21% of vulnerable women could not organize remote learning at all.

Research by the UN Coordinated Education Taskforce of Moldova (chaired by UNICEF) found that while it is difficult to quantify lost academic progress, recent attempts to do this, indicate that 5 months of school closures will result in an immediate loss of 0.6 years of schooling adjusted for quality. Thus, as subsequent knowledge builds on earlier knowledge, some students facing the prospects of never catching up. In relation to school reopening, 50% of poor households mentioned they were not consulted, 41% of freelancers and 38% of vulnerable women, which could constitute a weak risk for further disengagement of the poorest children.

Figure 39. VG outlook on health and education, [%],2020

Perception of medical services availability: “How would you describe any changes in the access to healthcare during the pandemic?”.

Logistical hurdles in setting-up remote education: “How easy was it for you to organise remote learning for children?”



Source: PwC Vulnerable Groups survey

Opportunities for a greener future

Most crises offer opportunities for change. While the COVID-19 pandemic unfolded with dramatic consequences, the lower levels of traffic, reduced economic activities and less extensive tourism have had positive impact on the air we breathe and the water we drink and use for recreation. Though according to the European Environment Agency’s latest assessments⁶⁸, these are only brief “flashlights” with no long-term effect. A *building back better* approach in recovery can turn these temporary benefits into a sustainable trend towards healthier environment, better quality of life, greener and more resilient economy.

While a greener economy is a global desiderate, it is in particular relevant for Moldova: a 2019 report by IRENA⁶⁹ concluded that Moldova has vast renewables potential that largely remains untapped, and which could reduce costly fuel imports. Energy efficiency in buildings and in the energy intensive sectors is another underexplored opportunity with high potential benefits in the country.

The PwC VG sample offers a view on three distinct personal attitudes in Moldova towards a greener and more environmentally friendly economy:

- **Those that were interested and are likely to follow up on their word in the next years** - Freelancers and returning migrants were the two most positive groups – at 66% and 42% respectively declaring increased interest in renewable energy technologies. In addition, 52% of freelancers and 42% of returning migrants declared actual willingness to invest in more energy efficient devices. The younger profile of these groups, along with their proximity to newer technologies (and by extension comprehension of their benefits) through channels of work, do add some credibility to their responses, and position them as the best agents for change among the vulnerable groups. Returning migrants

68 <https://www.eea.europa.eu/post-corona-planet/index>

69 IRENA- Renewables Readiness Report Assessment of Moldova, 2019. https://irena.org/-/media/Files/IRENA/Agency/Publication/2019/Feb/IRENA_RRA_Moldova_2019_EN.pdf

being also potential investors, should be supported by appropriate incentives to play their crucial role in reforming harmful practices and facilitating positive change in the post-COVID-19 transformation.

- **Those that did not know** – the older people showed limited knowledge on new technologies, with 61% not giving an answer.
- **Those that for whatever reason did not buy-in at the present moment** – Poor households displayed the lowest interest in both renewable energy (39% saying they are not anymore interested than before versus 18% saying they are) and willingness to invest in more efficient devices (51% saying they are not anymore willing to invest than before). This result regrettably shows the primacy of fundamental needs and the difficulties in achieving a progressive and optimistic mindset, when the fundamental needs are not met. Elsewhere, NEET youth also had a rather negative view, with double the individuals (33%) citing the same level of willingness to invest in efficient energy devices versus those that were more interesting (16%)

It is already a common understanding that short-term reductions in air pollution and GHG emissions resulting from lockdowns during the pandemic will themselves have minor long-term effects, unless they facilitate deeper and longer-term human, business, and institutional changes. Urgent rescue packages have been necessarily focused on preserving to the extent possible liquidity, solvency, jobs and livelihoods. Yet, their impact on climate and environment should also be positive, if more sustainable effect is pursued. As we move from the *rescue* to the *recovery* phase of the COVID-19 response, **policymakers have an opportunity to invest in productive assets for the long-term**. Such investments can enhance the shifts in human behaviour, if recovery packages are examined with respect to their environmental and climate impacts. **Digital innovation** will play a key role in helping authorities, businesses and communities to shape the economy of the future.

The biggest driver of the long-term impact on environment, climate and natural resources is through financial incentives for the economic sectors (grants or subsidies conditioned upon green investments, fiscal incentives, green public procurement, etc.). **Green fiscal recovery packages** are essential to help decouple economic growth from environmental and climate impacts and reduce existing welfare inequalities that have been aggravated by the pandemic in the short-term and will be enhanced by climate change in the long-term.

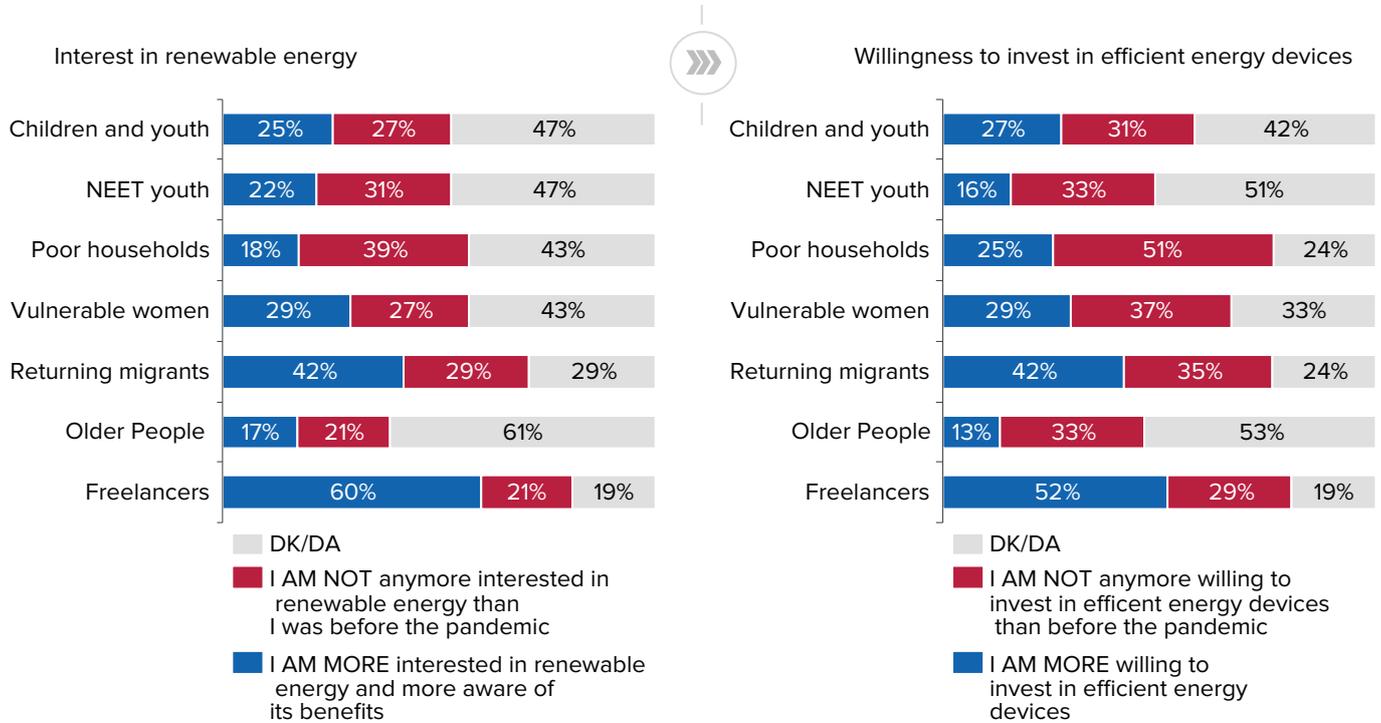
All vulnerable sectors of the economy should benefit from the recovery package. Recovery plans have to seize the opportunity to align environment and climate objectives to economy's and society's resilience to current and future shocks. Thus, promoting **climate-smart agriculture**, encouraging **digitization of public and private services**, as well as **maintaining and increasing space for nature in cities** should be part of the country's sustainability agenda as a priority.

COVID-19 crisis can also be turned into **opportunity for a resilient future-oriented recovery of the private business** in Moldova. To that end, potential investors (incl. returning migrants) should be encouraged to explore new development paths, to introduce eco-innovation and apply best available technologies. The recovery packages to be applied should aim at raising the awareness about the business case for embracing the change. Old approaches are unlikely to provide a competitive advantage for the private companies in the "new normal". For those relying on ecosystem services directly or via the supply chain, it will become difficult, more expensive or even impossible to carry on the current resource-depleting, energy-inefficient and raw material-consuming production pattern. On the other hand, there are tangible benefits to be seized from identifying and capitalizing on future revenue streams, addressing energy and resource inefficiencies throughout the value chain and proactively positioning the business in alignment with emerging trends on European and global level.

As part of a recovery plan from this economic crisis, new financial instruments need to be framed around well-defined policy targets in the Republic of Moldova, in line with the SDGs and Moldova 2030 Development Strategy. The country shall demonstrate clear political will to transform its economy while achieving low-carbon development and sustainability and addressing various social inequalities. The path towards low

emission and resilient development is being laid out in the 2nd National Determined Contribution and other climate related national strategic documents. Operationalization of national steering mechanisms for climate change has a particular relevance in COVID recovery phase.

Figure 40. VG outlook on health and education, [%], 2020



Source: PwC Vulnerable Groups survey

Coping Mechanisms, Prospects and Recovery Needs

Beyond the socio-economic impact, as the COVID-19 pandemic posed an immediate threat to life and changed the normal way of life, it has affected the mood and state of mind or large segments of the population. In the NBS Ad-hoc module, 38.7% of households declared to have suffered from depression, anxiety or stress. Three quarters of those that had planned travels abroad were forced to cancel, and 15% of household declared that a family member could not return from abroad.

The micro-narrative exercise undertaken by UNDP presents rich insight into the diverse emotional and psychological states of different members of society. Depression was common in the older population, that also reduced their mobility out-of-house outings during the period, for fear of contracting the virus. Children and youth in particular were worried about getting the right information. Many expressed frustration and anger at the pandemic ruining their plans and causing economic damage. There were also instances of people that managed to find the silver lining, with individuals seizing the opportunity to dedicate time to new (perhaps spiritual) endeavors. The snippet no. 1 illustrates the example of a young woman that dedicated time to writing poetry.

The vulnerable groups by and large had health emotional coping strategies, with the most common being talking to family and friends. Instances of increased alcohol consumption were observed for NEET youth (22%) and returning migrants (11%), while smoking more was cited by NEET Youth (37%) and poor households (8%).

Vulnerable groups, micronarrative snippet #1

“The effects are likely to be disproportionately felt by households at the lower end of the consumption distribution due to inadequate coping strategies or insurance mechanisms, and a high dependence on remittances “

Source: UNDP, Cognitive Edge

Financially, the coping strategies were largely driven by the income structure of each group, and the availability of complementary income sources (for example income from agricultural activities or income from savings or other sources). The two major strategies were related to either spending savings (57% of poor households and 53% of children and youth households) and relying on cheaper food (63% of older people and 65% of poor households). Other responses reinforce the previous, with elevated levels of consuming food supplies set aside for the next season, eating less meals per day and eating less food per portion. While some even suggested they have reduced healthcare expenses (the older people +15%, vulnerable women 14%), the responses show that by and large the vulnerable groups try to get by with what they have, and are reluctant to ask for help (or do not expect they will receive it), with few relying on bank loans, or even seeking help from family or friends.

In terms of prospects for the next three months, freelancers and vulnerable women showed exceptional levels of worry (73% and 71% were very concerned), with the lowest concern recorded among NEET youth (33% very concerned). The measures perceived to be most useful for recovery all revolved around labor market resilience, which may be a proxy for livelihood concerns. Around 73% of returning migrants and 72% of freelancers cited the need for new channels or platforms with new job listings. Unemployment benefits and training programs were also in the top 3 choices, with fewer mentions of debt and taxes moratorium.

The next sections proceed to apply the analysis framework to each category and highlight the key leading vulnerabilities, along with perspectives for the future.

3.1 Children & youth

The United Nations defines children as persons under the age of 14, and youth as persons between the ages of 15 and 24 years old⁷⁰. However, it is to be noted that *“the United Nation’s Convention on the Rights of the Child (which was adopted by the General Assembly in 1959) defined children as persons up to the age of 18. This was intentional, as it was hoped that the Convention would provide protection and rights to as large an age-group as possible and because there was no similar United Nations Convention on the Rights of Youth at that time”*.

In Moldova, there is a similar landscape: the Law 338-XII/1994 considers children as any person from the moment of birth up to turning 18 years old⁷¹, while Law 215/2016 defines youth as any person aged between 14 and 35 years old⁷². The overlapping legal definitions reflect the overlapping policy priorities towards the protection and nurturing of children and youths.

As of 1st of January 2020, there were 583.2 thousand children aged 0-17 in Moldova (out of which 489.4 thousand aged 0-14) accounting for almost 1 in 5 persons in the general population⁷³. The number of children was -3.7% lower in 2020 than it was in 2016 (Figure 41), with a gradual decrease of -0.9% CAGR taking place over

⁷⁰ This definition was made during preparations for the International Youth Year (1985), and endorsed by the General Assembly (A/36/215 and resolution 36/28, 1981). All United Nations statistics on youth are based on this definition, as illustrated by the annual yearbooks of statistics published by the United Nations system on demography, education, employment and health.

⁷¹ Law 338/1994 concerning the Rights of Children. https://www.legis.md/cautare/getResults?doc_id=94939&lang=ro

⁷² Law 215/2016 concerning Youth.

⁷³ NBS – The situation of children in Moldova in 2019. <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=6662>

the period. As a share of the general population however, the share of children aged 0-17 has increased from 21.4% in 2016 to 22.2% in 2020, indicating the fact that the drop in the number of children over the period has happened at a slower pace than the drop in the general population.

An important driver in the number of children of a nation is the indicator “*Nativity rate*”. In 2019, there were 32 thousand born-alive children, a -7.8% decrease year-on-year⁷⁴. The figure translates to a 12.2 natality rate (born-alive children per 1000 inhabitants), being the lowest in the last five years, with a gradual decrease since 2015 when it reached the level of 14.5. There were more boys as a share of new-borns (51.3%) than girls in 2019.

Figure 41. Number of children 0-17 in Moldova and their weight in the total population with usual residence [thousand individuals, %], 2016-2020

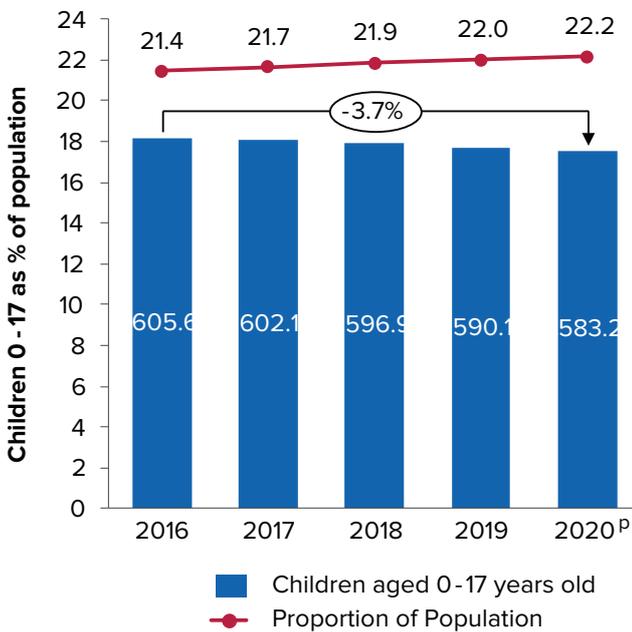
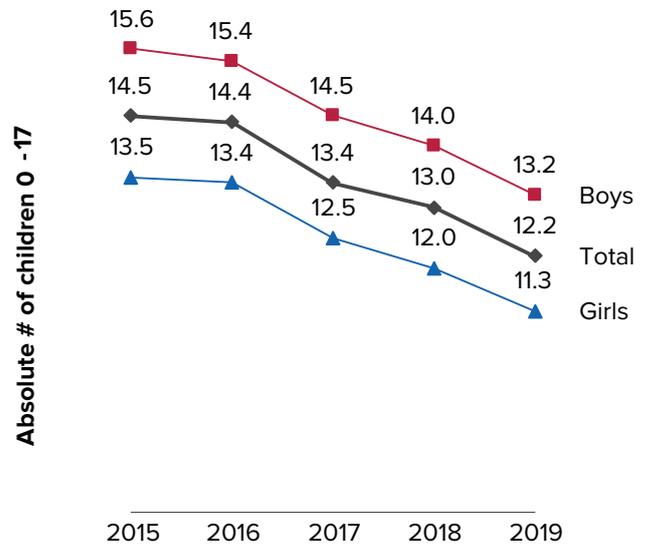


Figure 42. Natality rate in Moldova by gender [live births per 1000 inhabitants], 2015-2019

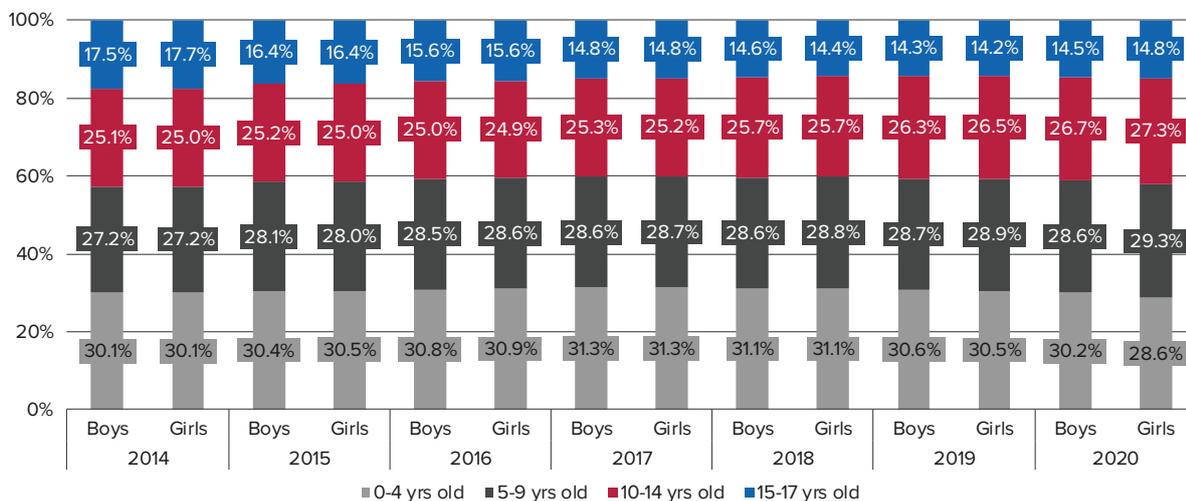


Source: NBS

Source: NBS

p = provisional figures for 2020

Figure 43. Structure of population aged 0-17 by age group and gender



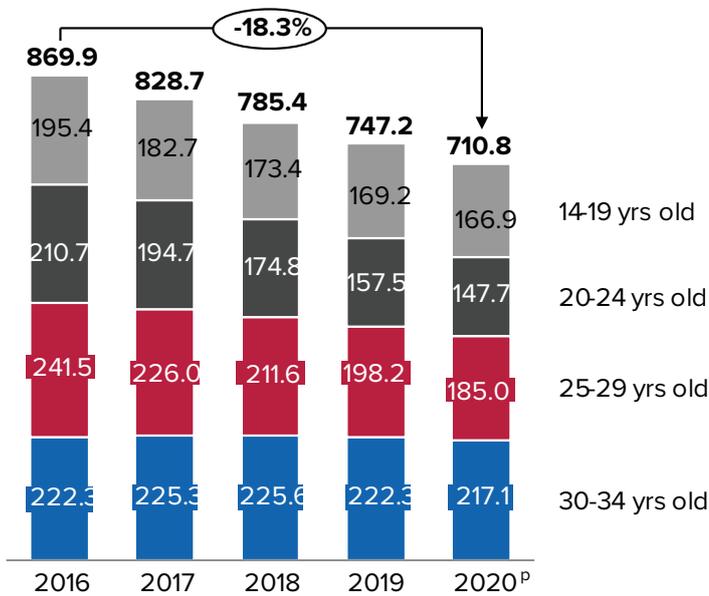
Source: NBS

74 Ibid.

Accompanying a decrease in the natality rate is a tendency for relatively fewer first-borns as a share of total new-borns (33.4% of 2019 versus 41.9% in 2015), with relatively more third-born and fourth-born babies in 2019. This may be explained by the fact that the average age of mothers is rising (though there is a significant gap in urban/rural environments), as well as socio-economic variables, and emigration. The indicator “Children born out-of-wedlock” recorded a value of 19.3% of live births in 2019 (down -1.1 pp from 2015), though the environment is again a moderating factor (the indicator has a value of 14.9% in Urban areas and 22.2% in Rural ones).

Examining the structure of children by age group (Figure 44) reveals the decrease in children being born in the last five years for both genders, with the ‘5-9 year-old’ and ‘10-14 year-old’ brackets gaining relative shares, with consistent dynamics for both boys and girls. Regarding youth, as per 1st of January 2020, there were 710.8 thousand youth aged 15-35 (out of which 279.4 thousand youth aged 15-24). The number of youths was down -18.3% versus 2016, showing a progressive decline.

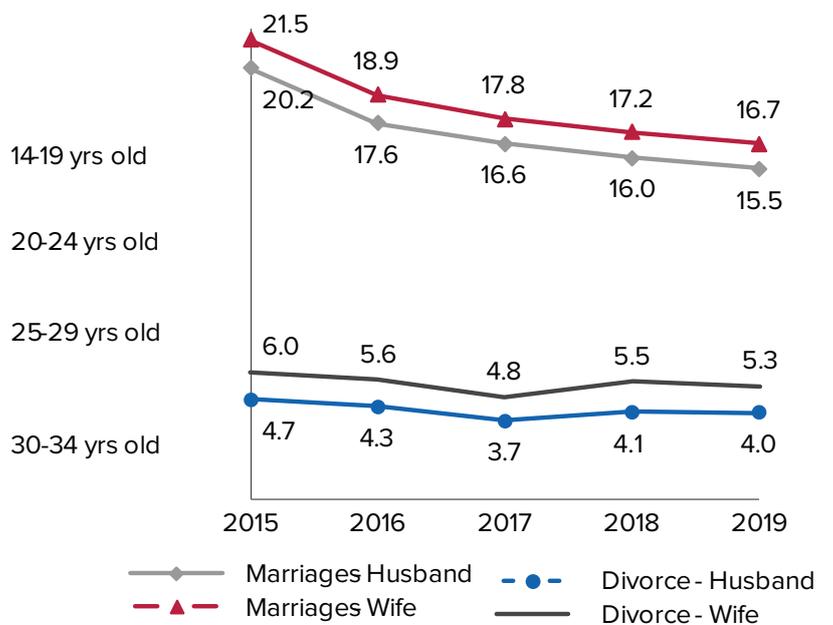
Figure 44. Distribution of youth 14-35 by age group [thousand individuals], 2016-2020



Source: NBS

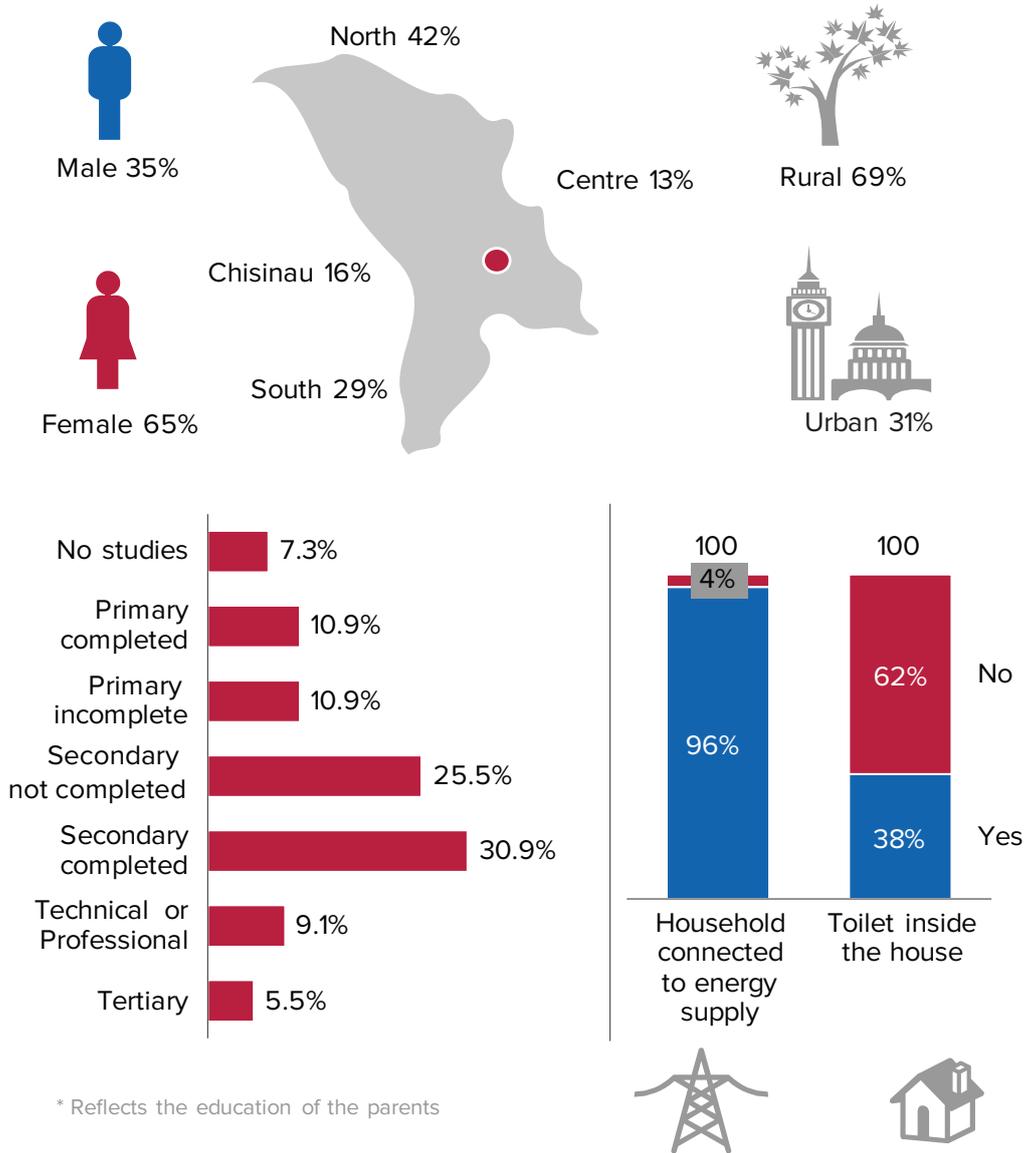
p = provisional figures for 2020

Figure 45. Number of marriages and divorces for people aged 16-34 [thousand occurrences per year], 2015-2019



Source: NBS

Figure 46. Profile of children and youth households in vulnerable groups sample



Source: PwC Vulnerable Groups survey

The socio-demographic profile of the children and youth participating in the survey is presented in Figure 46. The sample featured more female children and youth (65%) than males (35%). Regionally, the North was represented at 42%, the Centre at 13%, the South 29%, and Chişinău 9%. From the total number of children and youth households, 5.5% were single-parent households.

There were more sampled children and youth households living in rural areas (69%) than urban ones (31%), with most of the educational levels of the parents clustering around secondary completed (30.9%) as well as secondary education not completed (25.5%). Children and youth households were around the sample average in terms of living facilities than the other vulnerable groups, with the notable mention that 4% did not have the household connected to the energy supply.

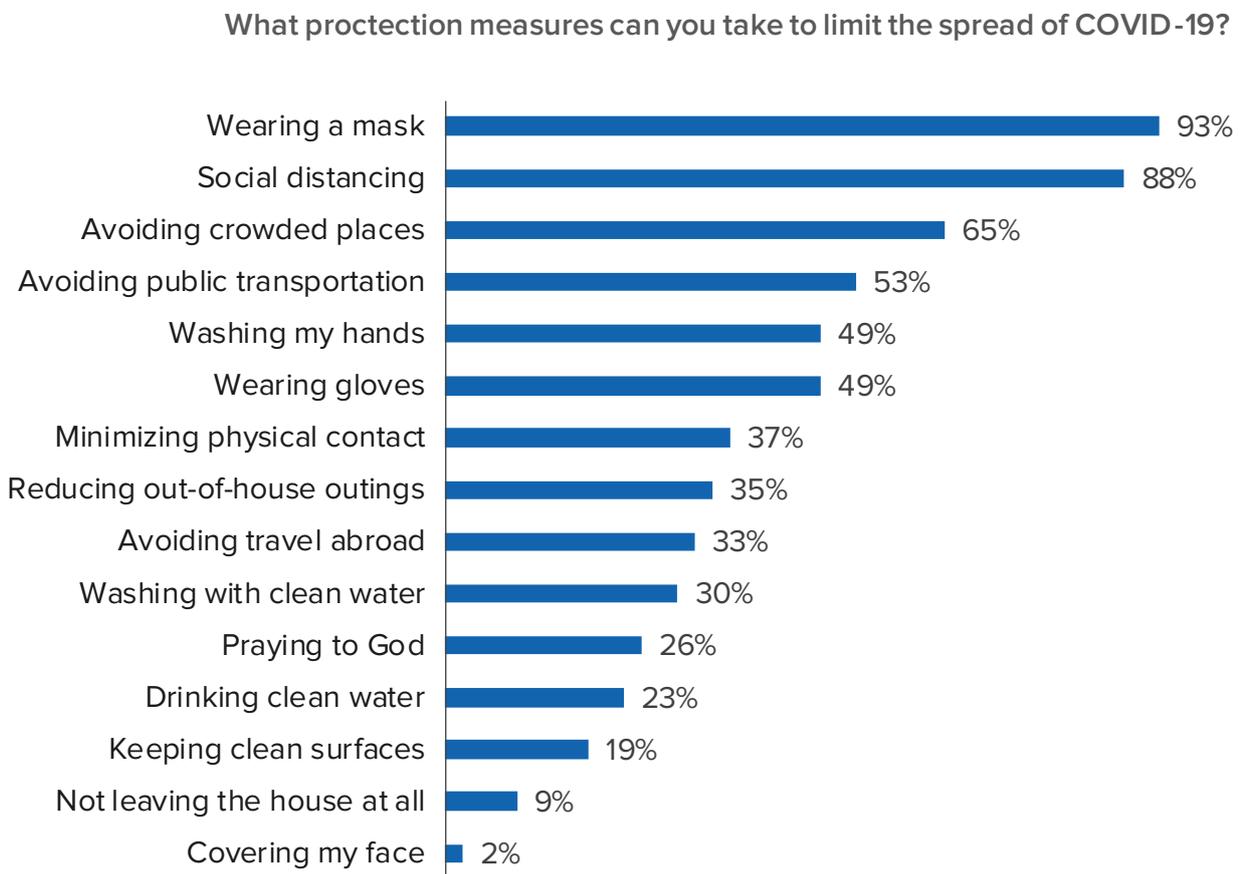
The average children and youth household 3.6 members living in 2.7 rooms, thus suggesting a potential mild overcrowding.

Quarantine Status

The majority of the children and youths participating in the survey conducted for the purpose of this report did not have their health directly affected by the coronavirus, not their family members: only 4% had a COVID-19 case among the household members, while 11% had symptoms but were not tested. Most of the respondents, 85%, did not have any family members in the household with COVID-19 symptoms. There was one reported instance of mandatory isolation and four of voluntary isolation (contained in the age group 4-8 years old).

Children and youth generally had a good understanding of prevention measures, with 97% of them citing the act of wearing a mask as the main prevention measure (the highest of all vulnerable groups), along with 75% citing social distancing. Households with children were more likely to cite avoiding crowded places than those with youths. Most children and youths walked more during the pandemic (69%), with almost half citing increased usage of bicycle (49%).

Figure 47. Children and youth’s views on COVID-19 protection measures, [%], 2020

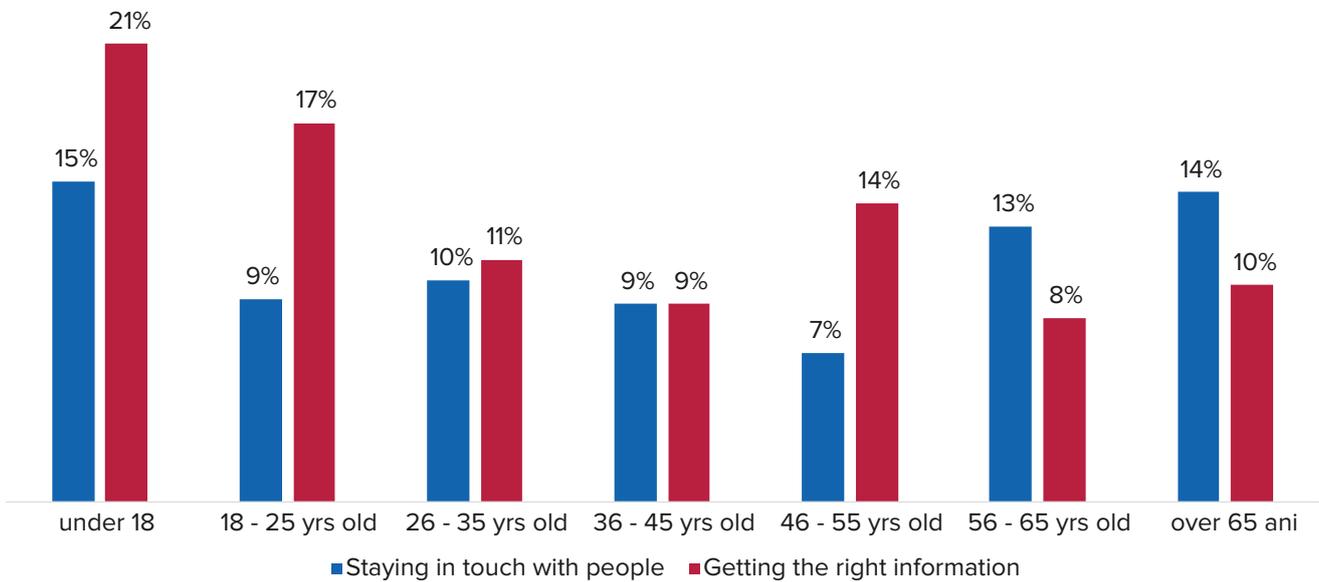


Source: PwC Vulnerable Groups survey

A large share of the respondents of the survey (71%) stated that they had sufficient access to information related to COVID-19 in their own language, however 16% considered the information insufficient and 13% declared that they did not have access at all (second highest after NEET youth). This is consistent with the findings of the micro-narrative exercise undertaken by UNDP, where getting the right information was the most important concern (21%) during the pandemic for individuals under 18 years old, along with staying in touch with people (15%), thus underscoring children and youth’s need for connectivity and contact.

Around 40% of households with children and youths considered there had enough protection equipment during the pandemic, while 38% felt they had some but not enough, and 22% saying they did not have enough.

Figure 48. Main challenges identified during the pandemic by age group: Staying in touch with people and getting the right information [%], 2020



Source: UNDP, Cognitive Edge

Beyond the immediate health concerns, the lockdown phase and subsequent restrictions also had a significant psychological and logistical impact on children, but also parents (who had to manage their children and their work at the same time). The snippet below presents the case of young mother, who experienced increased strain in relation to working nightshifts while having no access to kindergartens.

Children and Youth, micronarrative snippet #2

“I am a single mother of a 4-year-old and I have a real hard time coping with the pandemic situation. Kindergartens are not open, I have no one to leave my child with, while I am also working night shifts. I don’t know how long I can last.”

– 26-35-year-old female

Source: UNDP, Cognitive Edge

The micronarrative snippet illustrates a broader vulnerability of single parents of young children, particularly women, during the pandemic. The time poverty, low material and relational resources lead to a low resilience in dealing with difficult situations, and thus generate elevated levels of mental stress.

Employment, Sources of Livelihood and Expenditures

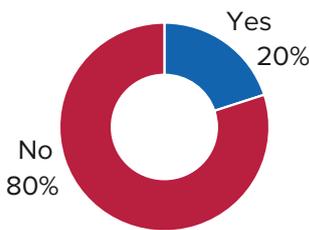
Children’s vulnerability arises from the fact that they are seldom if ever fully in control of their life, and a considerable number of outcomes are determined by the actions of the parents or the child’s caregivers. In turn, the socio-economic status of the parent moderates the level of support the parent can afford to the child. In caring for a child, often the mother must forego time at the workplace and rely on social benefits. In 2019, the indicator “Ratio of monthly childcare benefits to subsistence level” stood at 104.6% coverage for insured mothers (versus

101.4% in 2018) and 82.9% for uninsured mothers (versus 75.8% in 2018), reflecting the fact that despite gradual improvements, there are still financial pressures on families that fall outside of the formal social safety nets in the Republic of Moldova. Often, changes in employment status of the parents can destabilize family finances, with direct impact for children and youth. In the PwC vulnerable groups sample, 20% of the households declared they had lost their job due to COVID-19 (Figure 49).

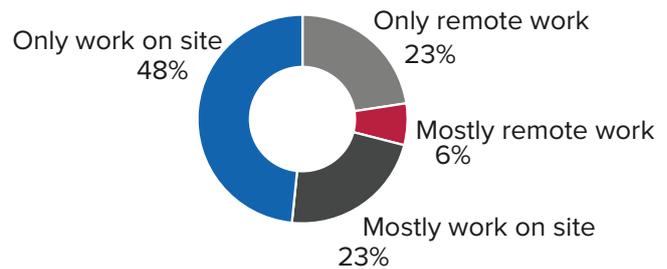
Figure 49. Impact of the pandemic on the employment of children and youth households

A Employment

Job loss due to COVID-19

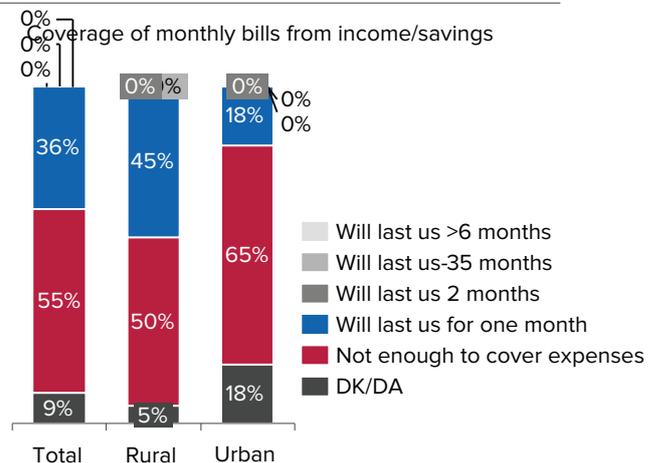
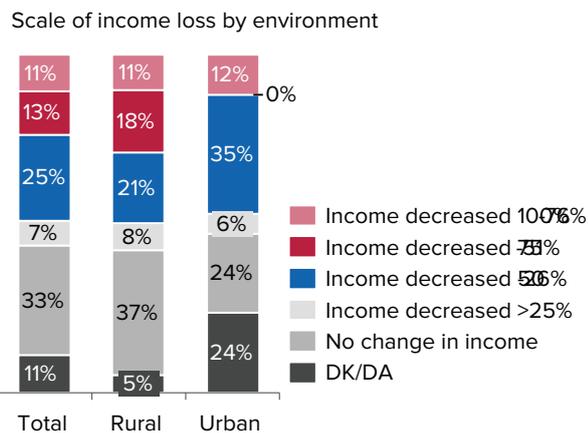
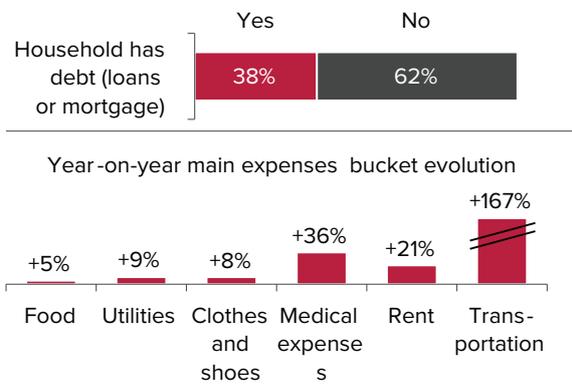
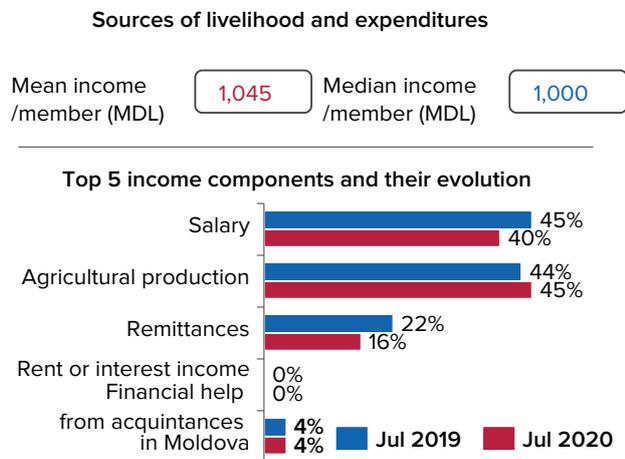


Ways of working during the pandemic



Source: PwC Vulnerable Groups survey

Figure 50. Impact of the pandemic on the sources of livelihood and expenditures of children and youth households



Source: PwC Vulnerable Groups survey

Out of the that did not lose their jobs and worked during the pandemic, 48% declared they had only worked on-site and 23% that they had worked mostly on-site, with low levels of working remotely seen in Agriculture, Heavy Industry and to a lesser extent Public Administration.

From an income component perspective, the pandemic saw less households citing income from salaries (-4%) and remittances, (-6%) and more from agricultural production (+1%). The most drastic income losses between all and $\frac{3}{4}$ of income were roughly equally by environment (11% in rural areas and 12% in urban ones), but overall, the rural areas were slightly more affected (with a cumulative 59% seeing at least some income declines, compared to urban areas that saw a 52% cumulative decline).

In terms of expenses, transportation has increased by +167%, but this is driven by households in rural areas, and appears correlated with the increase of +30% in medical expenses. Another notable increase is in the amount paid for rent, which was up +21%. Expenses for clothes, shoes and garments were also curiously up +8% for this group, most likely reflecting a mix of inflation and the continuous demands in caring for growing children. Compared to all vulnerable groups, children and youth households had the second highest incidence of debt (after freelancers), with 38% of households having an outstanding personal loan or mortgage.

The financial impact of the pandemic on families with children appears to be immediate: when examining the overall coverage of monthly bills from current income and savings, 65% of households in an urban areas and 55% in rural areas said they do not have enough money to cover the current bills. As they relied more on salaries, and were thus more directly affected by job losses, urban households appeared more affected. This is consistent with the findings of the NBS Ad-hoc module on the impact of COVID-19, which found that 29.0% of families with children aged 16 or less had lost or seen decreases in their employment income, compared to 12.4% for families without children.

No household in the sample declared that their income or savings will last them more than two months, which indicates a limited ability to absorb financial impact for families with children, especially if they have debt.

Financial concerns however are not limited to salary income, with childcare and benefits playing a large role. In particular, a related theme coming out of the UNDP micronarrative exercise was that of difficulties for parents of children with disabilities. The snippet below presents the views of a household with income lower than the average community highlighting the importance of rehabilitation services. Other narratives have articulated the difficulties of children with disability and autism, and the perceived bureaucracy and administrative burdens (as well as exposure to infection risks) in getting renewals or extensions for disability benefits.

Children and Youth, micronarrative snippet #3

"I am a mother of a child with disability. The present time is tougher than ever before, because we do not have access to the rehabilitation services, and our financial resources are very limited.

– 36-46-year-old female, income lower than local community

Source: UNDP, Cognitive Edge

Children and Youth, micronarrative snippet #4

“My little child (8-year-old, suffering with autism) always asks to go for a walk, by car or by trolley, and he was very excited once we got outside. The lack of activities and staying indoors is a real problem. Now we are prolonging the disability grade and we are forced to expose ourselves in the clinic, as the grade is only extended for two years. I do not know where is the logic in that - autism is for life, it does not disappear after two years - why have to deal with all of that every two years? Why?”.

26-35 age group female, income lower than local community

Source: UNDP, Cognitive Edge

Access to Foods and Basic Services

Food and Water

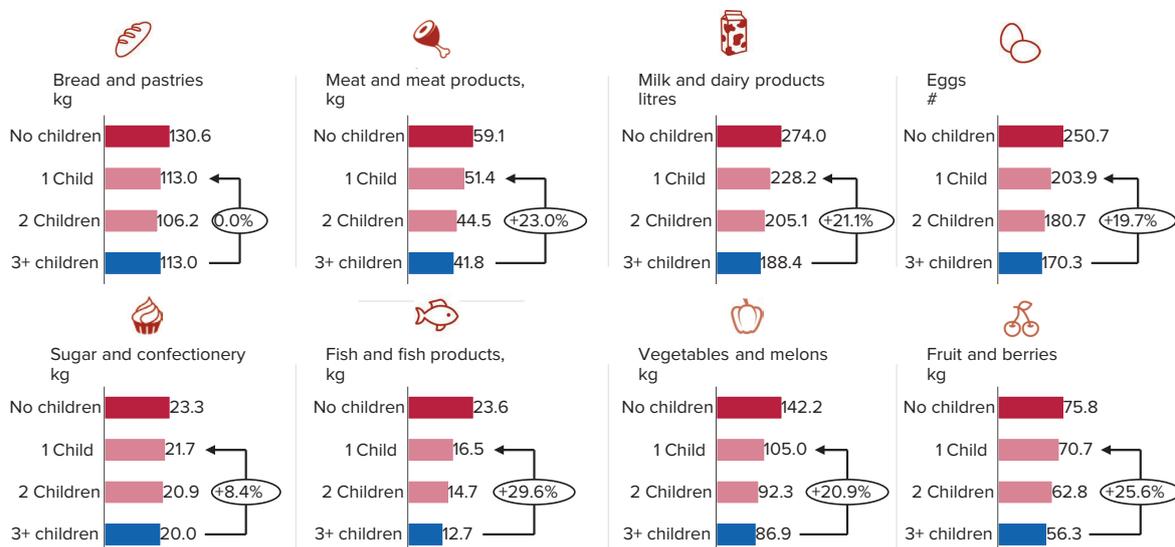
Quality food is essential for children and youth’s physical and mental development (SDG 2). As both children and youth are very active, a balanced diet of meat, dairy fruits and vegetables is needed to ensure the daily requirement of protein, carbohydrates, vitamins and minerals.

Examining the pre-pandemic landscape (Figure 51), through several food-related indicators, we can observe that:

- The indicator “Household consumption of milk by income” reveals that in families with 1 child consume 21.1% more milk (families with no children 45.4% more) than families with 3+ children
- The indicator “Household consumption of meat” reveals that in families with 1 child consume 23% more meat (families with no children 41.4% more) than families with 3+ children
- The indicator “Household consumption of fruit” reveals that in families with 1 child consume 25.6% more fruits (families with no children 34.6% more) than families with 3+ children

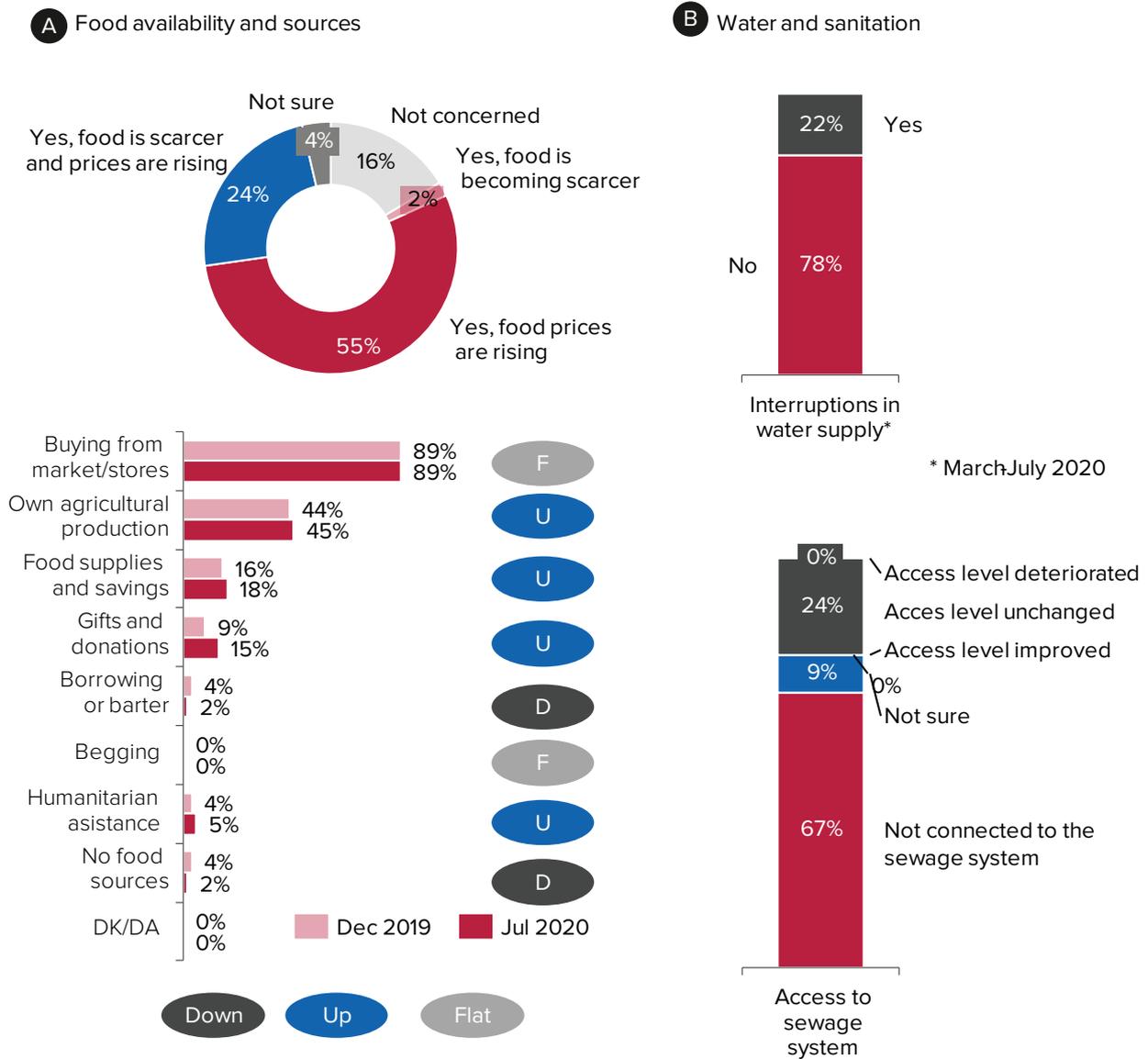
This result highlights the overlap between families with many children and poor households, with the differential in opportunity being visible in diet. **As the general food consumption per capita decreases for all nutrients (except bread and pastries) with increasing number of children, it constitutes a baseline vulnerability that can be amplified due to adverse COVID-19 circumstances.**

Figure 51. Annual averages of food consumption per capita by number of children [kg, l, #], 2019



Source: PwC Vulnerable Groups survey

Figure 52. Impact of the pandemic on the access to food and water of children and youth households



Source: PwC Vulnerable Groups survey

Among the children and youth households in the sample, there was a clear concern about food, mainly driven by perceptions of rising prices (55%) or perceptions of both rising prices and food scarcity. Among those that were not concerned about food availability, 71% were found in either the third- or fourth-income quartiles, suggesting that it is the absolute level of income that alleviates food concerns rather than the number of children per se.

From a food source perspective, the largest sources remained buying (which was flat year-on-year) and own agricultural production (+1%). There were notable increases however in food received from gifts and donations (+6%), and food supplies and seeds and supplies saved (+2%). These changes suggest that the food consumption behaviour of families has tightened in the face of pandemic, with help and assistance being well received. Also, no instances of begging were recorded by the children and youth households (in comparison to other vulnerable groups like NEET youth).

There were 22% reported interruptions of availability in main water supply by children and youth households between March and July 2020. The largest part of households reported being connected to a centralized water

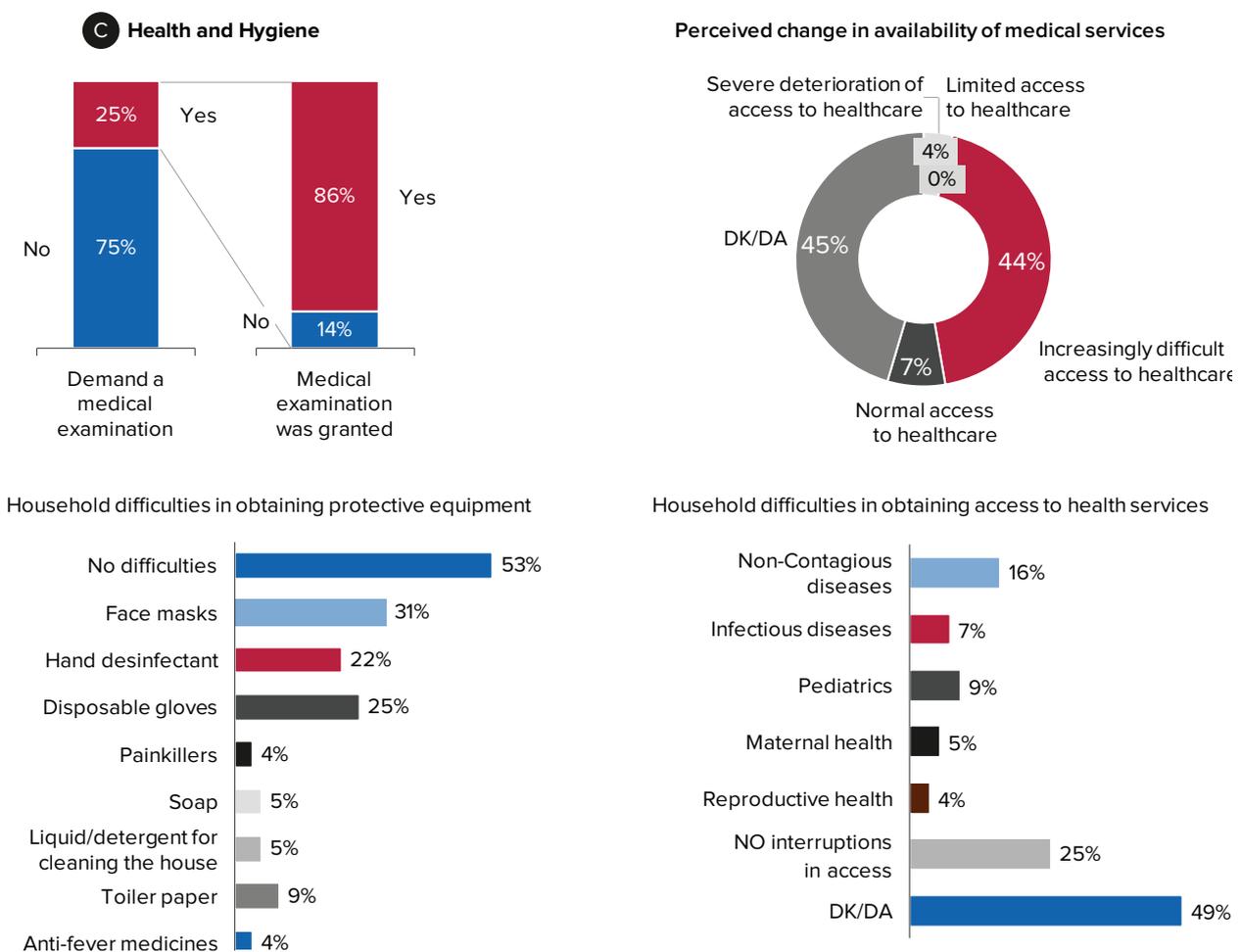
system (59%), but there were also 29% whose cited using public wells as a main source (all located in rural areas) and 22% that were using a private well in their own courtyard. Most households (67%) were not connected to a sewage system, and all those that were reported that the access level was unchanged (24%), with a number or respondents saying they did were not sure of any changes (9%).

Health and hygiene

A baseline view on the health of children can be obtained by analysing the indicator the “Mortality rates of children 0-4” (SDG 3), which shows a value of 10.2 per 1000 new-borns in 2019 (down from 11.1 in 2014), however despite the positive trend, some disparity still remains between rural and urban areas. An important expression of the access to healthcare is having health insurance coverage. Almost two thirds of sample children and youth households (63.6%) had health insurance, with one 36.4% not being covered.

Regarding vaccinations of children, during the state of emergency (15.03 - 15.05. 2020) these were temporarily stopped. Only the vaccinations of new-born children against TB and administration of the first doze of vaccine against viral hepatitis B continued to be administered. As of 16 May 2020, vaccinations were resumed. However, the state of emergency had a negative impact on the vaccination. Thus, primary vaccination during 6 months of 2020 covered 70% of children (6 months of 2019 – 89%), first revaccination at the age of 2 – 70% children (6 months 2019 – 86%), re-vaccination 2-7 years – 63% compared to 90% during the same period of the previous year and re-vaccinations at the age of 15– 65% (6 months 2019 – 92%).

Figure 53. Impact of the pandemic on the access to health and hygiene of children and youth households



Source: PwC Vulnerable Groups survey

From the children and youth in the VG Survey about 25% demanded a medical examination during the pandemic, out of which 14% were declined, which may have contributed to a 4% perception of severe deterioration of access to healthcare. More than half mentioned they did not encounter any difficulties in obtaining protective equipment, with almost 1/3 citing difficulties in obtaining face masks and 25% disposable gloves. From those that had expressed an opinion, 44% stated they perceived increasingly difficult access to healthcare, with most difficulties encountered for Non-Contagious diseases (16%), followed by Paediatrics.

Education

Education is reflected in the fourth Sustainable Development Goal, that describes its aspiration as follows: “*ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*”⁷⁵.

In order to better understand the landscape of the educational system in Moldova, the indicator “*Quality of Education*” is examined, which shows a trend in inequality of educational outcomes was perpetuated even before the pandemic. The socio-economic performance gap (the reading score difference between socially advantaged pupils and socially disadvantaged pupils) stood at 109 in Moldova versus 89 in OECD in 2018. This is an even more worrying, when considering that in 2009 the gap in Moldova was 80, while in OECD it was 87, as presented in Figure 54. This intersection between children and youth and poor households is important. Yet poverty alone cannot account for the gaps in educational performance, but it is a contributing factor.

The COVID-19 pandemic will likely amplify these inequalities, given that the transition to remote schooling requires both the physical equipment, but also guidance and support on behalf of the parent. The indicator “*Access to a computer*” stood at 59.5% households that own a computer, tablet or notebook (49.6% in rural areas), and the indicator “*Access to an internet connection*” has around the same values, 61% overall (51% in rural areas). These figures indicate a low baseline, contextualized further into a clear disparity by plotting the latter indicator by income quintile, which shows that top quintile has literally double the level of internet access than the bottom one. The indicator “*Gross Enrolment Rate*” (SDG 4) for pre-school children stood at 93.9% in the educational year 2019/2020⁷⁶, indicating there are still children that are outside of the school system and potentially left behind, with implications regarding the right to education.

Children and Youth, micronarrative snippet #5

“Once the pandemic has started, the whole education system had to change the ways education takes place. Personally, it was very difficult to adapt to online classes, the volume of homework has increased, and preparing online for the baccalaureate exam was difficult. Today, once the exam cancellation was announced, I felt relieved. I regret not being able to spend the last moments of high school together with loved ones and friends, but we have to conform to the obstacles of life.”

18-25 age group female

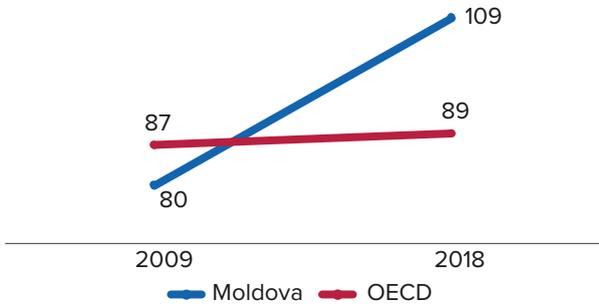
Source: UNDP, Cognitive Edge

COVID-19 brought with it disruption and psychological pressure, adding to the stress that pupils were experiencing already in school. Both children and youth narratives mention the themes of: i) longing for social contact and joyful days with peers, and ii) the difficulties in adapting to online classes that brought with it a perceived increase in the volume of homework.

75 The 2030 Agenda for Sustainable Development, 2020. [https://sdg4education2030.org/the-goal#:~:text=Sustainable%20Development%20Goal%204%20\(SDG%204\)%20is%20the%20education%20goal,lifelong%20learning%20opportunities%20for%20all.%E2%80%9D](https://sdg4education2030.org/the-goal#:~:text=Sustainable%20Development%20Goal%204%20(SDG%204)%20is%20the%20education%20goal,lifelong%20learning%20opportunities%20for%20all.%E2%80%9D)

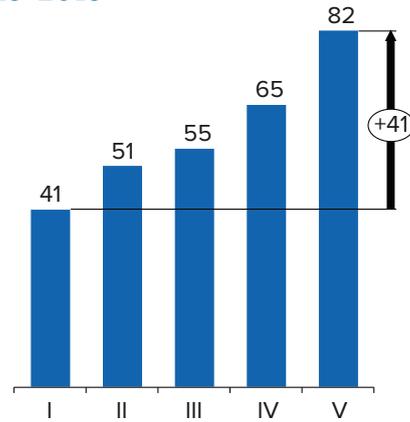
76 Education in the Republic of Moldova 2019/2020, Statistical Publication, NBS, pg. 113. https://statistica.gov.md/public/files/publicatii_electronice/Educatia/Educatia_editia_2020.pdf

Figure 54. Reading performance gap between socially advantaged pupils and socially disadvantaged pupils (in grade points)



Source: PISA, 2018

Figure 55. % of household that have access to internet by income quintile year, 2015-2019

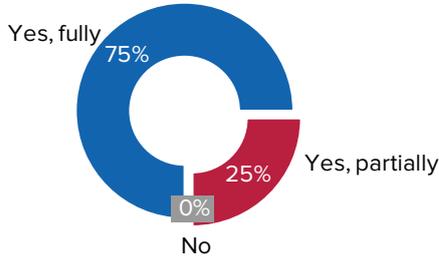


Source: NBS, 2019

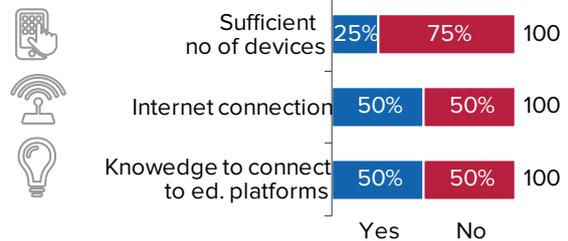
Figure 56. Impact of the pandemic on the access to education of children and youth households

D Education

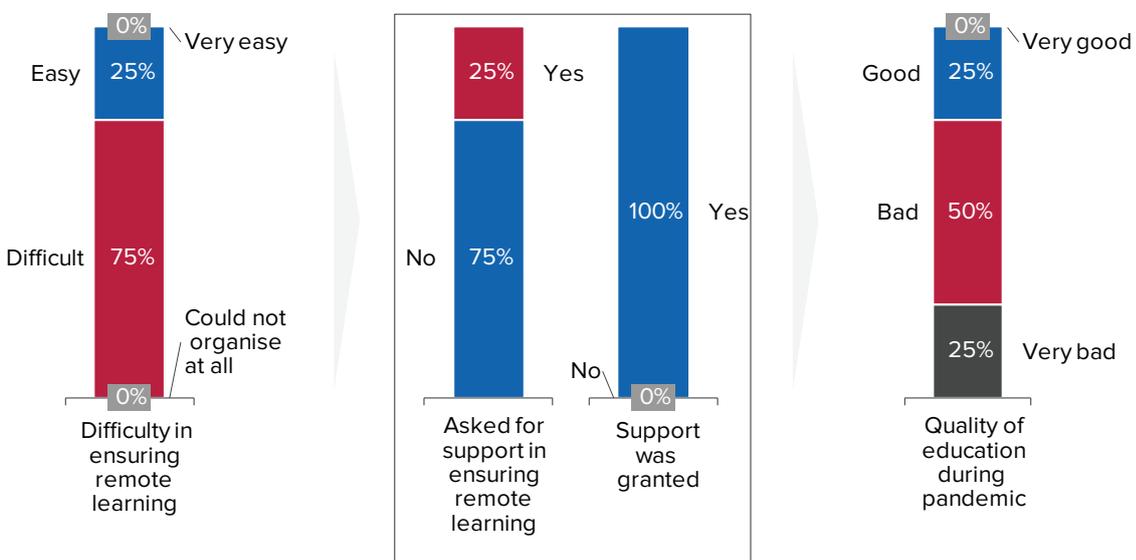
School ensured remote learning during the pandemic



Barriers to remote learning



Parent views on ensuring remote learning and quality of education, during the pandemic



Source: PwC Vulnerable Groups survey

In the PwC sample, a quarter of children and youth households have declared that their schools did not manage to ensure remote learning during the pandemic, which in effect means lost educational opportunities. Despite the fact that the majority of schools did manage remote learning, 75% of parents said they found it difficult to organise – however there were no instances in this vulnerable group where it could not be organised at all.

One quarter of the parents asked for support in ensuring remote learning and all of them have received it. Nevertheless, the view on the quality of the education during the pandemic was not very favourable, with a cumulative of 75% thinking it was bad or very bad. Most of the families did not have enough devices available (75%), nor an internet connection (50%). Knowledge to operate the platforms was a barrier in 50% of cases.

Children and Youth, micronarrative snippet #6

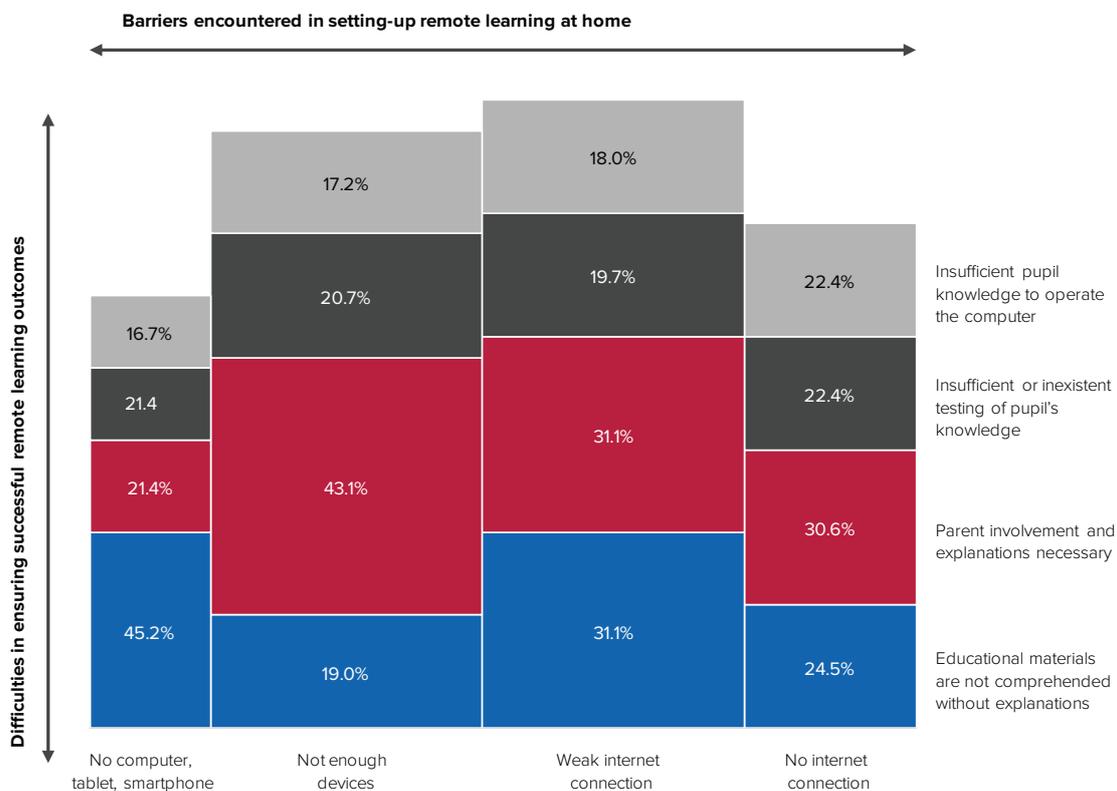
“The current pandemic did not directly financially impact our family to a great extent, but it did however impact us emotionally and physiologically. Having only 2 personal computers but requiring a total of 3 for all active members of the household, we had to give in and manage based on greatest necessity.”

18-25 age group female

Source: UNDP, Cognitive Edge

The most common barrier was the number of devices (75% not having enough) – consistent with findings from both the micronarrative spectrum and the NBS ad-hoc modules (which found that approximately 33% of the general population cited insufficient devices as the main barrier to setting up remote learning, Figure 57). According to data from MECC, there were 385 official donations of devices from various institutions, there likely remains a logistical and connectivity gap for many children and youth.

Figure 57. Barriers encountered in remote education, [%], 2020



Note: Width of the bars (X-axis) is scaled to reflect the absolute number of individuals answering affirmatively to questions about experiencing barriers when setting-up online courses. The height of the bars (Y-axis) is scaled to reflect the main difficulties in subsequently achieving the outcomes of the remote educational process.

Source: NBS Ad-hoc module on COVID-19 impact on the population, PwC analysis

Table 6. Donated devices for remote online schooling, [#], 2020

Source *[including tablet, computer, smartphone]	# of distributed devices	Timeframe	Status
Soros Foundation	20	2020	Donated
UNICEF Moldova (funding via GPE)	80	2020	Donated
Children foundation „Pestalozzi”, Switzerland	74	2020	Donated
Chişinău City Hall	61	2020	Donated
The Special Governmental Office for Education of the Jeju province, Republic of Korea	150	2020	Donated
Total	385		

Source: MECC

Available non-survey data also highlights the intense difficulties experienced by two demographics: **children and youth with disabilities and Roma children and youth.**

Regarding children and youth with disabilities, in order to ensure the continuity of the educational process during the times when stay-at-home restrictions do not allow for in-person education, the Ministry of Education, Culture and Research (MECC) approved a number of normative acts⁷⁷. These include the methodology on the remote organization of the educational process in conditions of quarantine in the primary, middle school and high school education; Instructions on the organisation of remote learning for children with disabilities (Order no. 1934 from 28.12.2018); Instruction on the management of home assignments in primary, middle school and high school education (Order no. 22 august 2018); Instruction on the organisation of psychological assistance for children/students, parents and teaching staff for the period of suspension of the educational process; and methodological guidelines on maintaining a healthy lifestyle during the quarantine. **While the goal of the adopted normative acts was to facilitate access to education for all, in practice some groups of children appear to have been left behind.**

Children with disabilities were particularly affected by the COVID-19 pandemic in access to education. With the COVID-related school closures, Moldova turned to online instruction to ensure continuity of learning. However, this process did not take into consideration the specific needs and barriers faced by children with disabilities, resulting in their marginalisation. There are several layers of vulnerabilities for children with disabilities. First, the households having persons with disabilities are poorer than the ones without persons with disabilities. This affected the access of children to on line education because of lack of sources to buy the necessary gadgets. Second, depending on the type of disability, the educational process was not adapted to the needs of the children with sensorial and intellectual disabilities.

Lack of support, access to the internet, accessible software and adapted/individualized learning materials deepened the gap for students with disabilities. Disruption to skills and training programmes are likely to have far-reaching effects on youth with disabilities who face a multitude of barriers to entering the workforce.

Data collected by the Alliance of Organizations of Persons with Disabilities during June-August 2020 support the aforementioned statements. The information was collected from 42 families of children with disabilities living in Edineţ and Anenii Noi rayons and Cahul municipality. Around 60% of respondents were from rural areas. Out of the total number of respondents, 44% are families with only one child of school age, 44% - families with more than one child of school age; 5% - families with three or four children of school age.

⁷⁷ <https://mecc.gov.md/ro/content/invatamint-general>

In terms of access to equipment, 13% did not have access to any technical equipment to attend the online courses. Some 41% used only one equipment for all children who are part of the family, while 46 % of respondents mentioned that each child in the household had access to technical equipment.

In terms of access to education, 20% of children did not have access to education, 29% had only partial access. Some 49% declared that their children had full access to online courses. Most of the respondents used a mobile phone (63%) as the main equipment for learning, however 1 in 4 also used the landline (communicated with teachers by phone). Some 11% used a computer or tablet. Most of the respondents did not have a laptop. They accessed the remote learning platform through mobile phones. This arrangement arguably does not ensure full and quality access to education.

The study also found that even children with disabilities that had access to necessary equipment and internet, could not benefit from the remote education system completely because of lack of specific services and such as speech therapist, physiotherapist, etc.

The financial toll of the pandemic on families of children with disabilities is clearly illustrated by the fact that 76% of respondents mentioned they did not have enough financial resources to ensure remote education, while a further 7% mentioned they could cover partially the corresponding resources, namely internet costs, yet they could not afford buying computers.

Other concerns that were not covered by the above-mentioned survey included, but are not limited to the following :

- The remote learning platforms used during the state of emergency were not accessible to some segments of children with disabilities, particularly for children with intellectual and sensory disabilities;
- The online platforms did not facilitate design and implementation of individualised learning plans;
- The didactic personnel did not receive guidance on how to ensure inclusive online education
- Children with disabilities and their parents did not have access to proper support services

Ensuring that all children and youth with disabilities continue to receive quality education requires urgent actions that consider their specific needs for accessible, adapted and individualized learning plans, as well as ensuring their access to the necessary support services (support teacher, speech-therapy, etc). Blended approaches combining lower tech or no tech solutions, captioning and sign-language options, and including integrating remedial classes can better support those who have been excluded from home-based learning and ensure that social and emotional needs are met.

Roma children and youth are one of the most disadvantaged segments of population in Moldova. Targeted policies towards this group, such as Roma Action Plans, brought modest results. This situation is caused by a number of factors which lead to a vicious circle, including poverty, poor documentation and corresponding lack of access to social protection and social community services, endemic discrimination and marginalisation of Roma in all spheres of life, poor allocation of resources to implement positive measures towards the group, insufficient authority of the entity responsible for coordinating the implementation of the public policy.

Information collected by Roma Voice Platform showed that the COVID-19 pandemic affected significantly access to education of Roma children. Data was collected during June –July 2020, from 50 families residing in five localities compactly populated by Roma, with 10 Roma families interviewed in each of the following localities, identified based on a random sample: (i) Hincesti town, (ii) Schinoasa village, Tibirica commune; (iii) Parcani village, Raciula commune; (iv) Ursari village, Buda commune; (v) Edinet town.

The findings found stark problems, starting from the number of enrolled Roma pupils pre-COVID-19 which was as low as 8.85% in Edinet. Furthermore, the enrolment rate of school age children registered during the pandemic plummeted to 0% in Schinoasa, Ursari and with a low of 4.6% in Edinet (in Schinoasa and Ursari there were no subjects taught remotely up to July). The problem was further compounded by the fact that Roma parents were in all localities either illiterate or had a very low level of education. Material conditions were also found to be lacking, with acute deprivations being observed in Ursari (no internet coverage, pupils were advised via landlines to “read more books”) and Schinoasa (none of the respondents had a computer, all respondents reporting lack of resources to cover internet expenses).

Ensuring access to education for Roma children and youth requires due attention to mapping the needs of each Roma family and targeted efforts in view of removing the barriers faced by parents. Evidence collected by Roma Voice Platform points out that such barriers include but are not limited to: lack of either access to internet in the community (Ursari), lack of resources to cover internet costs (Schinoasa), lack of equipment; lack of skills to use the equipment, access to basic food and drinking water (Schinoasa).

Tailored/individualised support should be provided based on the identified needs, facilitating proper access to internet, equipment and services.

Due attention should be paid to providing practical support to parents and caregivers, including how to talk about the pandemic with children, how to manage their own mental health and the mental health of their children, and tools to help support their children’s learning.

Investments should be made in broadband access and digital public goods that support learning, alongside complementary investments in digital literacy and regulations that ensure children’s privacy, data protection and safety online.

Coping Strategies

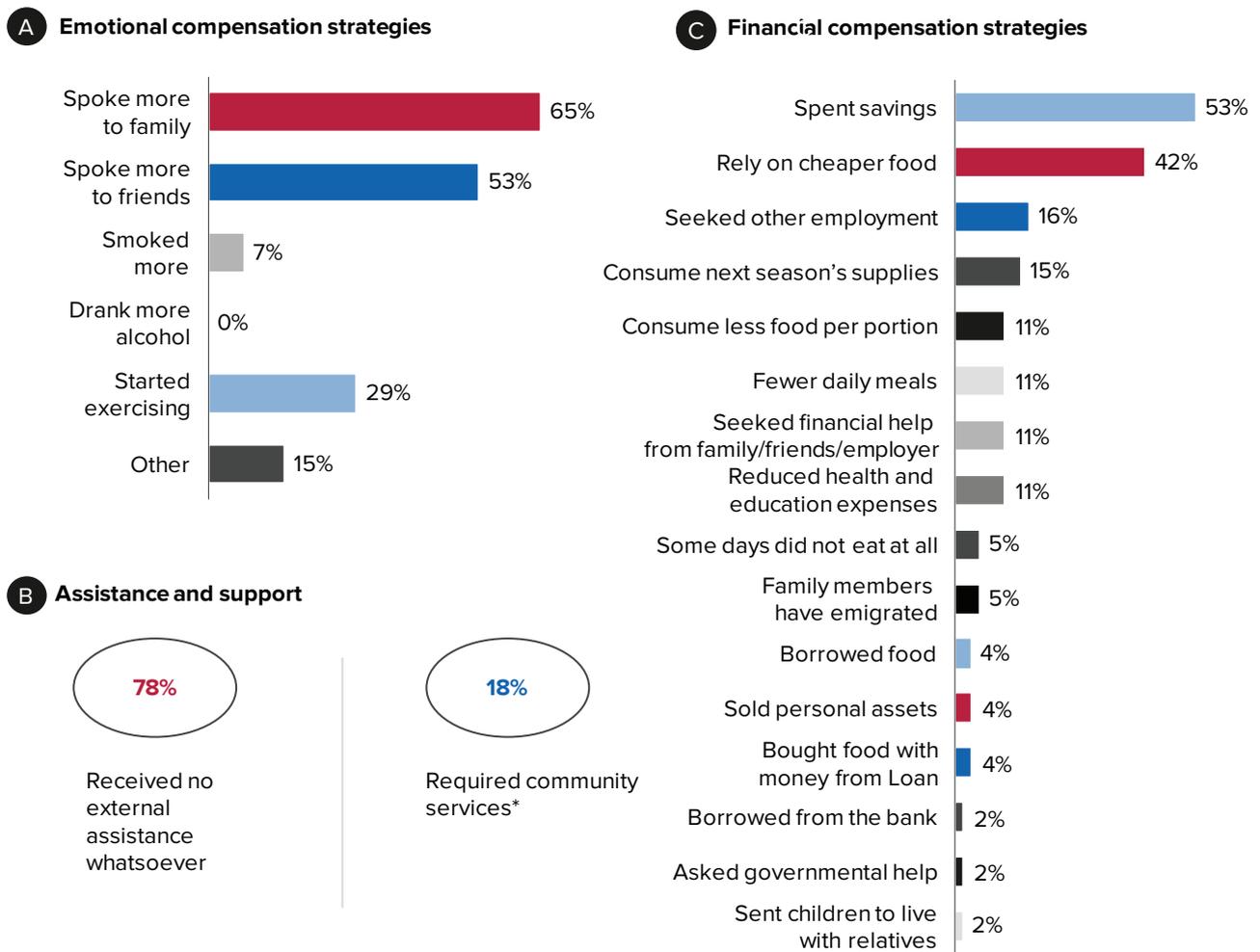
The main compensation emotional compensation strategy for children and youth was speaking more with family members (65%), and increased conversations with friends (53%). While 7% of respondents mentioned smoking more, there was no mentioning of increased alcohol consumption (as in the case of the NEET youth group for example). Also, 29% mentioned starting exercising, thus by and large there were positive outlets for coping with the situation.

Only a small part of children and youth received direct support or assistance (12%) during the pandemic period, mostly from public authorities. A share of 18% declared they required community services (social worker, social canteen, help with food delivery, etc) during the pandemic period.

Financially, households with children and youth relied on two primary mechanisms to cope: first, spending savings (53%) and second relying on cheaper food (42%). These two options are fairly defensive in that they do not require outside help (and consistent with answers in previous sections), however of a somewhat austere nature, considering the limited financial margin for covering expenses. In the same vein, consuming next season’s supply was mentioned by 15% of respondents.

Other notable financial strategies include seeking other employment (16%), which may reflect the resolute intention of parents that lost their job to compensate for income loss. As well as reducing health and education expenses, which was cited by 11% of children and youth households (all from rural areas).

Figure 58. Coping mechanisms of children and youth households



Source: PwC Vulnerable Groups survey

Prospects and Recovery Needs

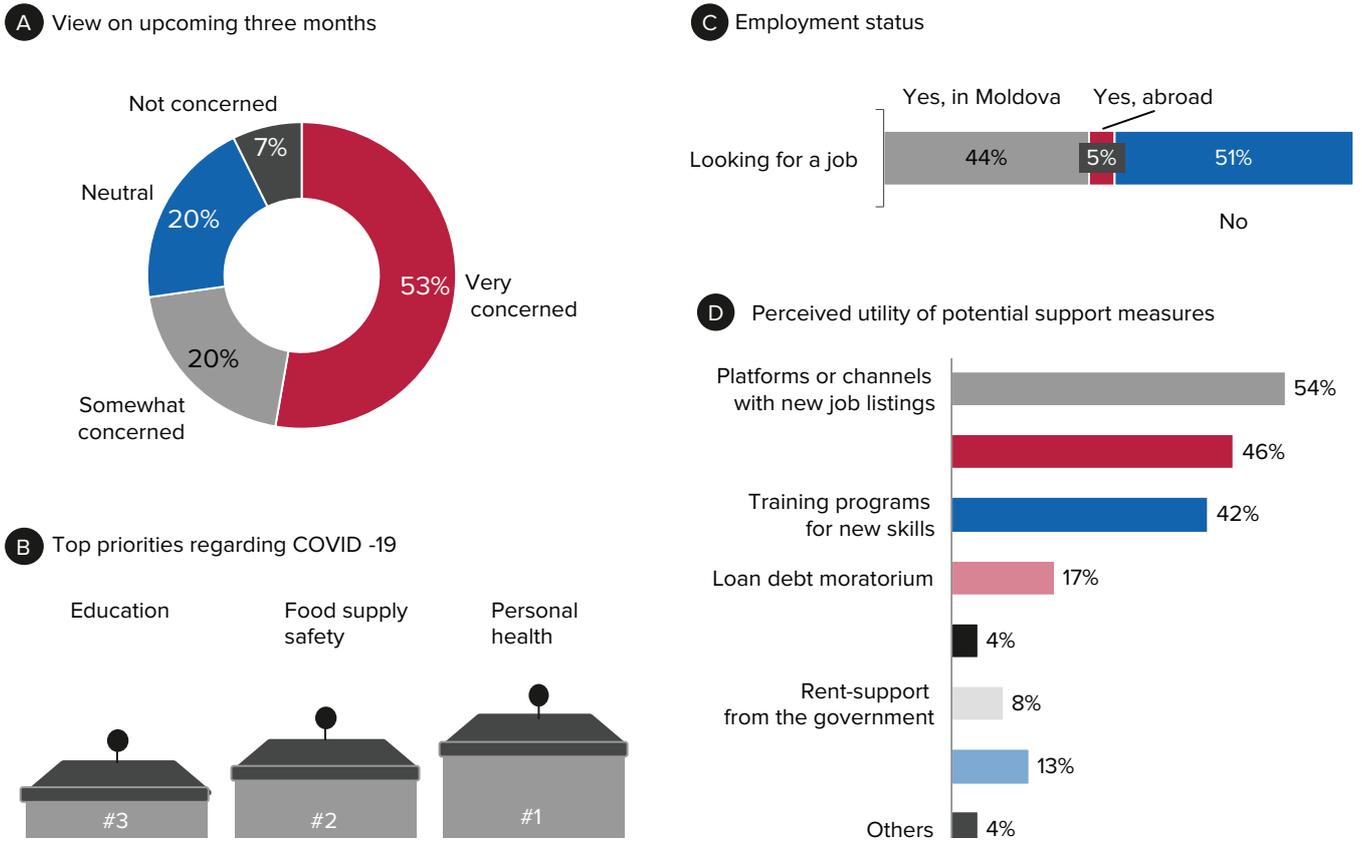
Children and youth households showed clear concerns for the next three months, with 56% being very concerned and 31% somewhat concerned. The list of priorities regarding COVID-19 was topped by the need to safeguard personal health and emerge sheltered out of the pandemic. Secondly, safeguarding the food supply was deemed to be important. Thirdly, children and youth households mentioned education (the only vulnerable group to list education) and safe reopening of schools.

From an employment perspective, 44% of household stated they are looking for a job in Moldova and 5% abroad. From the rest that were not looking for a job, a good majority (36%) were doing housework or caring for the family, with 4% that gave up looking after unsuccessful attempts of finding a job in the recent past.

As a consequence, the most useful support measures cited had a dual character: on one side measures to encourage and develop the labor market positions (platforms with new jobs listings 54%, training for new skills 42%), and on the other side direct financial relief to weather out the storm (unemployment benefits 46%, loan debt moratorium, 17%).

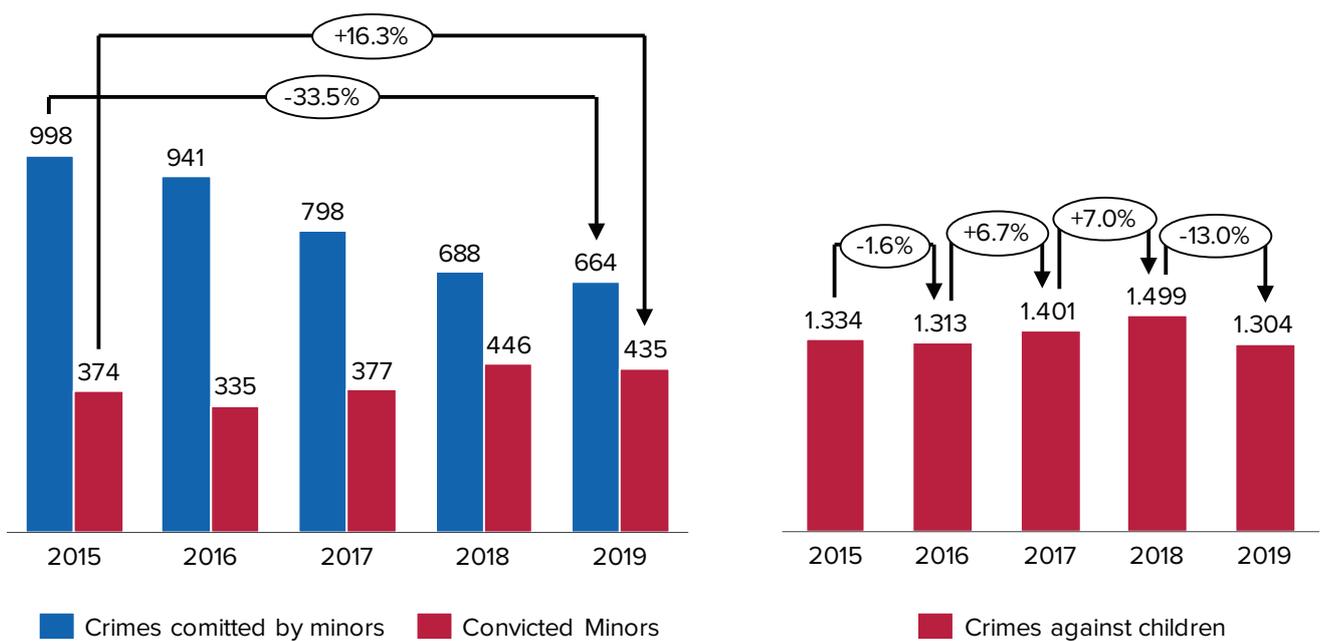
In an emerging country, there is an imperative need to safeguard the needs of the children. In an adverse environment, COVID-19 brings immediate threats unprecedented in scale to children’s rights to development, learning and protection, in medium and long term. The major risk is to put an entire generation of children at risk of not fulfilling their potential at maturity levels.

Figure 59. Prospects and recovery needs of children and youth households



Source: PwC Vulnerable Groups survey

Figure 60. Crimes by and committed against children, [#], 2015-2019

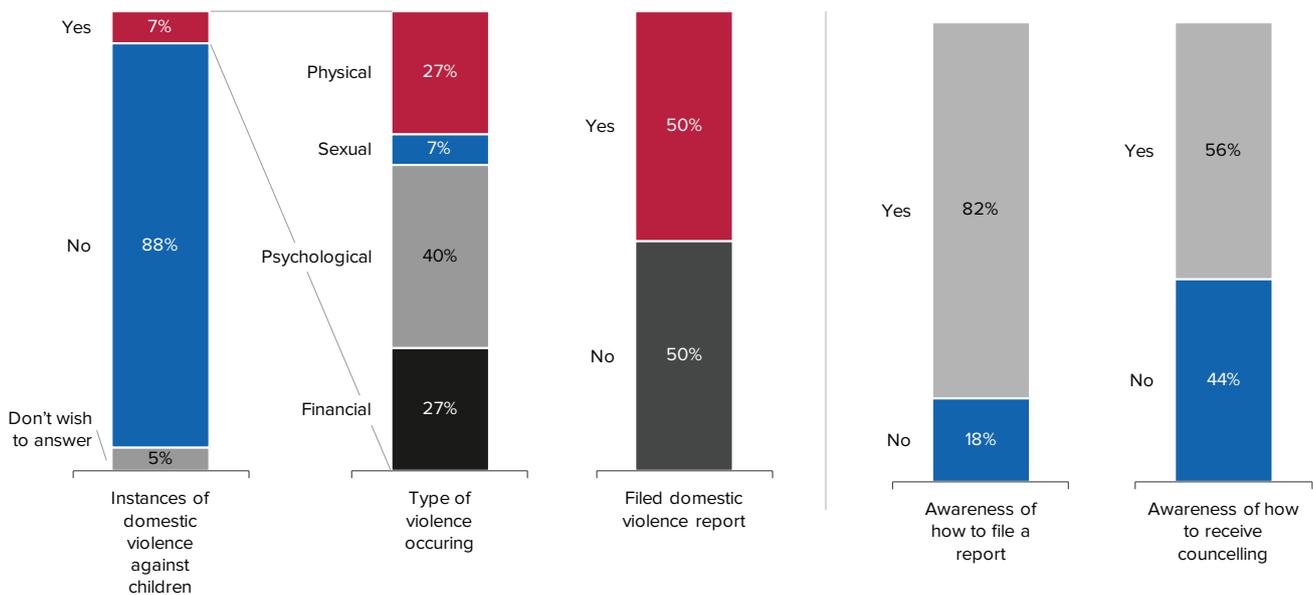


Source: NBS

On the social recovery front, the indicator “Crimes against children” shows that there is still work to be done with respect to the reducing the levels of aggressions against children. In the whole year of 2019 there were 36 instances of domestic violence against children for the whole year, while in August YTD 2020, there were 34 instances recorded⁷⁸.

In the PwC sample, there were 7% cases of domestic violence (mainly psychological, but also physical), out of which half were reported. Given that 18% of individuals involved were not aware even how to report an aggression (and 44% of were not aware how to receive counselling), potential recovery steps may integrate these needs.

Figure 61. Domestic violence against children, outline [%], 2020



Source: PwC Vulnerable Groups survey

3.2 Poor households

The Government of Moldova released a Voluntary National Review in 2020 which stated that “poverty reduction and promotion of inclusive well-being are the primary objectives of the national authorities”⁷⁹ This objective also underpins the first Sustainable Development Goal: “end poverty in all its forms everywhere”⁸⁰.

Poverty has been traditionally thought of in terms of “material progress measured by income”⁸¹. In line with this view, poverty is measured as the percentage of people living below a certain chosen threshold – called the ‘poverty line’. The international poverty line is currently \$1.9 per day expressed in purchasing power parity⁸².

Moldova uses a poverty line based on consumption expenditure, combined from two components: a food basket and a non-food basket which were estimated for 2016 considering the population numbers with usual residence (Table 4). The absolute poverty line (SGD 1) was recalculated for 2018 in order to reflect changes in the

78 As per MAI figures

79 Government of the Republic of Moldova - Voluntary National Review, Progress Report 2020

80 United Nations Sustainable Development Goals

81 UNDP and the concept and measurement of poverty, Issue Brief, October 2016. <https://www.undp.org/content/dam/undp/library/Sustainable%20Development/ISSUE%20BRIEF%20-UNDP%20and%20the%20concept%20and%20measurement%20of%20poverty%20pc%20V2.pdf>

82 World Bank. <https://www.worldbank.org/en/topic/poverty/overview>

population and income structure, resulting in a threshold of 1998.4 MDL equivalent monthly income per adult. In 2018, indicator “*Rate of Absolute Poverty*” had a value of 23%, a drop of 6.5pp since 2014, however the trend is not unidirectionally, with a considerable drop in the poverty rate in 2015 being followed by years of gradual growth until 2017 (Figure 62).

The poverty rate in Moldova depends on the geography to a large extent: the poverty rate in rural areas was 31.6% - three times than in urban areas of 10.6%. One of the reasons of such discrepancy between rural and urban is also the internal migration, population from rural areas migrating towards Chişinău and Bălţi. However, this explains only partially the difference, because both geographies follow the same annual trends described above. Figure 64 presents the rate of absolute poverty by household compositions. Other important variables that can be deduced in relation to being poor are: size of household, age, and level of education.

A very high poverty rate was for households with three or more children - 42%. Other high rates of poverty were found in the case of households where the head of the family had only primary or no studies (48.5%), and families where the main source of income was self-employed work in agriculture (42.2%). Families of single parents with children registered an unusually low rate – however this was based on a relatively low number of observations in the sample, with NBS cautioning about conclusions based on it.

In addition, an extreme poverty line is also calculated, which reflects a more severe deprivation of resources, and is defined in terms of the food consumption only, based on the requirements of the least well-off population, which is set at 1467.2 MDL for 2016 and calculated as 1611.7 MDL for 2018. The “*Extreme poverty line*” stood at 8.7% of the population in 2018 and displayed a similar trend to the absolute poverty.

Two more sophisticated indicators are also used to measure poverty: the depth of poverty and the severity of poverty. The ‘*Depth of Poverty*’ indicates the average consumption deficit in relation to the poverty line (in other words the mean resources gap to overcome poverty⁸³), with the indicator seeing a decrease from 4.25 in 2014 to 3.09 in 2018. The ‘*Severity of Poverty*’ indicates the dispersion of poverty in relation to the poverty line and complements the depth of poverty in explaining not just the incidence but also the distribution of poverty. In 2018 the Severity of poverty was 0.85 (versus 1.2 in 2014), indicating some levelling off over the last years.

Table 7. Poverty thresholds in Moldova for 2016 recalculated in 2018, [MDL, 2016 prices]

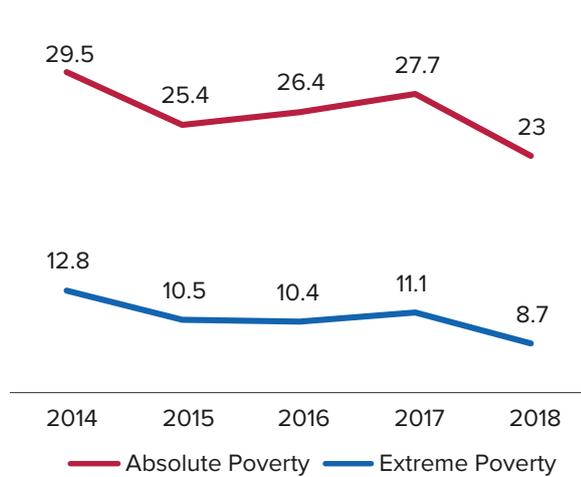
	Extreme poverty	Absolute poverty
Food component	793.4	923.6
Non-food component	673.8	895.6
Total poverty threshold	1467.2	1819.2

Source: NBS

Both the depth and the severity of poverty follow the same annual trends as the absolute rate of poverty, indicating some correlation between the number of people are affected by poverty in the population and the extent of poverty experienced. Thus, a first baseline implication is that the COVID-19 pandemic has not only the potential to make more people poor, but also to make the poor relatively poorer. In practical terms, COVID-19 will likely push households into poverty or increase the depth of poverty experienced by households already living below the poverty line. Lockdown and quarantine measures to contain the pandemic will have affected families’ ability to sustain their livelihoods.

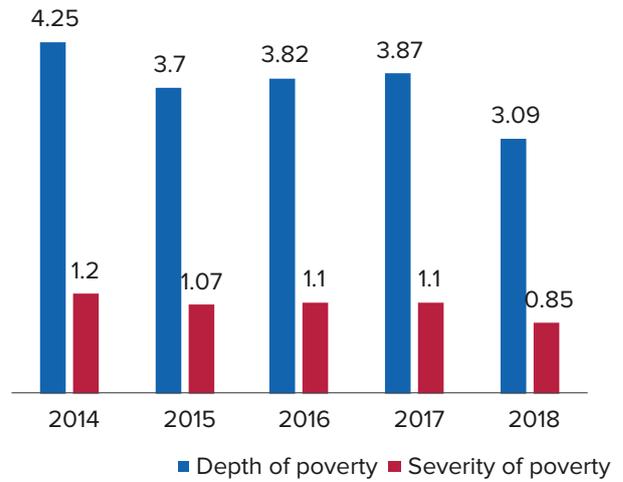
83 NBS, The methodology for calculating the absolute poverty line, 2018. https://statistica.gov.md/public/files/Metadate/alte/Metodologie_saracie.pdf

Figure 62. Rate of poverty, [%], 2014-2018 [%]



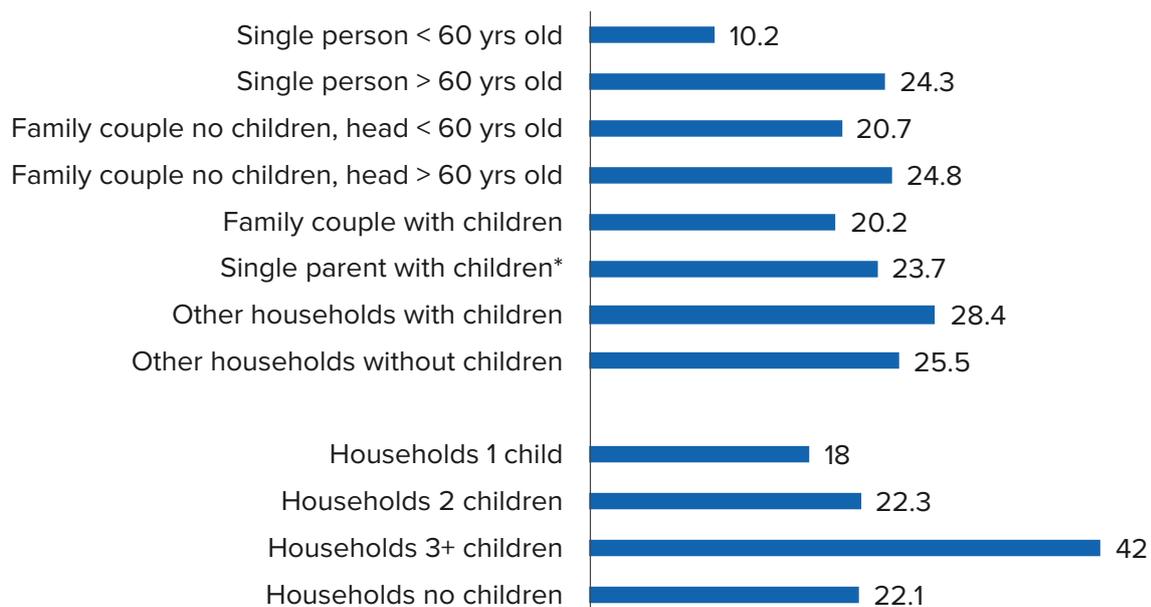
Source: NBS

Figure 63. Depth and Severity of poverty, 2014-2018



Source: NBS

Figure 64. The rate of absolute poverty by household composition, [%], 2018



Source: NBS

* should be treated with care due to relatively low number of observations

Additional intersections can be observed between different vulnerable groups in terms of poverty. An analysis by the Institute for Public Policies (Barometer of Public Opinion) from the perspective of gender and age groups shows that the degree of self-assessment of poverty has been and continues to be higher among older persons (people aged 60+) and women.

The manifestation of monetary deprivation (inability or reduced ability to buy drugs for 200 MDL) increases with age and is higher among women. The simplest explanation of the current statement is that among women the proportion of older persons is higher and that women have less income; thus they are also more vulnerable to the impact of COVID-19 and response measures. Similarly, inequalities regarding the level of deprivation are observed in the households of Roma and those where persons with disabilities are present, compared to non-Roma families and in which there are no persons with disabilities. The monetary deprivation among these groups is explained by their reduced inclusion in the labor market or in other productive activities.

Farmers do not fit into the current poverty reduction model. The NBS qualifies the farmers as households for which the main source of income is the individual agricultural activity. Their available income has not increased since 2006 because a significant share of earnings is in non-monetary natural form (22.5% in 2017). At the same time, farmers have benefited less from social benefits, as they are able to work and activate, in addition, in an informal sector. Finally, yet importantly, they get less income from remittances. Farmers represent a pessimistic scenario for much of the environment that are trapped in a non-productive sector, with limited access to social benefits and remittances. It is important to mention that most of persons living in Moldovan situation is similar to those of the farmers, if these people did not have access to remittances.

The Roma minority also show high poverty levels. Notwithstanding the community service, the Roma households benefit less from services and utilities, compared to those of non-Roma. With some basic services, such as access to water and sanitation, crucial in a time of a public health emergency, this makes the Roma community vulnerable to COVID-19. Inequalities identified with regard to Roma derive from both exclusion and discriminatory practices. In a 2018 CBS-AXA survey conducted at CPD request, approximately 47% of Roma believe that limited access to public services is caused by the fact that they belong to this ethnic group. Discriminatory attitudes could have also contributed to the Roma not being able to enjoy adequate protection from COVID-19 and its impacts.

Complementary to pure income streams, a poverty of resources can also be proxied by ownership of durable goods. In 2019 in Moldova there were 59.5% of households that had a personal computer (49.6% in rural environments) and 64.4% households that owned an automatic washing machine (49.0% in a rural environment)⁸⁴.

More recent definitions of poverty move beyond the monetary quantifications and consider a wider array of items including life expectancy, quality of health, educational opportunities and achievement, mobility and communication and even human security and crime levels. One prominent indicator is the '*Human Development Index*' developed by UNDP, which is calculated as a composite score of multiple statistics. In 2018, Moldova registered an index value of 0.711, with small gradual gains since 2015 when it registered a value of 0.703⁸⁵.

Conceptualizing poverty in terms of access to health services for example, limited access to official employment can explain why some groups do not have health insurance. Groups that have the least health insurance are those that have informal employment (Roma, young people, men and rural population). One positive thing about the current system of social protection and insurance is that the majority of older persons and households with people with disabilities benefit from medical insurance.

One important effect associated with poverty is the inequality of wealth, which can act to amplify poverty, by means of concentrating resources of a society within a small group of individuals. Two indicators can be used to measure inequality, presented in Table 5 for both disposable income and consumption expenditure. The first indicator, the *Ratio between I and V quintile* presents the multiple of top earners versus low earners, registered a value of 4.01 for consumption and 5.1 for income, reflecting the abilities of top earners to save part of their income, even as they maintain a much higher consumption than poorer households. The second indicator, the "*GINI Coefficient*" measures the dispersion of wealth in a country, and registered a value of 30.58 in 2019, which points to a distribution that is roughly comparable to regional peer countries. As the HBS survey methodology has changed, the 2019 figures are not comparable with prior series, however the trends were mostly positive for both indicators' pre-recalculation.

84 NBS, Household ownership of durable goods 2019. http://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala__04%20NIV__04%20NIV%202019__NIV040/NIV040300.px?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

Figures are not comparable with prior series due to change in HBS methodology

85 UNDP, Human Development index trends 1990-2018. http://hdr.undp.org/sites/default/files/hdro_statistical_data_table2.pdf

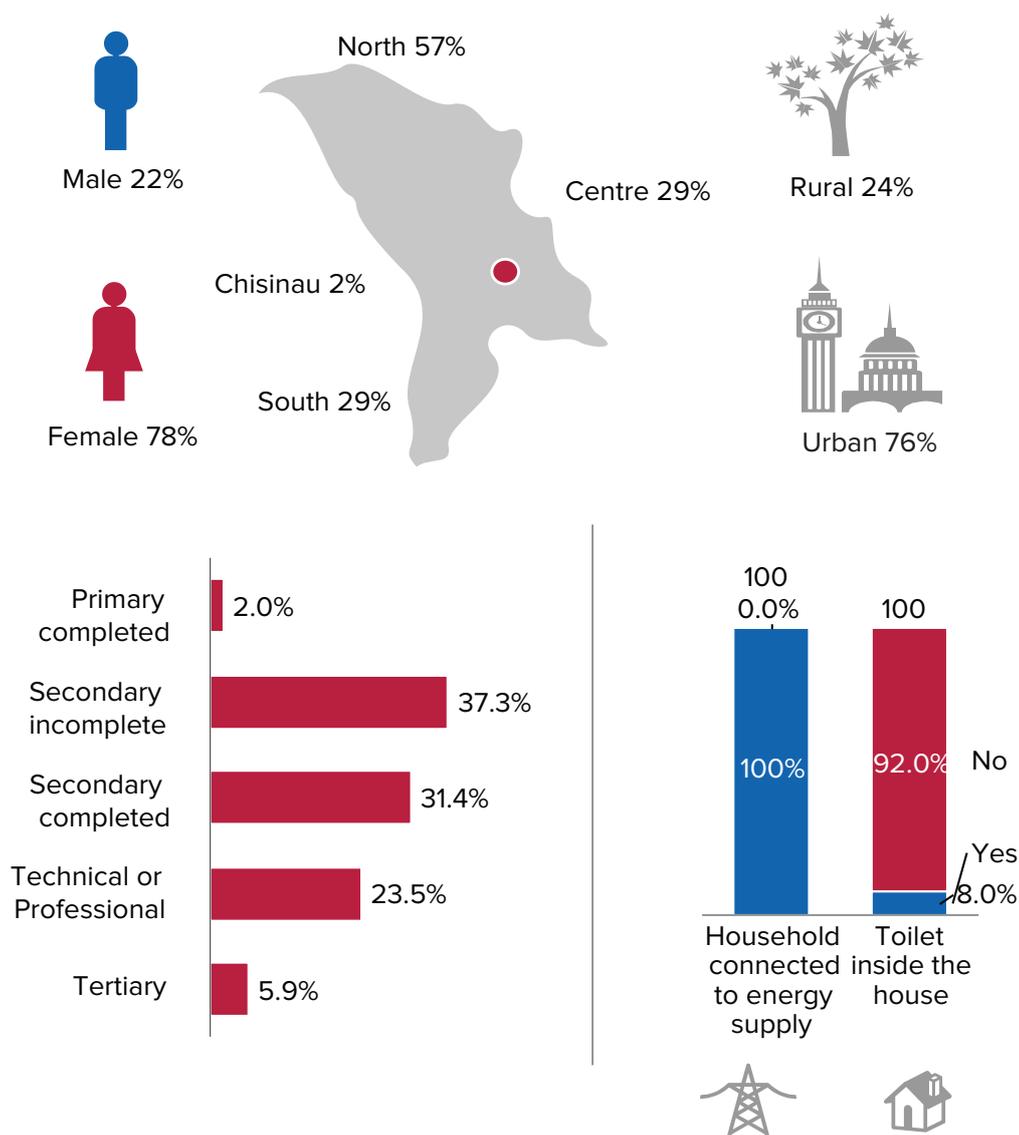
Table 8. Inequality indicators in Moldova, 2018-2019

	2018 ¹	2019 ^{2,3}
GINI Coefficient – Disposable Income	29.52	30.58
GINI Coefficient – Consumption Expenditure	24.04	27.13
Ratio between I and V quintile – Disposable Income	5.07	5.10
Ratio between I and V quintile – Consumption Expenditure	3.56	4.01

Notes: ¹ Indicators have been recalculated for population with usual residence ² Preliminary data ³ Starting 2019, data is not comparable with prior periods due to change in Household Budget Survey methodology
Source: NBS

Thus, even though some gradual progress concerning poverty has been made in the pre-pandemic years, poor households still have clear vulnerabilities in tackling COVID-19.

Figure 65. Profile of poor households in vulnerable groups sample



Source: PwC Vulnerable Groups survey

The socio-demographic profile of the poor households participating in the survey is presented in Figure 65. The sample featured more females (78%) than males (22%) in the composition of poor households. Regionally, the North was represented at 57%, the Centre at 29%, the South at 12%, and Chişinău at 2%.

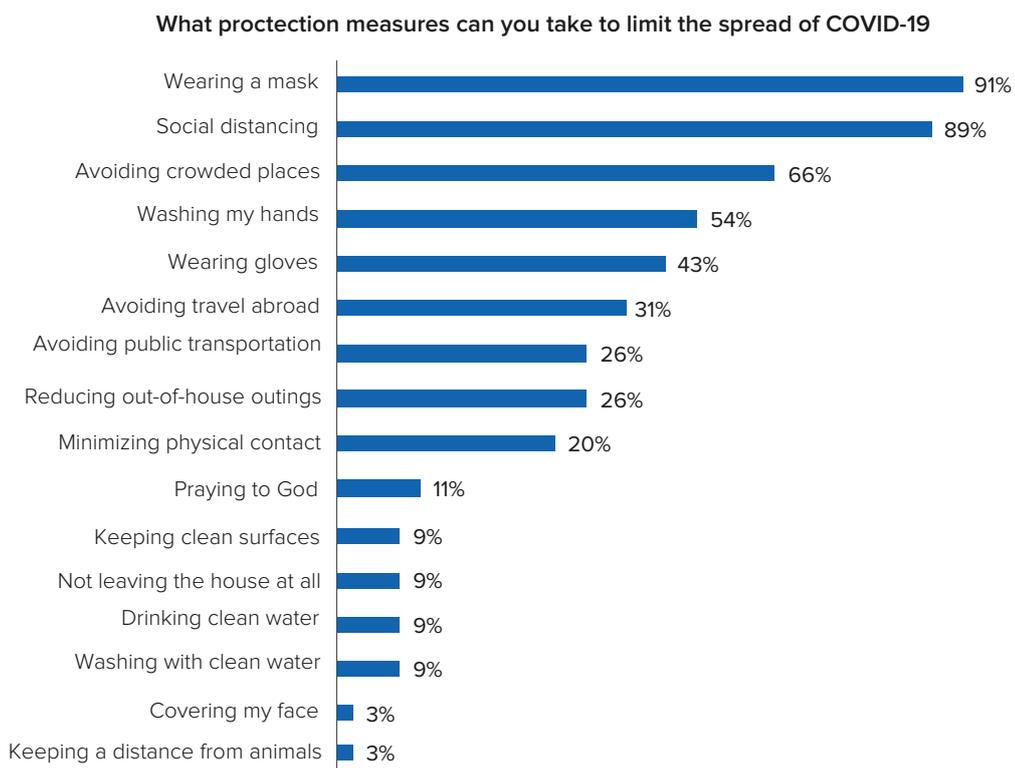
There were more sampled poor households living in rural areas (76%) than urban ones (24%), with most of the educational levels clustering around secondary education not completed (37.3%) as well as secondary education completed (31.4%). Poor households fared worse than the other vulnerable groups in terms of living facilities, with only 8% of the poor having a toilet inside the house, and only 22% a separate restroom, though all households had electricity.

Quarantine Status

The majority of the poor households participating in the survey conducted for the purpose of this report did not have their health directly affected by the coronavirus, nor their family members: only 2% had a COVID-19 case among the household members, while 20% had symptoms but were not tested. Most of the respondents, 78%, did not have any family members in the household with COVID-19 symptoms. There were no reported instances of mandatory isolation and two of voluntary isolation (contained in the age group 36-45 years old).

Poor households generally had a good understanding of prevention measures, with 91% of them citing the act of wearing a mask as the main prevention measure, along with 89% citing social distancing. However, poor households were the group with the lowest percentage of mentioning avoiding public transportation (26% versus a total sample average of 43%), which may indicate fewer mobility options for this group. This hypothesis seems to be further confirmed by examining the ways of transportation used by the vulnerable groups during the pandemic versus before: 90% of poor households claimed they walked during the pandemic (sample average 72%), with considerable lower usage of other ways of transportation (including private taxi, public transportation, personal car or bicycle). Also, only 9% of poor households mentioned keeping surfaces clean as a prevention measure.

Figure 66. Profile of poor households in vulnerable groups sample



Source: PwC Vulnerable Groups survey

The majority of the respondents of the survey (67%) stated that they had sufficient access to information related to COVID-19 in their own language, however 24% considered the information insufficient and 10% declared that they did not have access at all. Poor households were the group that perceived the largest insufficiency of protective equipment: around 27% of considered there had enough protection equipment during the pandemic, while 57% felt they had some but not enough, and 16% saying they did not have enough.

Employment, Sources of Livelihood and Expenditures

In addition to its immediate adverse impact on poor households, the COVID-19 pandemic has been seen to further exacerbate existing gender inequalities related to poverty across the households led by an adult woman. Isolation and quarantine exacerbated the pre-existing vulnerabilities in these situations.

In the PwC sample, 18% of poor declared losing their job due to the pandemic – which is considerably higher than the 2.8% rate from the NBS Ad-hoc module, which surveyed the general population.

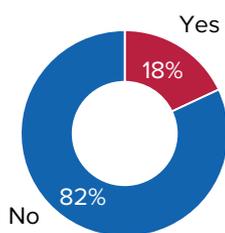
Out of those that did not lose their jobs and have worked during the pandemic, 23% declared they had only worked on-site and 33% that they had worked mostly on-site, with low levels of working remotely seen in Agriculture, Education and Retail Commerce. With respect to satisfaction towards measures taken by the employer during the pandemic, half were satisfied, with about a quarter being unsatisfied and 8% very unsatisfied (all were females with teenage children).

The most common difficulties encountered by poor households in relation to the work environment were the lack of skills for remote work (60%), lack of devices for remote work (55%) – as well as the fact that the work itself cannot be performed remote (55%). Thus, it appears poor households have fared worse in a triad of issues: skills, resources and opportunities. Additionally, 45% mentioned that the company shut down completely.

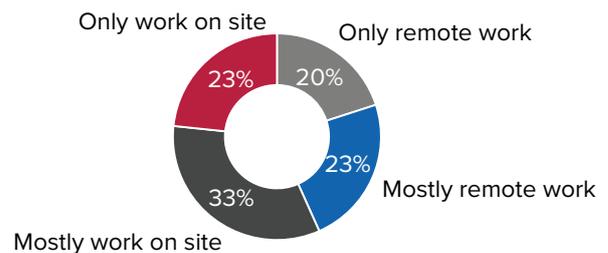
Figure 67. Impact of the pandemic on the employment poor households

A Employment

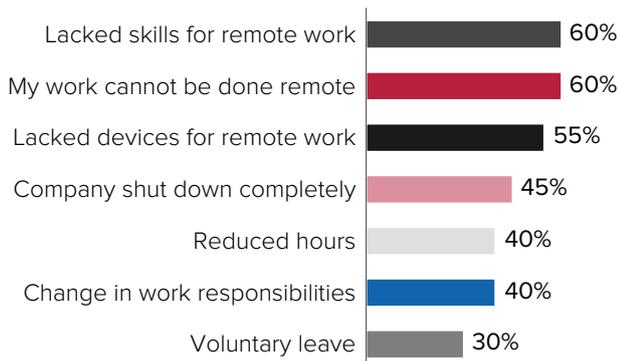
Job loss due to COVID -19



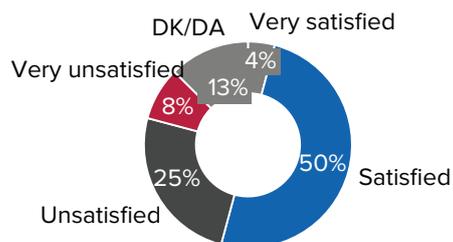
Ways of working during the pandemic



Types of work-related difficulties experienced



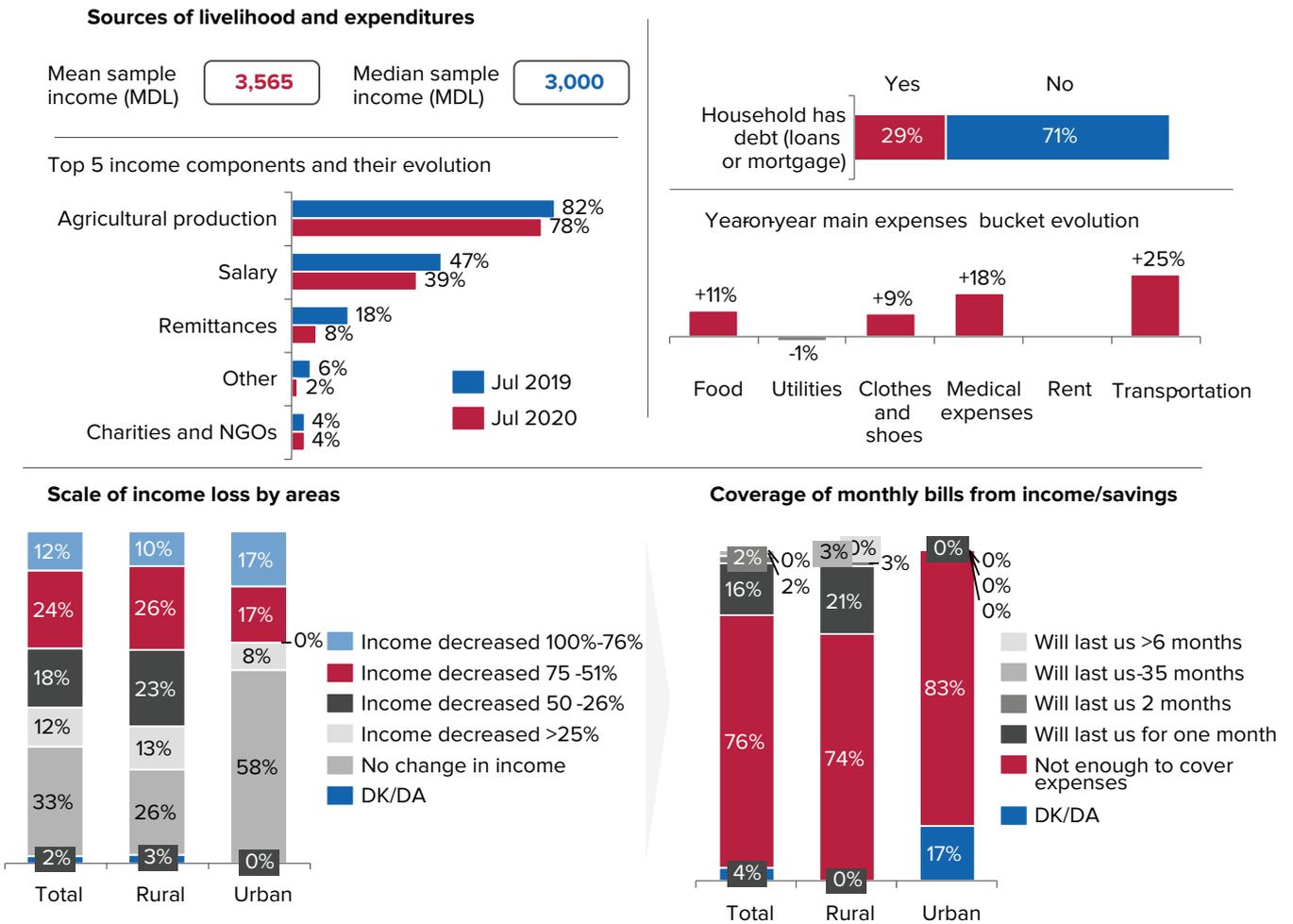
Satisfaction with measures taken by employer



Source: PwC Vulnerable Groups survey

From an income component perspective, the pandemic saw less households citing income from remittances (-10%) and salaries (-8%), but also less from agricultural production (-4%). The most drastic income losses between all and ¾ of income were a bit more skewed towards cities (17% in urban areas versus 11% in rural ones), but overall, the rural areas were slightly more affected (with a cumulative 71.8% seeing at least some income declines, compared to urban areas that saw a 41.7% cumulative decline). Consequently, the pattern of income loss suggests a more faded but more overreaching impact in rural areas.

Figure 68. Impact of the pandemic on the sources of livelihood and expenditures of poor households



Source: PwC Vulnerable Groups survey

In terms of expenses, transportation has increased by +25%, but this is driven by households in rural areas, and like in the case of children and youth, appears correlated with the increase of +30% in medical expenses. There were no rent items for poor households. Expenses for clothes, shoes and garments were also curiously up +9% for this group. Unlike most of the other vulnerable groups that saw an increase in the amount spent on energy and utilities, this item decreased -1% for poor households. There were 29% of households having an outstanding personal loan or mortgage.

The financial impact of the pandemic on poor families appears to be immediate: when examining the overall coverage of monthly bills from current income and savings, 83% of households in an urban areas and 74% in rural areas said they do not have enough money to cover the current bills. The impact was most dramatic for urban poor households – where not even one that gave an answer declared that they are able to cover the bills not even for at least one month. This is consistent with the findings of the NBS Ad-hoc module on the impact of COVID-19, which found in urban areas there were 2.3x more salary loss, while remittances were 2.7x more lost in rural areas.

No household in the sample declared that their income or savings will last them more than six months, which indicates a limited ability to absorb financial impact for families with children, especially if they have debt.

Access to Food and Basic Services

Food and Water

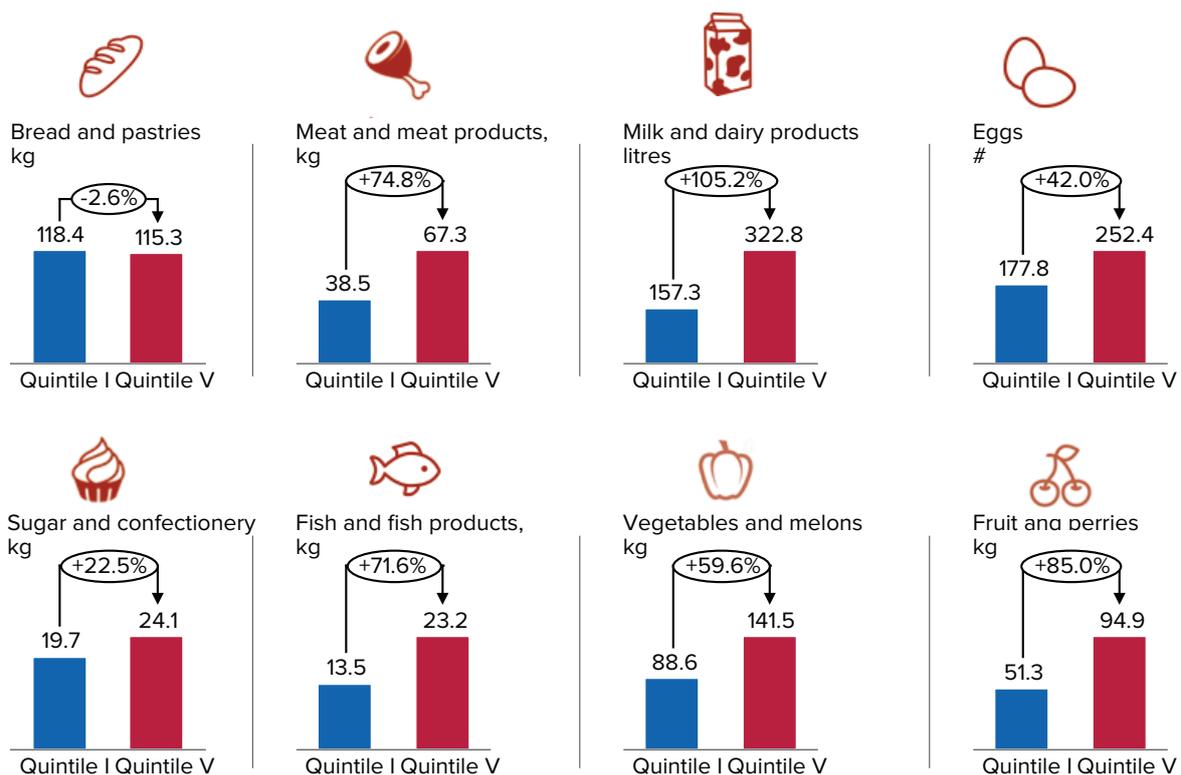
Food is essential for normal physical and mental development, being one of the main levers to living a health life and avoiding malnutrition (SDG 2). A balanced diet of meat, dairy fruits and vegetables is needed to ensure the daily requirement of protein, carbohydrates, vitamins and minerals.

Examining the pre-pandemic landscape (Figure 69), through several food-related indicators, we can observe that:

- The indicator “Household consumption of milk by income” reveals that families in the top income quintile consume 105.2% more milk than families in the bottom income quintile
- The indicator “Household consumption of fish by income” reveals that families in the top income quintile consume 71.6% more fish than families in the bottom income quintile
- The indicator “Household consumption of fruits and berries by income” reveals that families in the top income quintile consume 85% more fruits than families in the bottom income quintile

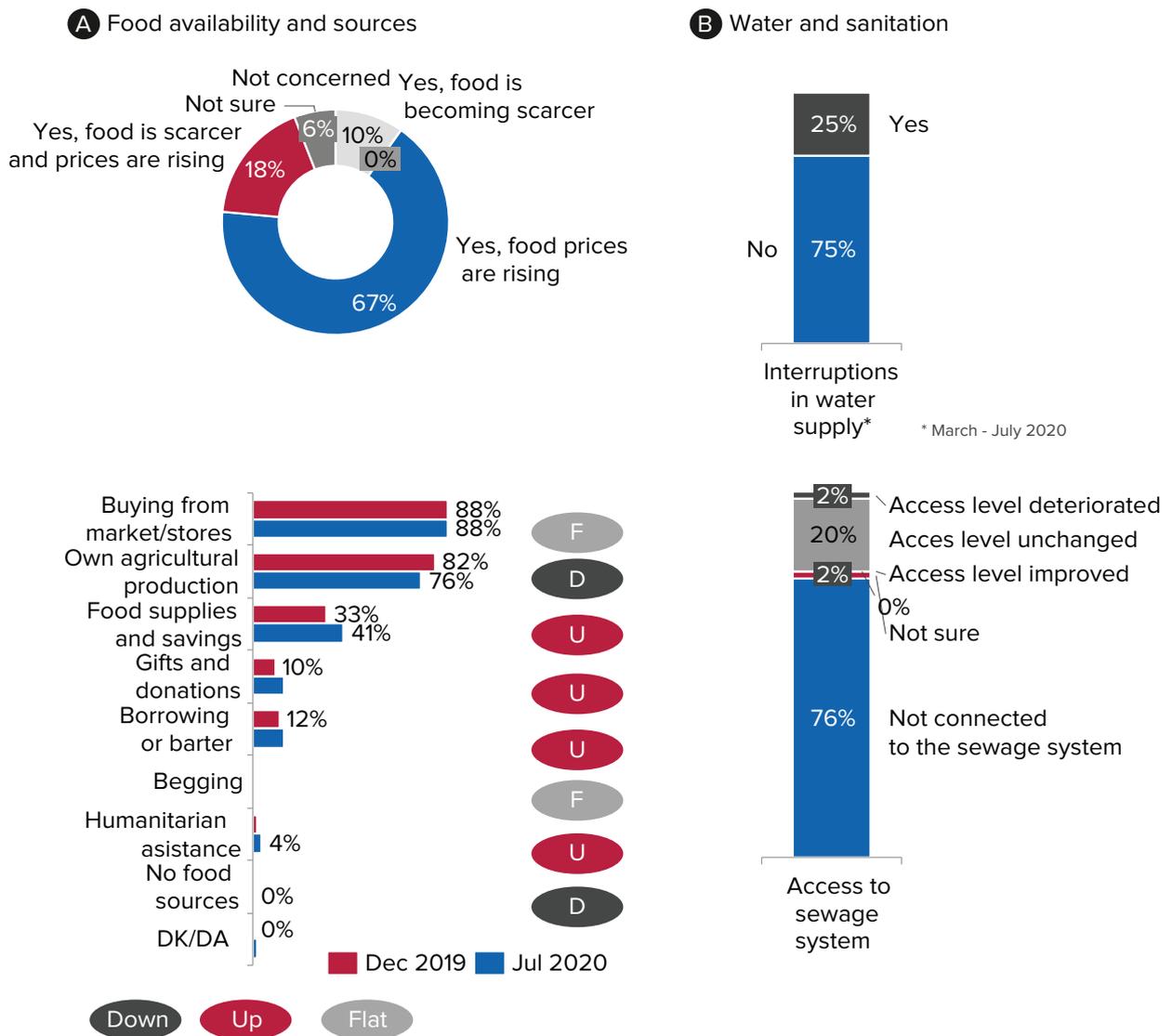
As in the case of children and youth, this result highlights the differential in opportunities, being visible in diet. As the general food consumption per capita decreases for all nutrients (except bread and pastries) with decreasing income, food deprivation constitutes a baseline vulnerability that can be amplified due to adverse COVID-19 circumstances.

Figure 69. Average annually food consumption per capita of 1st and 5th income Quintiles, [units in chart], 2019



Source: NBS

Figure 70. Impact of the pandemic on access to food and water of poor households



Source: PwC Vulnerable Groups survey

Among poor households in the sample, there was a clear concern about food, mainly driven by perceptions of rising prices (67%) or perceptions of both rising prices and food scarcity (18%). Concerns were more prevalent among women (81% of those expressing a food concern). Poor households were the second most concerned group about food security after the older people.

From a food source perspective, the largest sources remained buying (which was flat year-on-year) and own agricultural production (-6%). There were notable increases in using food supplies and stocks saved (+8%), from gifts and donations (+2%), and borrowing and barter (+2%), as well as humanitarian assistance (+2%). The make-up of food sources of the poor suggest that the food consumption is a real worry for the group and food provision takes on a central dimension. Also, it is worth noting that despite relative poverty, there were no instances of begging recorded (in comparison to other vulnerable groups like NEET youth).

There were 25% reported interruptions of availability in main water supply by poor households between March and July 2020. The largest part of households reported using public wells as the main water source - 43%, and 24% private wells in their own courtyard, with only 37% citing being connected to a centralized water supply. Most households (76%) were not connected to a sewage system, and from those that were, 20% reported that the access level was unchanged and 2% claiming the level of access has deteriorated. The remaining 2% did not know.

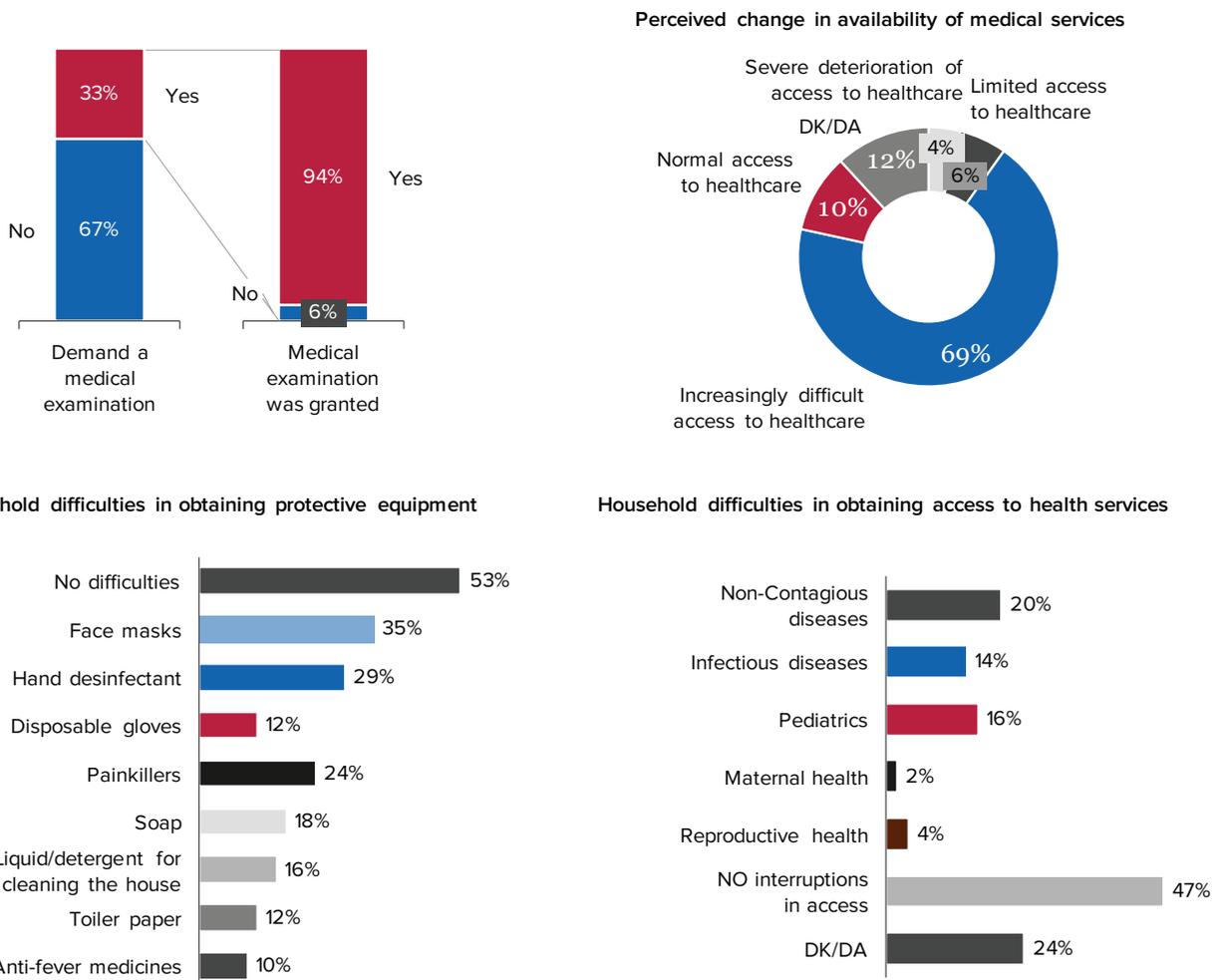
Health and hygiene

Multidimensional approaches to poverty recognize health as a key dimension to well-being. As a baseline indicator for the poor, the “*Incidence of Tuberculosis*” (also known as “the disease of poverty”, SDG 3) shows a positive trend, going down from 96.6 occurrences per 100,000 inhabitants in 2014 to 71.4 in 2019⁸⁶. However, a second baseline indicator examined is the “*Share of Health Expenses from Total Household Expenses*”: in 2019, the bottom quintile spent 2,9% on health-related services while the top quintile spent 6.8% (which in absolute terms means 10x more, given the income differential). This baseline disparity may suggest a low level of health needs being met in poor households.

Almost two thirds of sample poor households (64.7%) had health insurance, with 35.3% not being covered. From the poor households 33% demanded a medical examination during the pandemic, out of which 6% were declined, which may have contributed to a 4% perception of severe deterioration of access to healthcare. More than half mentioned they did not encounter any difficulties in obtaining protective equipment, with 35% citing difficulties in obtaining face masks and 29% hand disinfectant. Poor households encountered more difficulties than the other vulnerable groups in procuring painkillers (24%), and soap (18%). From those that had expressed an opinion, 47% stated they perceived increasingly difficult access to healthcare, with the highest difficulties encountered for Non-Contagious diseases (20%), followed by Paediatrics (16%).

Figure 71. Impact of the pandemic on access to health and hygiene of poor households

C Health and Hygiene



Source: PwC Vulnerable Groups survey

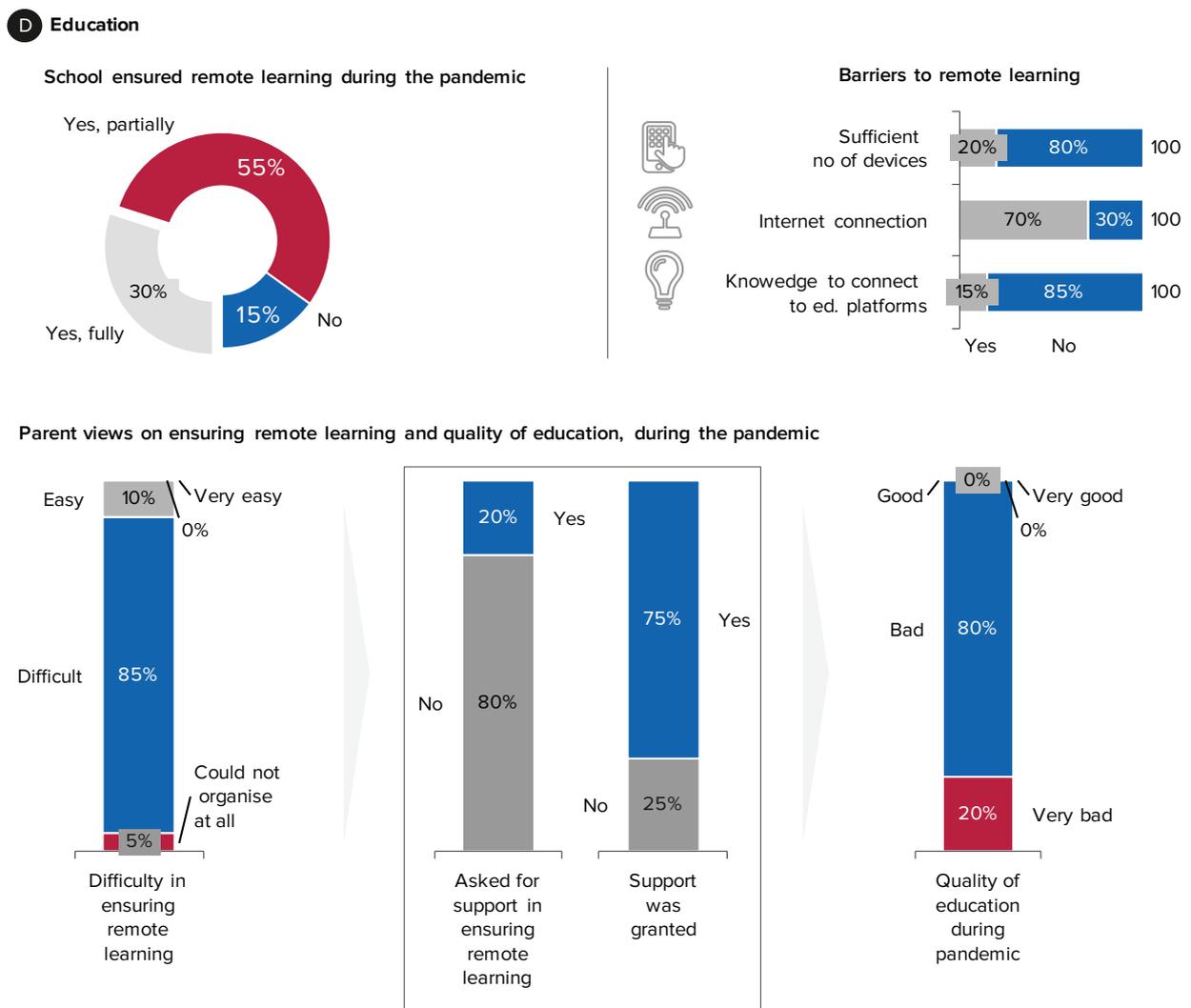
Education

In the PwC sample, 30% of poor households have declared that their schools did not manage to ensure remote learning during the pandemic, which in effect means lost educational opportunities. Despite the fact that the majority of schools did manage remote learning, an overwhelming 85% of parents said they found it difficult to organise (highest overall) – with 5% saying they were not able to organise at all (second highest after vulnerable women).

One fifth of the parents asked for support in ensuring remote learning, but out of these 25% did not received it. Thus, given the bleak moments that poor households faced, it is perhaps no surprise that the view on the quality of the education during the pandemic was overwhelmingly unfavourable, with a cumulative of 100% thinking it was bad or very bad. Most of the families did not have enough devices available (80%), nor an reliable internet connection (30%). Knowledge to operate the platforms was missing in 85% of cases – highest of all groups.

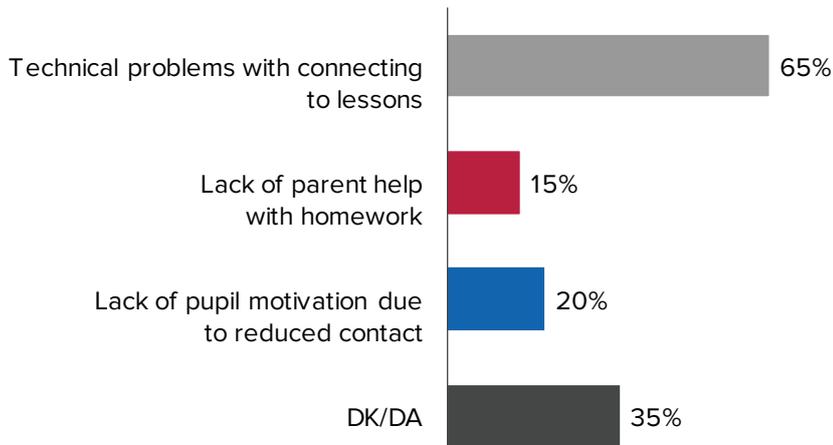
Figure 72 presents the common pitfalls for poor households in organizing remote learning: in 65% of the cases technical issues with connecting to platforms were encountered, while lack of pupil motivation due to reduced contact played a part in 20% of cases, and lack of parent help with homework in 15%.

Figure 72. Impact of the pandemic on access to education of poor households



Source: PwC Vulnerable Groups survey

Figure 73. Common problems in ensuring successful remote learning for poor households, [%], 2020

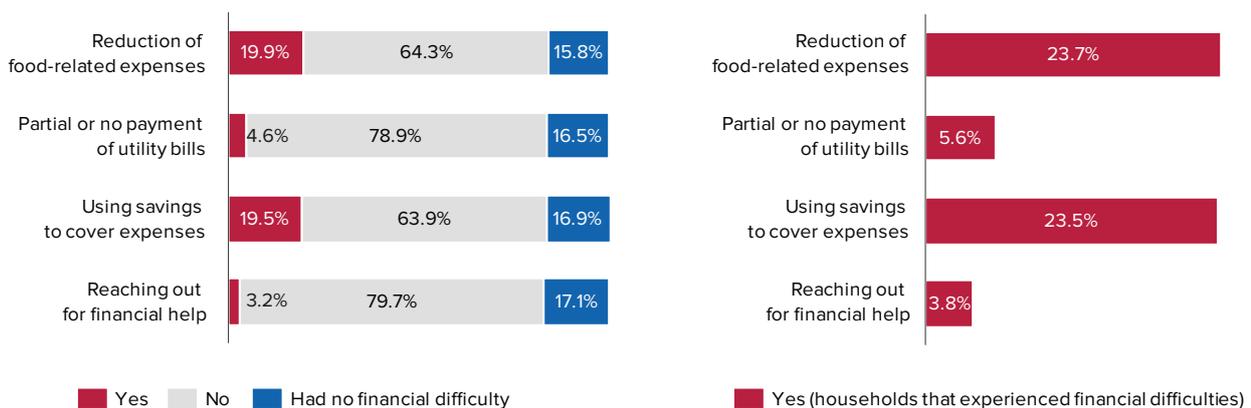


Source: PwC Vulnerable Groups survey

Coping Mechanisms

A first view of the coping mechanisms of the general population can be obtained from the NBS Ad-hoc module data, presented in Figure 74. The two most common measures taken by households that have experienced financial difficulties are: reducing food-related expenses (in 19.9% of cases) and using savings to cover expenses (19.5%). To a much lesser extent did households refer to partial or no payment of utility bills (4.6%) and reaching for financial help (3.2%).

Figure 74. Measures taken by households that have experienced financial difficulties during the pandemic, [%], 2020



Source: PwC Vulnerable Groups survey

Reducing food-related expenses and “eating less” are themes that have emerged out of the micronarrative dataset as well. The snippet below presents the story of a woman that had to save more due to being furloughed and ate less in the process against a background of stress. This compensation strategy is within hand’s reach for most people, as it involves quick calibration of consumption to income, without getting into debt or asking for help from other people.

Poor households, micronarrative snippet #7

“During the isolation period I was all by myself. I was always worried for my child in Chişinău - he is mature and has a job, but I was afraid he would get infected.

Another reason for worrying is that I don’t have enough money to pay my bills, because I did not receive my salary, as I did not work. Loneliness has not affected me so much, as I was able to read and communicate on social media. But due to the lack of money, I did not manage to build-up any supplies, I have saved as much as possible and ate less.

I have had many sleepless nights due to worrying.”

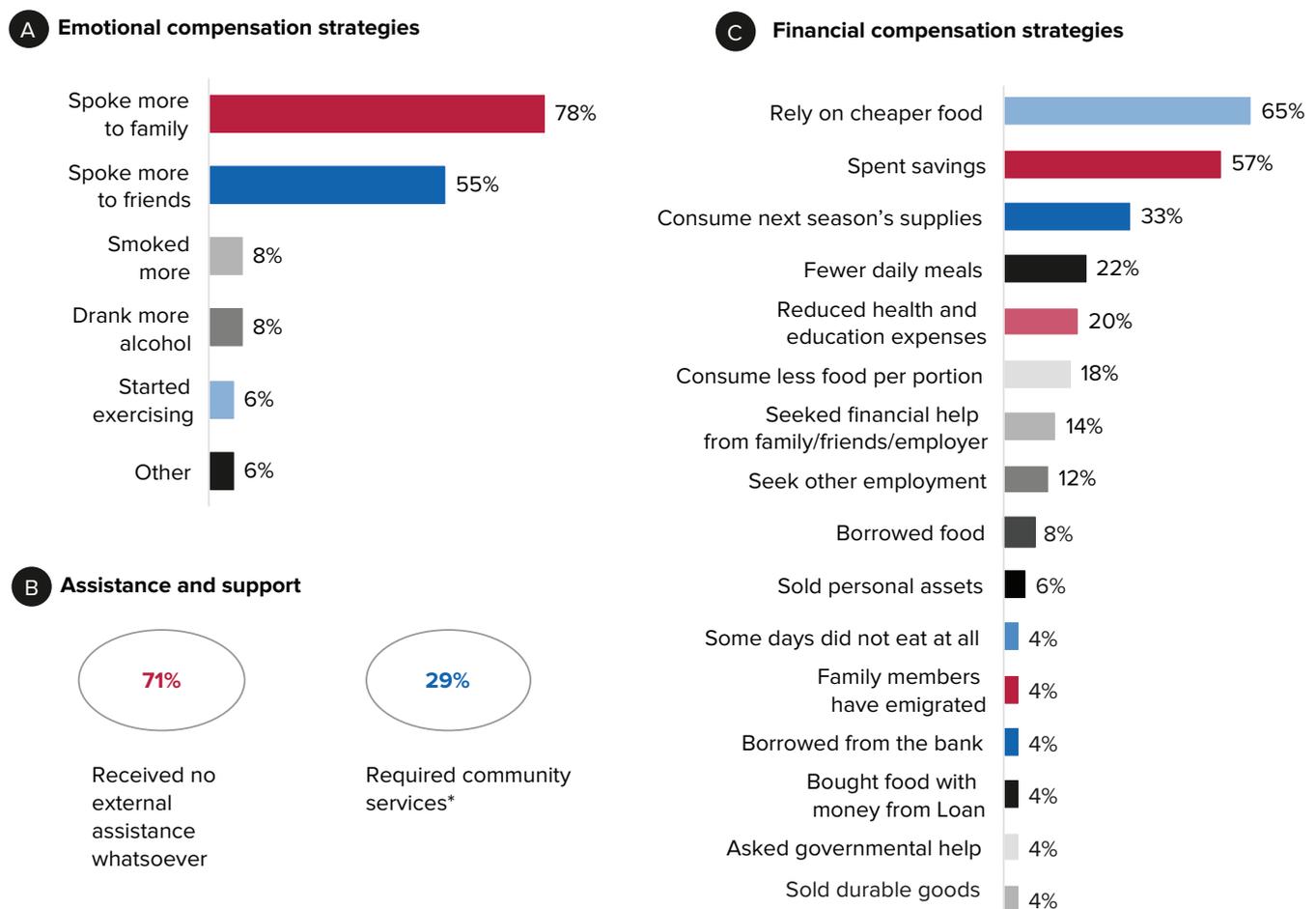
46-55 age group female with income lower than local community average

Source: UNDP, Cognitive Edge

The main compensation emotional compensation strategy for poor households in the PwC sample was speaking more with family members (78%), and increased conversations with friends (53%). Some less healthy coping mechanisms were observed, with 8% reporting smoking more and 8% drinking more alcohol. Also, 6% mentioned starting exercising. By and large there were positive outlets for coping with the situation, however some pockets of discouragement and unhealthy behaviours were observed.

Almost a third of poor households received direct support or assistance (29%) during the pandemic period, mostly from public authorities, but also from charities and NGOs. A share of 29% declared they required community services (social worker, social canteen, help with food delivery, etc) during the pandemic period.

Figure 75. Coping mechanism of poor households [%], 2020



Source: PwC Vulnerable Groups survey

Financially, poor households relied on two primary mechanisms to cope: first, relying on cheaper food (65%) and second spending savings (57%). In the same vein, consuming next season’s supply was mentioned by 33% of respondents, and fewer daily meals by 22%. These survey findings are consistent with the other sources and point to the precariousness of options that poor households have in dealing with financial impact, thus being forced to reduce the most basic consumption (including medical and educational expenses, which were cut by roughly 1 in 5 poor households in the sample, the highest of all vulnerable groups).

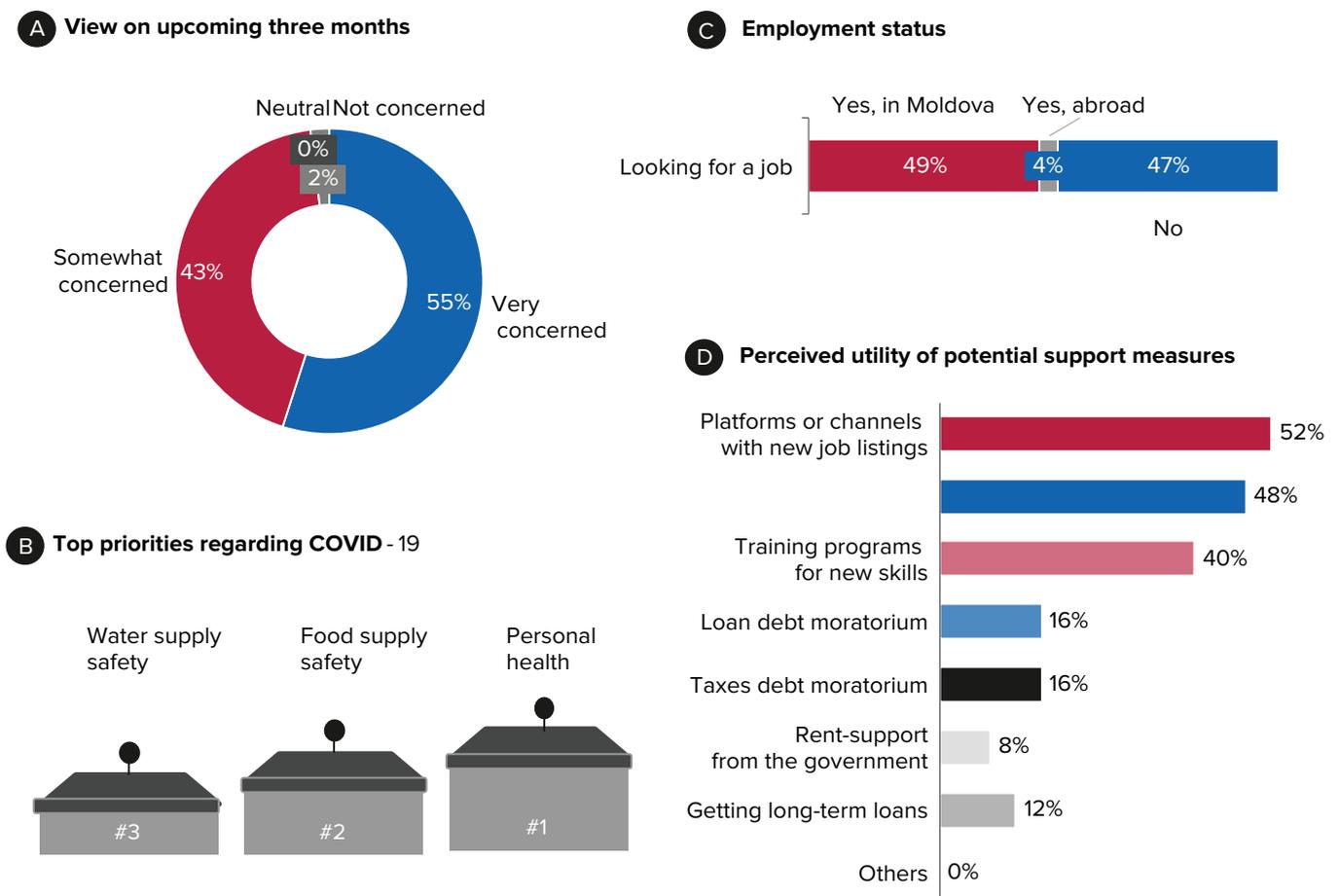
Other notable financial strategies that is distinct from the other vulnerable groups is the willingness to seek financial help from family, friends or employer (14%). Seek other employment was cited 12%, perhaps indicating a lack of confidence on behalf of poor households in finding a better job.

Prospects and recovery needs

Poor households showed clear concerns for the next three months, with 53% being very concerned and 43% somewhat concerned. The list of priorities regarding COVID-19 was topped by the need to safeguard personal health and emerge sheltered out of the pandemic. Secondly, safeguarding the food supply was deemed to be important. Thirdly, poor households mentioned water supply security and access to drinking water.

From an employment perspective, 49% of household stated they are looking for a job in Moldova and 4% abroad. From the rest that were not looking for a job, a good majority (46%) were doing housework or caring for the family, with 8% that gave up looking after unsuccessful attempts of finding a job in the recent past (an elevated number versus the other vulnerable groups).

Figure 76. Prospects and recovery needs of poor households [%], 2020



Source: PwC Vulnerable Groups survey

As a consequence, the most useful support measures cited had a dual character: on one side measures to encourage and develop the labor market positions (platforms with new jobs listings 52%, training for new skills 48%), and on the other side direct financial relief to weather out the storm (unemployment benefits 48%, loan debt moratorium, 16% and taxes debt moratorium, 16%).

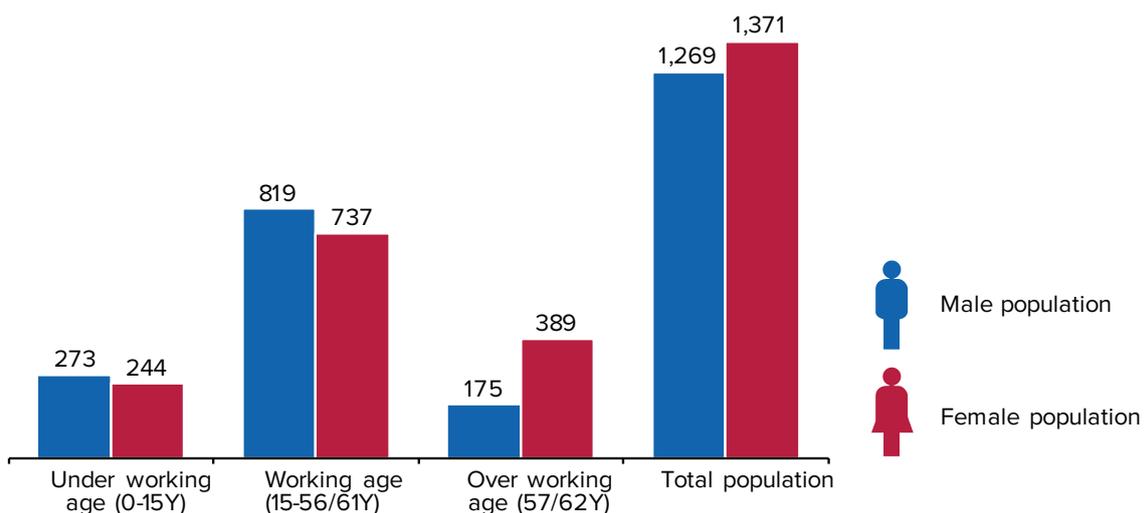
Changes in livelihoods expanded number of people who could not afford food or perceived the increase in food prices (67% considered that the food prices were rising). Scarcity of financial means to acquire medication and food makes it prohibitively expensive for some people to fulfil basic needs. A better preparedness would partially solve a little bit of anxiety. Less food waste and more initiatives for reaching with basic items the most disadvantaged can bring care for the underserved.

3.3 Vulnerable women

Women in the Republic of Moldova had a pre-existing vulnerability before COVID-19 with gender equality being one of the Sustainable Development Goals of the country. Efforts have been made for women and girls to enjoy gender equality in the society. However, COVID-19 pandemic is considered to have deepened inequalities between genders and to have a high impact on women both in terms of severity and duration.

Moldova has a representative female population, 52% of the total usual residences being women. While looking at the gender ratio per main categories of age groups, the female population significantly exceeds the male population in the over working-age category, with a total of 389 thousand women versus only 175 thousand men. For the other two categories, under working-age and at the working-age, the male population is higher than the female one. This is the result of a longer life expectancy for women, reaching 75.1 years in 2019 versus 66.8 years for men, but also of the fact that the retirement age is lower for women (57 years), compared to 62 years for men.⁸⁷ Therefore, a larger share of the female population depends on pensions compared to the male population.

Figure 77. Total population per gender and main age groups, 2020 [thousands]

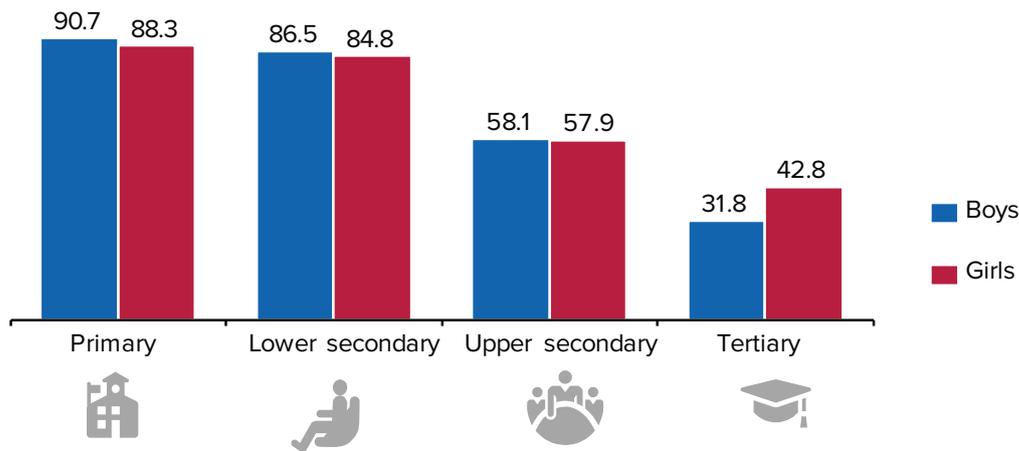


Source: NBS

In order to reduce vulnerabilities, women should have equal access to education, to jobs, as well as equal income level and treatment in the society.

In terms of education, statistics in the Republic of Moldova show that enrolment rate in primary and secondary education was higher for boys than it was for girls in the 2018-2019 academic year.

87 NBS

Figure 78. Enrolment rate by gender and level and education, 2018/2019 [%]

Source: <https://genderpulse.md/en/education/enrollment-in-education/enrollment-rate-by-level-of-education>

However, young women seem to be more ambitious than young men in continuing their studies: the enrolment ratio for females in tertiary education was 42.8% in 2018-2019, compared with the one for men, which was only 31.8%⁸⁸. Furthermore, the literacy rate registered in 2018 for women was slightly higher than that of men 99.5% versus 99.0%. Overall women in the 25-64 years age group, which represents a large proportion of the working age category, are more educated than men from the same age segment⁸⁹.

Despite the above considerations regarding the education level, the discrepancy between women and men in labor participation and employment rates is considerable. Women in Moldova receive less opportunities in the labor market compared to men and they are compensated with lower remuneration levels. This means that even before the coronavirus, gender parity had been uneven. With women staying at home to take care of the children, the gap can become even higher.

The gender gap in NEET youth is also significant, 35.5% of the females versus 19.4% of men between 15-29 years being part of this category.⁹⁰ This fact emphasizes the lack of fair opportunities for women in the labor market, despite the higher education data provided above.⁹¹

Women get married at a younger age compared to men. Although this trend is more obvious in rural areas, urban areas present also significant difference in the number of women getting married early compared to men. At national level, the number of women getting married younger than 25 years old, was doubling the number of men in 2019.⁹² Starting-up a family from a very young age has a direct impact on building up a career and thus becoming financially independent. Moreover, marriage before the age of 18 is a human right violation which can lead to a lifetime of disadvantages and deprivations⁹³.

In general, in Moldova, the perception is that women should be the ones to take care of households and be responsible and more involved in child education. Hence, additional burden on women is that the virus is significantly increasing the stress of unpaid care, which is disproportionately carried by women. Also, another common conception is that women take away jobs from men. Consequently, women are disadvantaged in building a career or becoming financially independent.⁹⁴

⁸⁸ NBS

⁸⁹ According to data of 2018 in the NBS

⁹⁰ NBS

⁹¹ Inclusion of youth not in employment, education or training (NEET youth), UNFPA, 2017

⁹² NBS

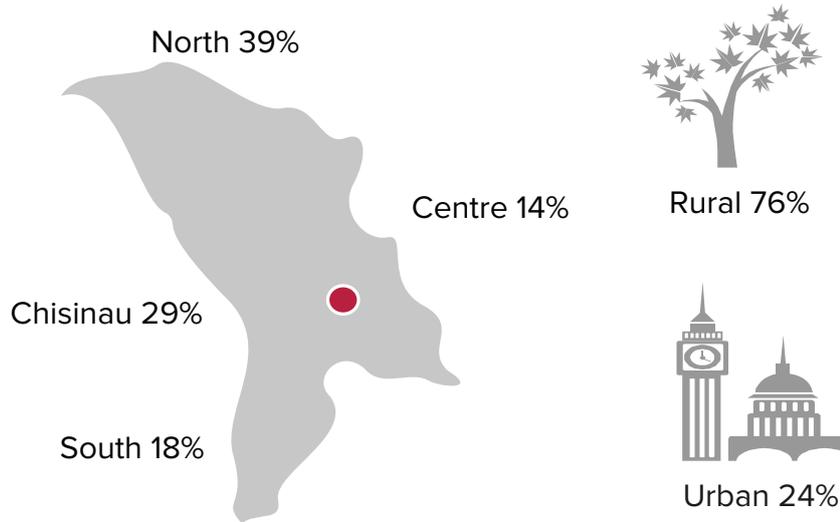
⁹³ UNDP, Sustainable Development Goals report 2020

⁹⁴ Impact of COVID-19 on Social Cohesion, UNDP, July-August 2020

Another common conception is that women take away jobs from men. As a consequence, women are disadvantaged in building a career or becoming financially independent.⁹⁵

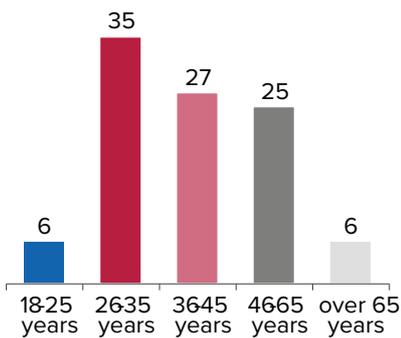
The profile of the woman participating in the survey conducted by PwC on Vulnerable Groups is living in the rural area, in a separated house, married and living in a household with 3-4 family members. The largest share of the respondents is in the age group 26-35 years and has secondary educational level. More details of the characteristics of the respondents are presented in the figures below.

Figure 79. Distribution of participants in the survey per regions, [%]



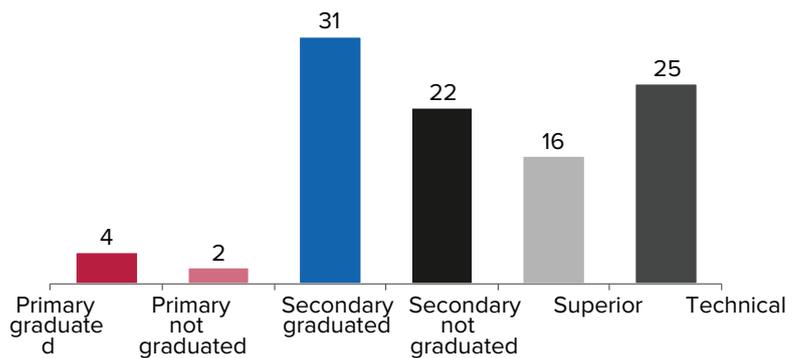
Source: NBS

Figure 80. Distribution of participants in the survey according to age, [%]



Source: PwC Vulnerable Groups Survey

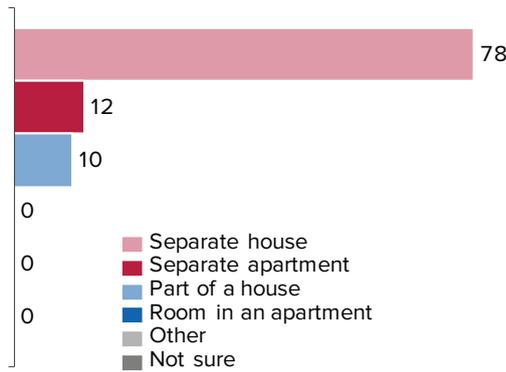
Figure 81. Distribution of participants in the survey according to education, [%]



Source: PwC Vulnerable Groups Survey

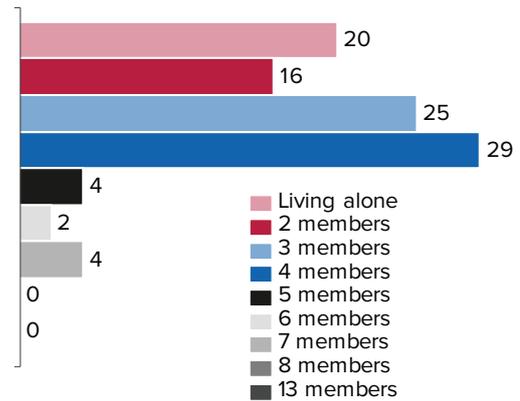
95 Impact of COVID-19 on Social Cohesion, UNDP, July-August 2020

Figure 82. Distribution of participants in the survey according to age, [%]



Source: PwC Vulnerable Groups Survey

Figure 83. Distribution of participants in the survey according to education, [%]



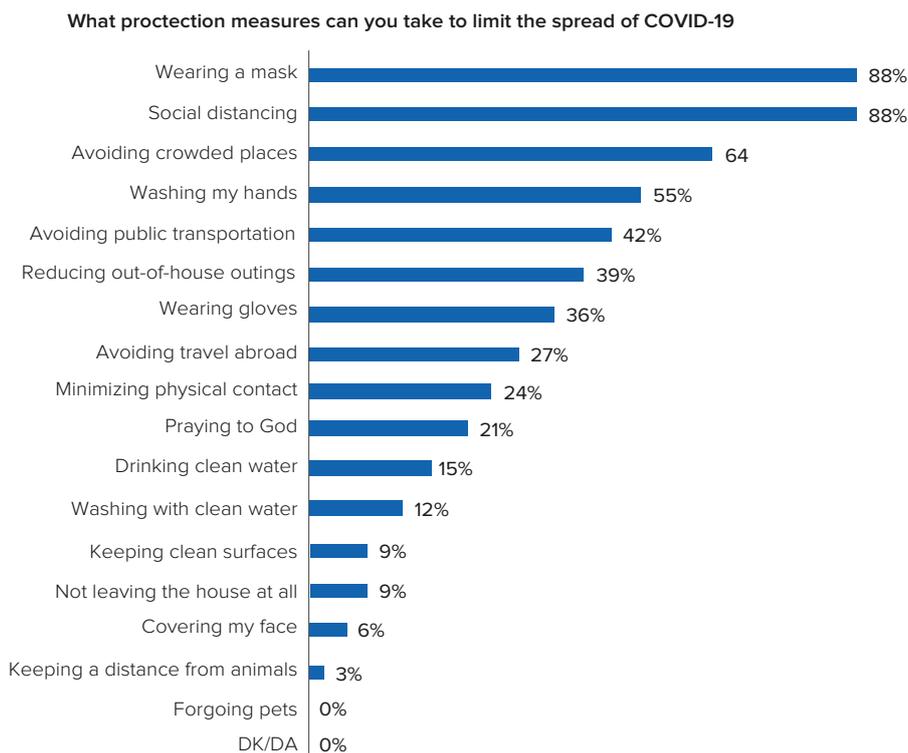
Source: PwC Vulnerable Groups Survey

Quarantine Status

Most of the participants in the survey conducted by PwC, did not have their health directly affected by the coronavirus, nor their family members: only 2% had a COVID-19 case among the household members, while 16% had symptoms but were not tested. According to them, 82%, did not have any family members in the household with COVID-19 symptoms. Furthermore, only 2% of the respondents have a family member in self isolation.

A large share of the respondents of the survey (73%) stated that they had sufficient information related to COVID-19 in the language they know best, however 16% considered the information insufficient and 12% declared that they did not have access at all. The protection equipment, such as masks, gloves and disinfectants, were not enough for a large part of the respondents, with 22% declaring they did not have at all and 37% had but not at an adequate level. On the positive side, 41% of the women participating in the survey considered that they had sufficient equipment to protect themselves. The result is in line with the survey conducted by NBS⁹⁶, 42% of the women respondents have faced difficulties in obtaining face masks and gloves.

Figure 84. Vulnerable women’s views on COVID-19 protection measures, [%], 2020



Source: PwC Vulnerable Groups Survey

96 NBS Ad-hoc module on COVID-19 impact on the population

Since the COVID-19 pandemic emergence, in mid-March, kindergartens and schools were closed. This put pressure on parents in supervising the online learning activities of their children and on supervising them. The pressure was more acute for women, since **they typically dedicate more time for childcare than men do**, while they have also taken the burden of the most demanding work in the household: cleaning, cooking. According to the survey conducted in order to assess the impact of COVID-19 on gender inequality⁹⁷, **27% of the Moldovan female working population have worked from home, compared to 14% of the employed men**. On the other hand, the share of unpaid care and domestic work performed by women was higher than it was for men: 40% of women reported increased time spent on care work versus 38% of men and 79% of women reported increased time spent on unpaid domestic work versus 68% of men. According to the survey performed by PwC, 96% of the respondents have allocated time to housework during the pandemic.

Working from home has helped women to protect themselves and their families better from infection with coronavirus. However, on the other side, the downsides were:

- increased social isolation on women
- increased difficulty in getting a job for the ones which were not working when the pandemic started, as well as for the ones who had to reduce the time allocated for work, in order to take care of children during the pandemic.
- future risk that the work of women working from home will be considered inferior to the one performing from the office⁹⁸

Vulnerable women, micronarrative snippet #8

“During the pandemic we went through new experience and we felt a great disruption on our daily activity. Having to work from home it was very difficult for me to cope with the duties of a parent with a first-grade student who had online lessons. Combining the service with the child’s online lessons requires greater effort to cope. The fact that we were not prepared for these unforeseen situations caused by the COVID-19 pandemic and the fact that the school, of course, was not ready to face the new challenges, led to a considerably increase on the burden on parents. During the school period I felt more like a teacher than a parent and i understood this pandemic has generally changed the roles in society of every citizen and made us much more responsible. Now we need to have more scenarios and strategies ready to deal with and ensure the continuity of things that started before the pandemic.”

26-35 age group female

Source: UNDP, Cognitive Edge

The COVID-19 has affected women disproportionately. Leading the household in terms of basic needs, with the crisis evolving and transforming family resources scarce, the higher burden was perceived by women. Another financial stress was added if digital devices should be procured, for the period when the children’s schooling has gone online. The survey conducted by PwC has found also that **remote education has placed extra pressure on the mothers**. A number amounting at 48% of the respondents had children enrolled in school, with 63% declaring that the school where their children were enrolled was operating fully remote, 29% were partially operating, whereas for 8% remote schooling was not available. Many respondents **(67%) have found it difficult to organize online schooling for their children** and 21% could not organize at all. Lack of devices, proper internet connection and knowledge on how to connect to the internet were also causing problems for the mothers

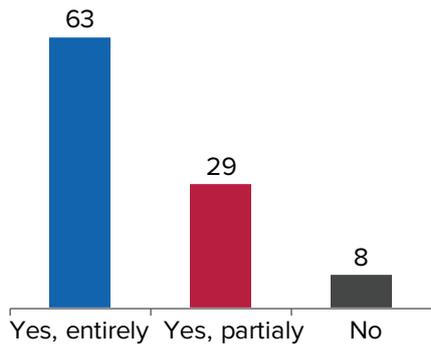
⁹⁷ COVID-19 impact on gender equality and women’s empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

⁹⁸ COVID-19 impact on gender equality and women’s empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

who were trying to assist their children in participating properly in online schooling. Overall, the quality of online schooling was perceived as poor (50%) and very poor (17%) by most of the respondents.

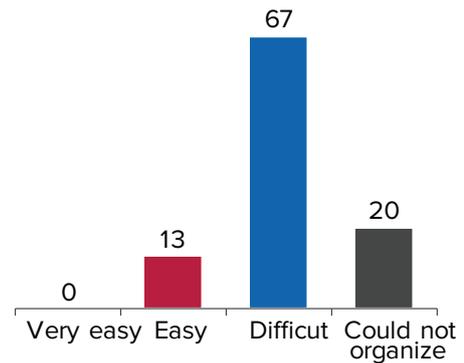
On the other hand, there were also mothers who considered it easy (13%) to assist their children in online schooling, who benefited from enough devices (25%), internet connection (46%) and know-how on the use of internet (50%). Therefore, the quality of online schooling for them was good (33%). But no mother has considered that online schooling was easy for them or that the quality of the online schooling was very good.

Figure 85. Online schooling, [%]



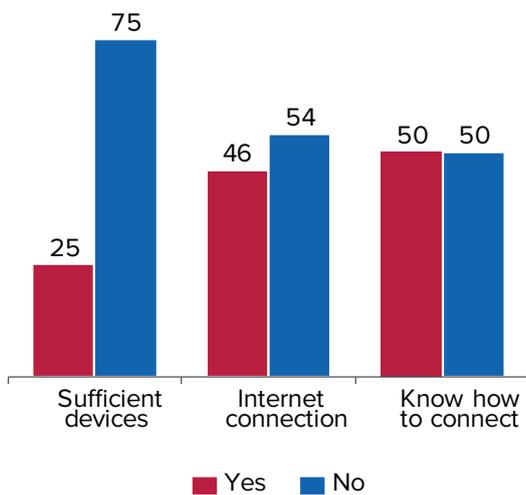
Source: PwC Vulnerable Groups Survey

Figure 86. Online schooling impact on the respondent, [%]



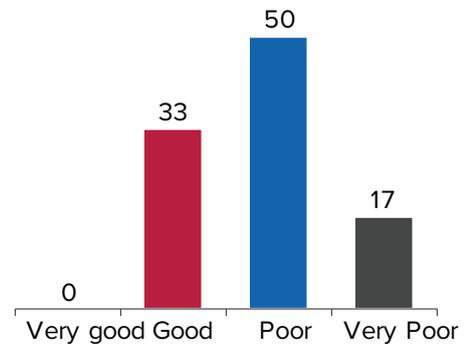
Source: PwC Vulnerable Groups Survey

Figure 87. Necessary devices and equipment, [%]



Source: PwC Vulnerable Groups Survey

Figure 88. Quality of online schooling, [%]



Source: PwC Vulnerable Groups Survey

According to the study performed by UN women, “Assessment of COVID-19 impact on gender roles” (September 2020), the COVID-19 pandemic accentuated the inequalities related to sharing the care responsibilities. The discontinuity of the school in person overloaded the parents, with a special spotlight on women. The overall process means, besides the supervision of children’s remote schoolwork, home care work plus dedicated several hours to do lessons with children. According to this study⁹⁹, data shows that during the COVID-19 crisis over 50% of women dedicated several hours daily for children’s homework.

99 Assessment of COVID-19 impact on gender roles, The research was carried out by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in partnership with ‘Partnership for Development’ Centre (PDC) and financed by Sweden. Data were gathered by the Centre for Sociological Investigations and Marketing ‘CBS-AXA

COVID-19 pandemic has deeply affected women not only in terms of wealth, but **in terms of mental and emotional health as well**. The survey conducted by NBS¹⁰⁰ has found that almost **40% of the survey women as heads of households have suffered from depression, anxiety or stress during the pandemic**. Amidst the tragic human and economic loss during pandemic, some of society's most vulnerable groups are at heightened risk: victims of domestic abuse confined to an unsafe home. Factual, domestic violence has increased during social isolation for a large proportion of the female population. With a change in parameters of the livelihood (job loss, increase in remote work and education, quarantine), many domestic abuse cases that closed ones would have spotted and even reported remain unknown. Domestic abuse shelters have less capacity due to social distancing rules. Travel restrictions limit potential of running. House visits that social workers normally conduct to follow up on former victims have been significantly reduced. According to the survey conducted for COVID-19 impact on gender equality and women's empowerment in Moldova, **46% of the women respondents fear domestic violence**.¹⁰¹ During this survey, UN Women Moldova conducted interviews with victims of domestic violence and with organisations involved in the fight against domestic violence and according to its results, women living in the urban area were more vulnerable to violence during the state of emergency (between 64% and 80% of calls to specialised organisations). Most of them were mothers to 1-3 children, aged between 25 and 45 (fewer are older than 60) and had secondary education (80%). Further to the increase of domestic violence due to higher pressure on some households coming from income scarcity, social distancing, fear of disease, the circumstances were even more unfavourable due to the fact that social shelters had to be closed for healthcare safety reasons and women in need lacked a place to go when subject to domestic violence.¹⁰²

The survey conducted by PwC had a more positive result, with 88% of the respondents declaring that they did not face domestic violence. Although our survey did not ask specifically about gender-based violence for ethical reasons, the risks of gender-based violence (GBV) can be heightened during times of crisis and isolation, when women remain confined with abusers and cannot access essential support mechanisms or are not aware of their existence. Based on the answers received from the questionnaire, 6% of the women admitted that they were victims of domestic violence while another 6% preferred not to answer. The encountered violence was physical and psychological/ emotional and all the victims declared that they pressed charges. All the participants in the survey responded to whether they know where to press charges or to request counselling services in case of domestic violence and it turns out that the majority of them **(84%) know where to press charges**, but **53% do not know where they can find counselling services**.

Employment, Sources of Livelihood and Expenditures

The labor participation rate in the Republic of Moldova in Q2 2020 is 35.6% for women compared to 44.8% for men and the employment rate is 34.3% for women compared to 42.6% for men.. Women also lack effective opportunities for participation in decision making in the public and private sector. In 2018, there were 33.3% women in ministerial positions, 20.8% women Members of Parliament, 19.4% women in the police forces, while 48.3% of the judges were women.¹⁰³ Around 10% of women active in the labor force are self-employed versus 25% of men¹⁰⁴. Moreover, women have a lower income than men in most industries. During crises, daily wage earners are likely to lose their jobs and be unable to access formal income replacement mechanisms such as furlough schemes. The biggest threat to food security and livelihood is faced by women. In addition, women working in agriculture often have restricted mobility, lower access to liquidity than men. In times of crisis, their farm productivity and food security will likely be hit hard.

¹⁰⁰ NBS Ad-hoc module on COVID-19 impact on the population

¹⁰¹ COVID-19 impact on gender equality and women's empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

¹⁰² <https://moldova.unwomen.org/en/noutati-si-evenimente/noutati/2020/08/gbv-rapid-assessment>

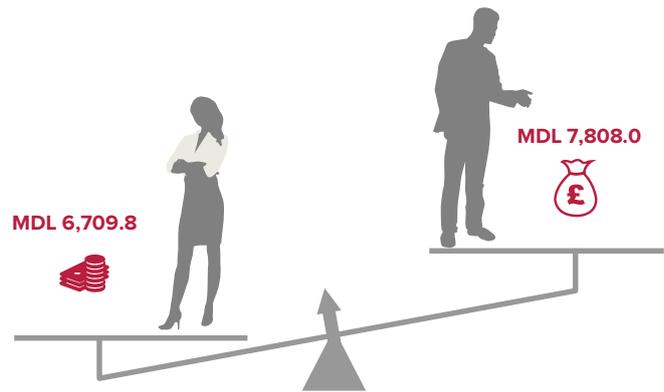
¹⁰³ NBS

¹⁰⁴ NBS

From the survey conducted by UN Women¹⁰⁵, it resulted that **50% of the sources of income for women is represented by social benefits and remittances**, while the situation is even worse for women from rural areas for which 30% of their source of income is represented by remittances, highlighting a tighter dependency. According to the survey conducted by NBS¹⁰⁶, **30% of the households headed by women have lost remittances due to the pandemic**.

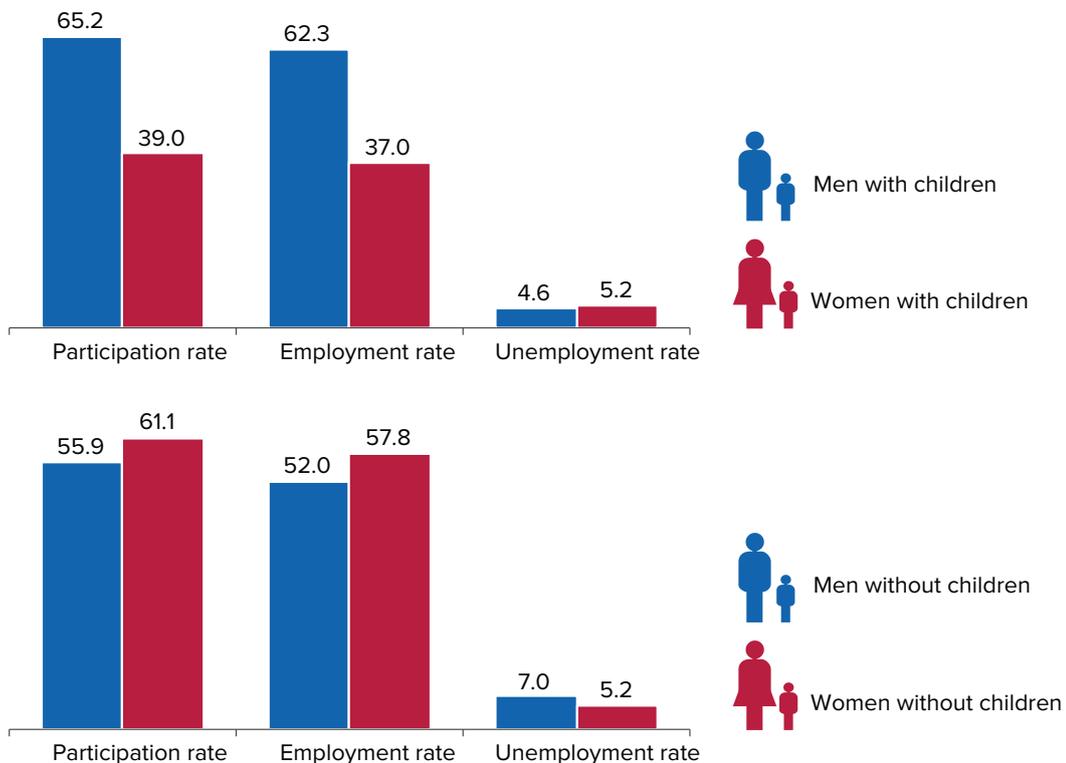
Remittances are expected to drop significantly due to COVID-19 crisis¹⁰⁷, estimates being in the range of 24-40% decrease in 2020 compared to 2019. Furthermore, remittances will likely recover slower than salaries due to cross-border circulation issues, therefore the socio-economic impact duration is likely to be longer for women than for men. According to the forecasts of the World Bank (as of April 2020), in 2020 remittances will decline suddenly all over the world by about 20 per cent, because of the associated economic crisis. In case of women, which are highly dependent on remittances, as it was exposed before, probably some of them will be pushed below the poverty threshold.

Figure 89. National average gross salary by gender, 2019 [MDL]



Source: NBS

Figure 90. Labor force participation, by gender, by presence of children 0-6 years, 2019 [%]



Note: Participation rate represent Labor Force Participation rate
 The rates are calculated for the population aged 20-49 years
 Source: NBS

105 COVID-19 impact on gender equality and women’s empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

106 NBS Ad-hoc module on COVID-19 impact on the population

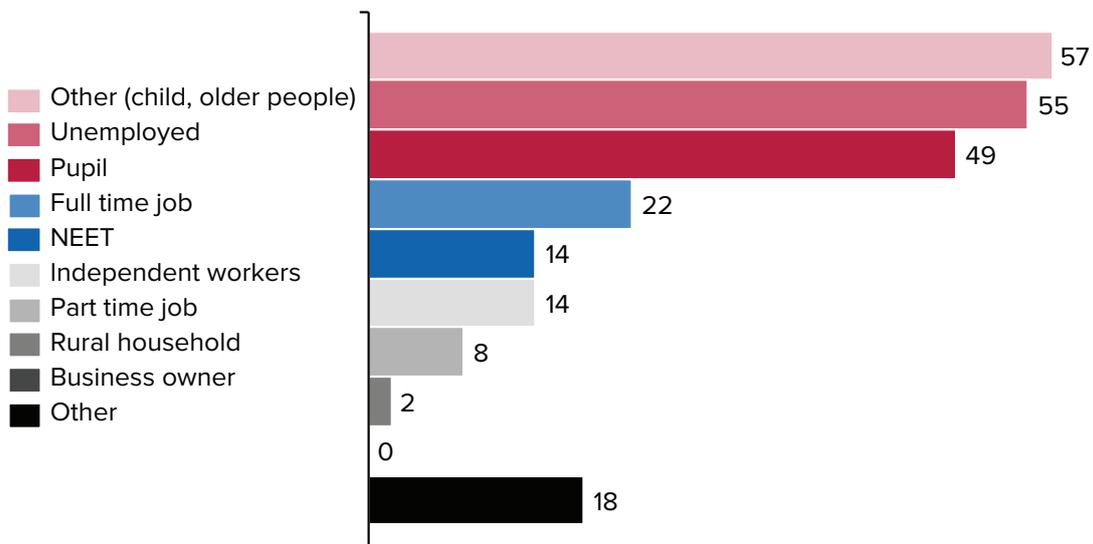
107 Oxford Economic, German Economic Team

Statistical data also confirms that **the share of working women with children is much lower than the share of working women with no children**. These are the consequences of unequal division of care responsibilities in the Moldovan family, which is dominated by highly traditional gender norms about children care and household responsibilities and where support policies prove to be ineffective.¹⁰⁸ The expectation is that COVID-19 crisis will further aggravate the care roles and household responsibilities and it will push even more women out of the working market.

In total employed population, women take 47.8% and men 52.2%, however COVID-19 pandemic has affected more the working female population than the male population. As per the data provided by the National Bureau of Statistics, 24.4% of the total employed population was affected by the COVID-19 pandemic, out of which 60.5% were women.¹⁰⁹

Following the survey conducted by PwC on Vulnerable Groups, in which 76% of the respondents are from the rural area, it resulted that a large share of their household’s members is made up of children and/or older people, unemployed and pupils. Very few respondents were independent workers and none of them was a business owner.

Figure 91. Main activity of household members, [%]



Source: PwC Vulnerable Groups Survey

The economic sectors in which the respondents or their family members activates are: construction, agriculture and a lower share among them work in light industry, healthcare, financial sector, public sector. As it is presented in Chapter 4.5 of this report, the agriculture sector was not heavily impacted by the COVID-19 pandemic and the majority of the respondents stated that they faced low impact and could work on the land without registering losses. The average monthly income of the women who participated in the survey is MDL 1,021 (~EUR 52) per family member and 71% stated that they do not have any debt on the household, easing a bit the pressure on the income.

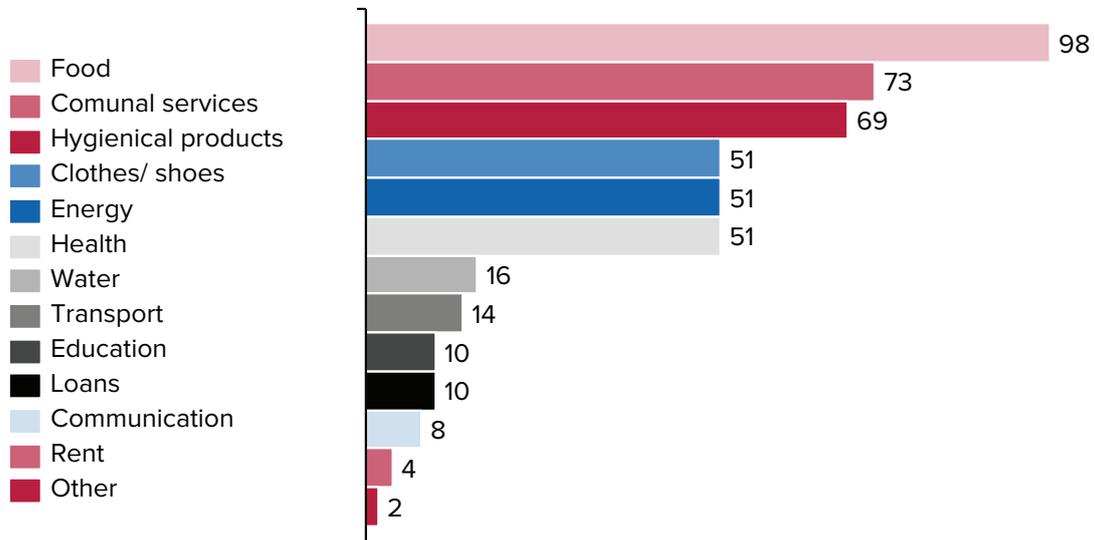
Having a quite high unemployment among household members and a low income can cause financial constraints for women. Given that a large share of them are from the rural area and have separate houses, they could practice agriculture for subsistence, but they would still lack financial resources for utilities, protection equipment against COVID-19, sanitation products, health services and so on.

¹⁰⁸ COVID-19 impact on gender equality and women’s empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

¹⁰⁹ NBS

As it resulted from the survey, most of the income of vulnerable women goes on food, communal services and hygienical products. Half of the interviewed women were spending money on healthcare, clothes and shoes and energy services. With an even lower share having financial resources available for education.

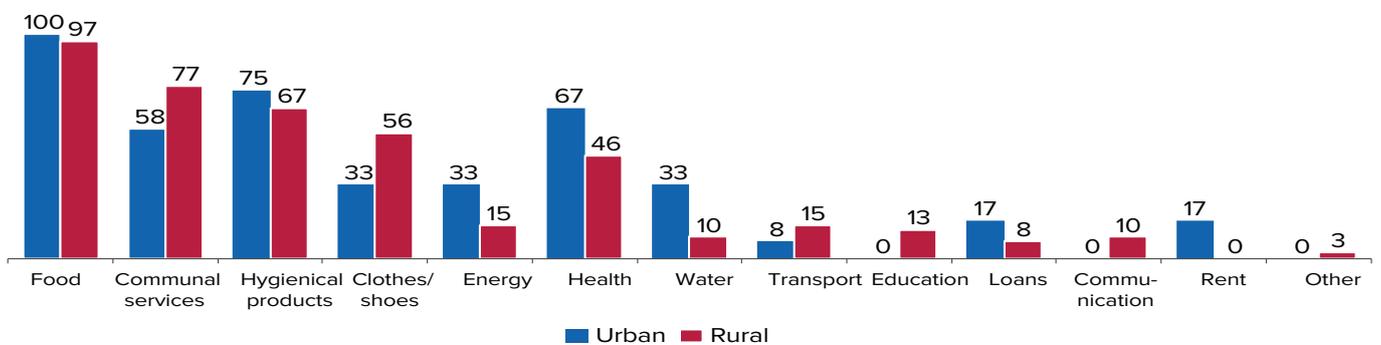
Figure 92. Expenses per type, [%]



Source: PwC Vulnerable Groups Survey

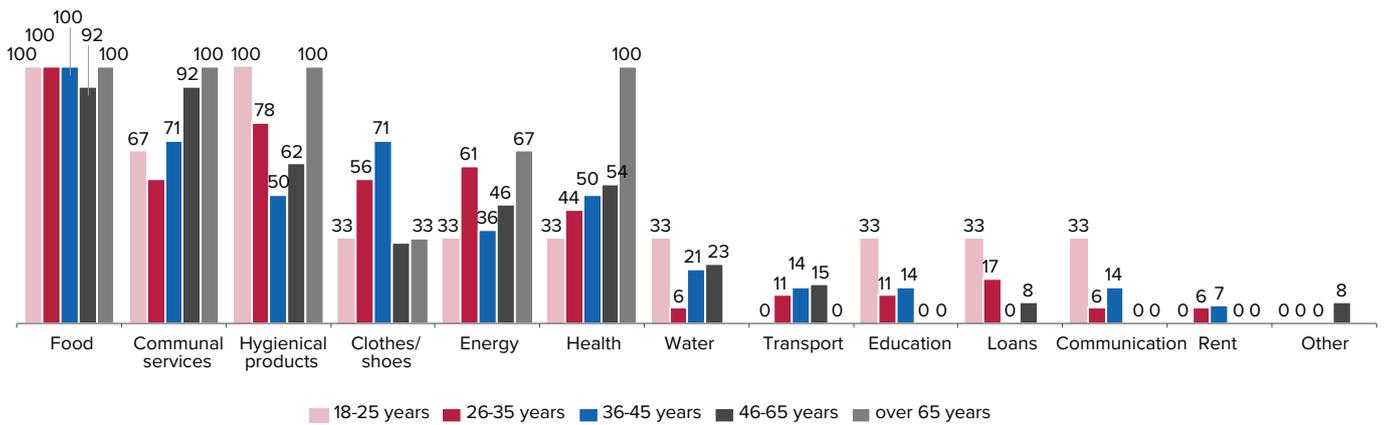
Although the participants in the survey conducted were mainly from the rural area than from urban area, some differences can be noticed. No matter the region where they live or the age category, all women spend money on food. Communal services are an expense which falls on the shoulders of more women from the rural area than the urban area (although in the same time, women from urban area spend more on utilities like energy and water), with older women spending more on communal services than younger ones. For hygienical products, a slightly higher difference is seen in the urban area versus the rural area, with younger and older women spending more than middle aged. Health is an important segment, showing that women from the urban area spend more on healthcare than the ones from the rural area, also this expense is more present in the household expenditure of women from the middle age and older people category.

Figure 93. Expenses per type, divided per area, [% of respondents]



Source: PwC Vulnerable Groups Survey

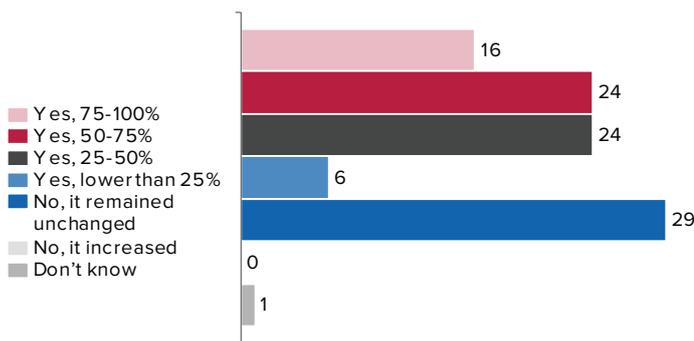
Figure 94. Expenses per type, divided per age group, [% of respondents]



Source: PwC Vulnerable Groups Survey

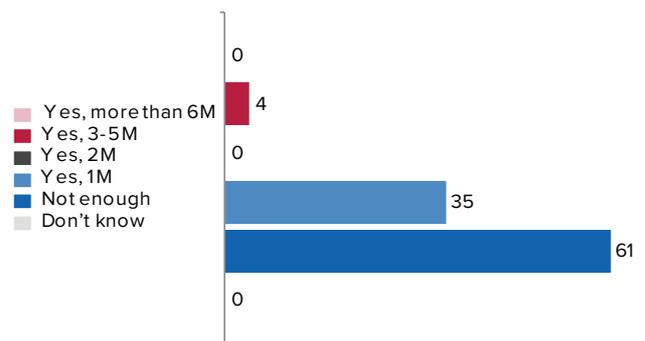
The consequences of the pandemic can cover more dimensions from financial constraints, to difficulties in performing their work and limiting their prospects for the future. **As a consequence of the pandemic, 25% of the respondents stated that themselves or their family members have lost their jobs.** According to the survey conducted by NBS¹¹⁰, 3% of the surveyed women have lost their jobs in Moldova or had family members in this situation, and 10% had lost their jobs abroad. The financial constraints of women in Moldova are a serious problem, with COVID-19 pandemic worsening the income level, 70% of the respondents of the survey conducted by PwC stated that they faced negative impact on their income and **61% do not have enough financial resources to handle everyday life.** In terms of saving, 35% had enough to cover one month, while only 4% had for 3-5 months. Considering that there is no end to the pandemic in sight, women in Moldova might be placed in a difficult financial situation.

Figure 95. Impact on the income, [%]



Source: PwC Vulnerable Groups Survey

Figure 96. How long will the income/savings last? [%]



Source: PwC Vulnerable Groups Survey

The impact on the income is different depending on the source of income. Women who depended more on an income from a job, have seen their financial situation deteriorating in 2020 compared to 2019 and being forced to spend their savings. On the other hand, women with income from agriculture or from state pension could actually notice an improvement during the past year. The result is in line with the survey conducted by NBS¹¹¹, 35%¹¹² of the women respondents who have a job have seen their income impacted.

110 NBS Ad-hoc module on COVID-19 impact on the population

111 NBS Ad-hoc module on COVID-19 impact on the population

112 PwC analysis

Table 9. Impact on the income depending on the source of income, [%]

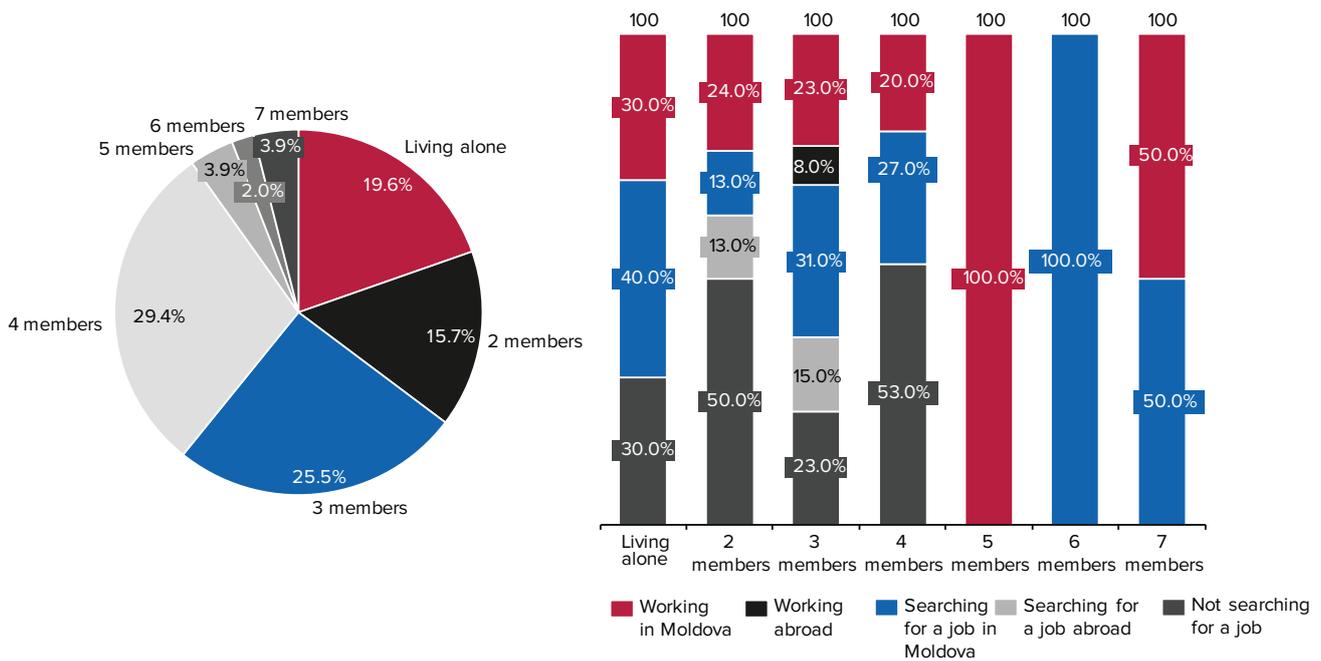
	2019	2020	Change
Income from agricultural household or fishing	20	24	↑
Income from a household business	0	2	↑
Income from a job	49	33	↓
Food, household agricultural products, raising animals or fishing	27	29	↑
Financial support from acquaintances abroad	16	16	↔
Financial aid from households in the country	8	8	↔
Income from real estate holdings, investments or savings	4	0	↓
Private pension	0	0	↔
State pension or other governmental support	43	45	↑
Charity/ donations from NGOs or other charitable organizations	6	6	↔
Other	0	0	↔
Don't know	6	6	↔

Source: PwC Vulnerable Groups Survey

The majority of the participants in the survey, either live alone or with up to 4 members in the household. In line with the statistical data from National Bureau of Statistics, women who live alone and have no children have a higher participation rate in labor and employment. As per the results of the survey, 70% of the women living alone work either in Moldova or abroad. As the number of members in the household increases, the share of working women decreases, highlighting the mentality in the country that women should be more involved in child and house care. What is alarming is that a high share of the participants is not looking for a job, namely 50% of the women from the households with 2 family members and 53% from the households with 4 family members. Meaning that they cannot improve their financial status in the foreseeable future.

Furthermore, 45% of the participants in the survey have stated that neither them nor their family members are looking for a job, due to the fact that they take care of household of the family (35% of the respondents not looking for a job), or they gave up on the research after repetitive research and not finding a job (13%). A large share of the respondents has also mentioned that they do not search for job for other reasons.

Figure 97. Number of family members in respondents' household and labor status of respondent [%]

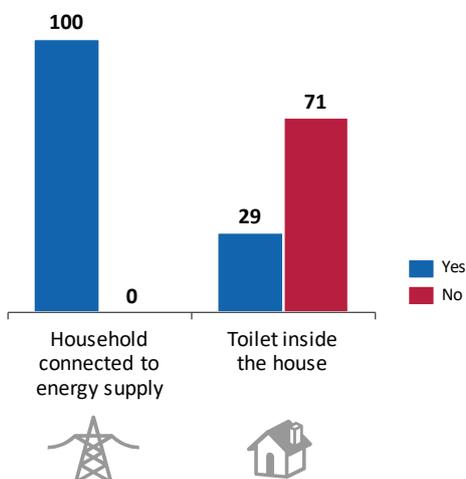


Source: PwC Vulnerable Groups Survey

Access to Foods and Basic Services

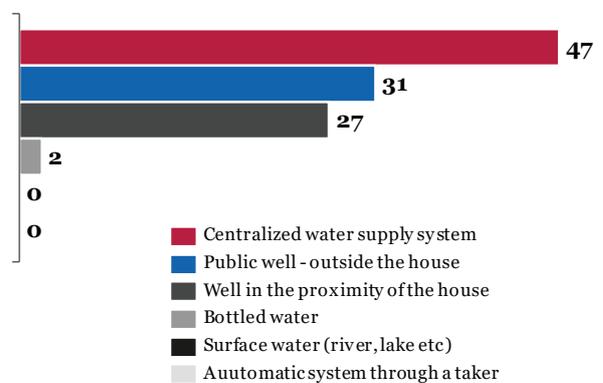
The survey conducted by PwC for Vulnerable Groups presented that the households in which vulnerable women live, still lack basic facilities which are necessary to secure a proper hygiene. From the respondents in the survey, all the women stated that they have energy supply, however 71% do not have a toilet in the house. In terms of water supply, not even half of the respondents have a centralized water supply system, with 31% depending on a public well and 27% of them having a well in the proximity of the house, like in their yard. Furthermore, 65% of the respondents do not have a sewerage.

Figure 98. House facilities, [%]



Source: PwC Vulnerable Groups Survey

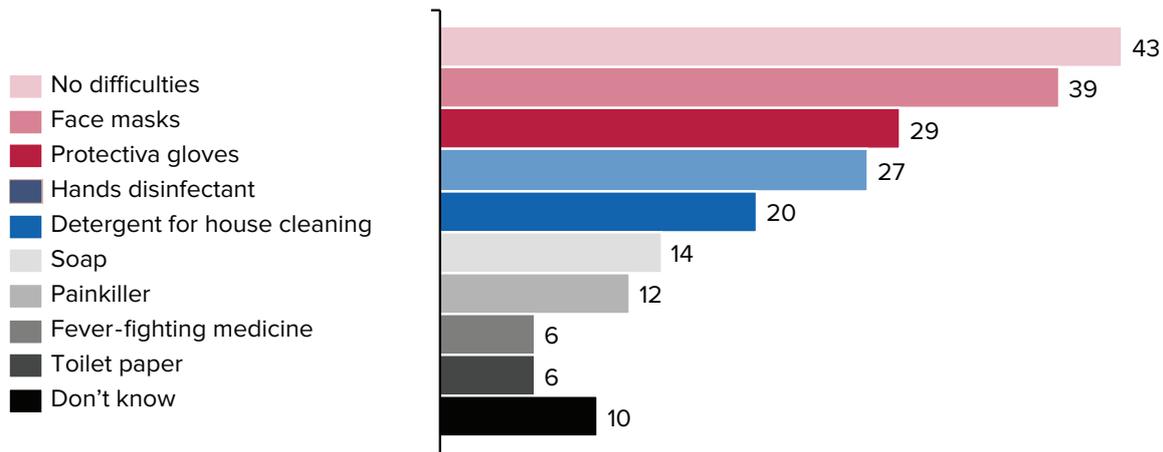
Figure 99 House water supply sources, [%]



Source: PwC Vulnerable Groups Survey

In order to respect the protective measures against COVID-19, every person should have access to basic facilities and utilities where they live and work, as well as have access to protective equipment. Access to drinking water was difficult for 31% of the vulnerable women participants in the survey, since their source of supply was unavailable at some point in the period March-June 2020. As already mentioned, according to the same survey performed by PwC, it turned out that 37% of the vulnerable women had protective equipment but it was not sufficient and 22% did not have at all, **most of the women lacked: face masks (39%), protective gloves (29%) and hands disinfectant (27%).**

Figure 100. Difficulties in accessing products during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

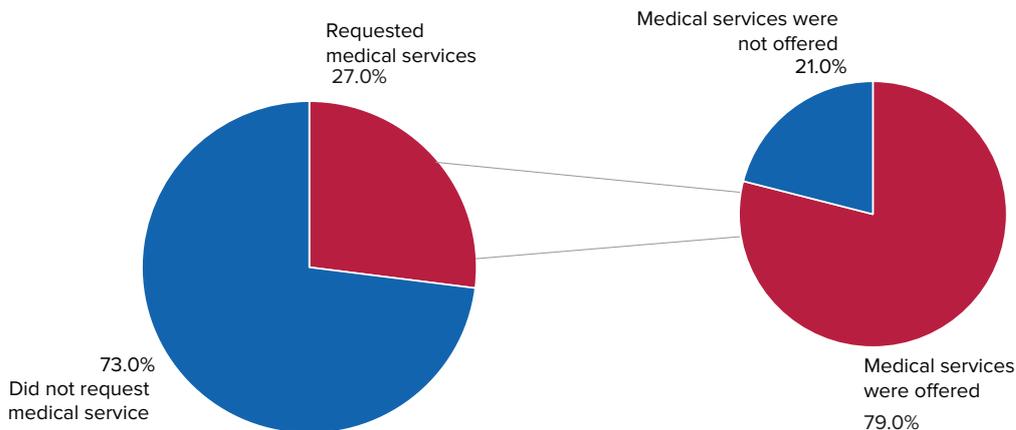
Food procurement also proved to be more difficult during the pandemic, due to the restrictions imposed, which have caused interruptions in the supply chains. According to the survey conducted, only 12% of the women had no worries on how they manage to supply their household with food products, **87% declared that they are worried due to the following: increase in food prices (65% of the respondents) and a limited supply for certain food products (22% of the respondents).** Furthermore, the survey conducted by UN Women Moldova¹¹³, has found that both women and men (23-24%) faced difficulties in food procurement due to market closure and the reduced opening hours of stores during COVID-19 pandemic.

At the onset of the pandemic, the initial restriction measures had limited access to medical services in order to turn focus in hospitals on COVID-19. Although the measures have relaxed since then, some people lacked necessary healthcare when needed. According to the survey conducted by PwC on vulnerable groups, 21% of the people who have requested medical services, were not offered one during the pandemic.

While 63% of the respondents have stated that access to medical services was more difficult during the pandemic, 14% have found that the access ran smoothly.

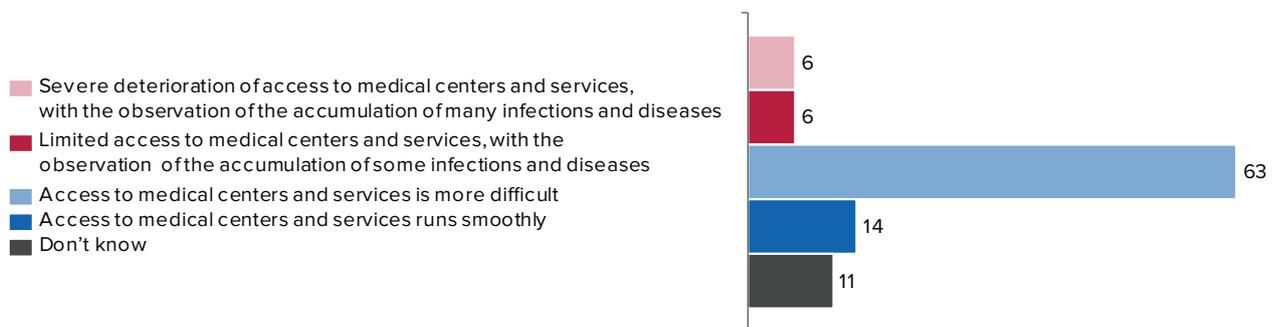
¹¹³ COVID-19 impact on gender equality and women's empowerment in Moldova, conducted by UN Women & Partnership for Development and financed by Sweden, April-June 2020

Figure 101. Access to medical services during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

Figure 102. Difficulty in accessing medical services during COVID-19 pandemic, [%]

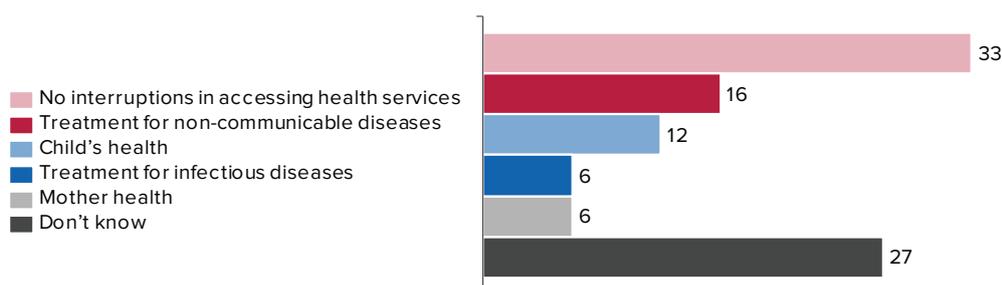


Source: PwC Vulnerable Groups Survey

When asked about the access to medical services during the pandemic according to the type of treatment needed, 33% of the respondents stated that there were no interruptions in accessing health services, while 16% had difficulties in accessing treatment for non-communicable diseases and 12% for child healthcare.

A survey by EEF and CPD found that health-wise, women reported more mental or emotional distress or diseases (48.4% versus 31.4% men). The prevalence of chronic diseases is considerable among women (39,4% vs 31,1%) (NBS, 2016). In the conditions of overcrowding of the health system, as well as restrictions of reducing contacts during the pandemic, the presence of chronic diseases increased significantly the vulnerability of women.

Figure 103. Access to medical services by type of treatment during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

According to the result of the survey conducted by NBS¹¹⁴, 15% of the women respondents have faced difficulties in accessing medical services.

Among the vulnerable women who participated in the survey conducted by PwC, 4% were pregnant and 50% of them were tested during the pandemic for HIV/ AIDS.

Coping Strategies

- **Protection against COVID-19 infection**

Although the majority of the participants in the survey have stated that they were not directly impacted by the virus, since they did not have cases in their household, they are aware of the protective measures and believe that applying them can help them avoid infection. The measures identified by a large share of the respondents are: wearing face mask (88%), maintaining social distancing (88%), avoiding public spaces and crowds (64%), washing hands (55%), avoiding going out of the house (39%) and unnecessary travel abroad (27%). This shows that the authorities were efficient in informing the population on what they must do to avoid getting infected with coronavirus.

Furthermore, a large share of the vulnerable women respondents, preferred to walk in order to avoid other means of transport, but 47% of them stated that they were using also public buses which is an option if private car is not available.

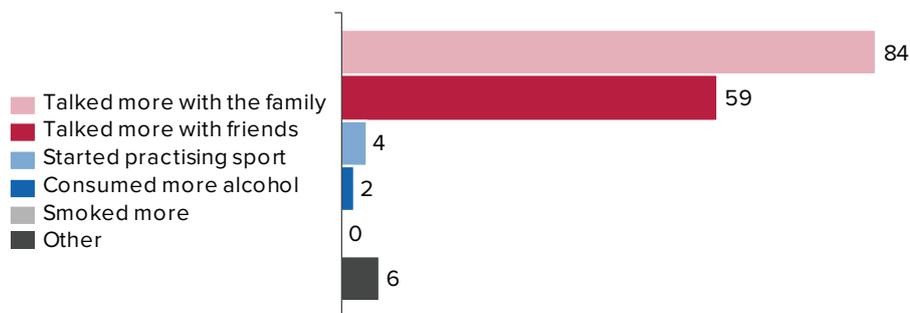
- **Reducing the burden of children education on parents**

Remote schooling has proved to be a burden on parents during the COVID-19 pandemic, especially on mothers since it is in the traditional mentality that women are responsible with childcare in Moldova. A large share (67%) of the respondents in the survey conducted by PwC on Vulnerable Groups, have stated that it was difficult for them to organize online school for their children, while 20% stated that they could not organize at all. During this survey it was found that only 21% of the respondents asked for help in organizing remote schooling and 60% of those have received the needed help.

- **Reducing emotional stress**

COVID-19 pandemic has impacted women mentally and emotionally and in order to cope with the stress many of the respondents to the survey have identified that they started to talk more with the family members and friends. A very small share has started to practice sport and an even smaller share consumed more alcohol.

Figure 104. Coping with emotional stress, [%]



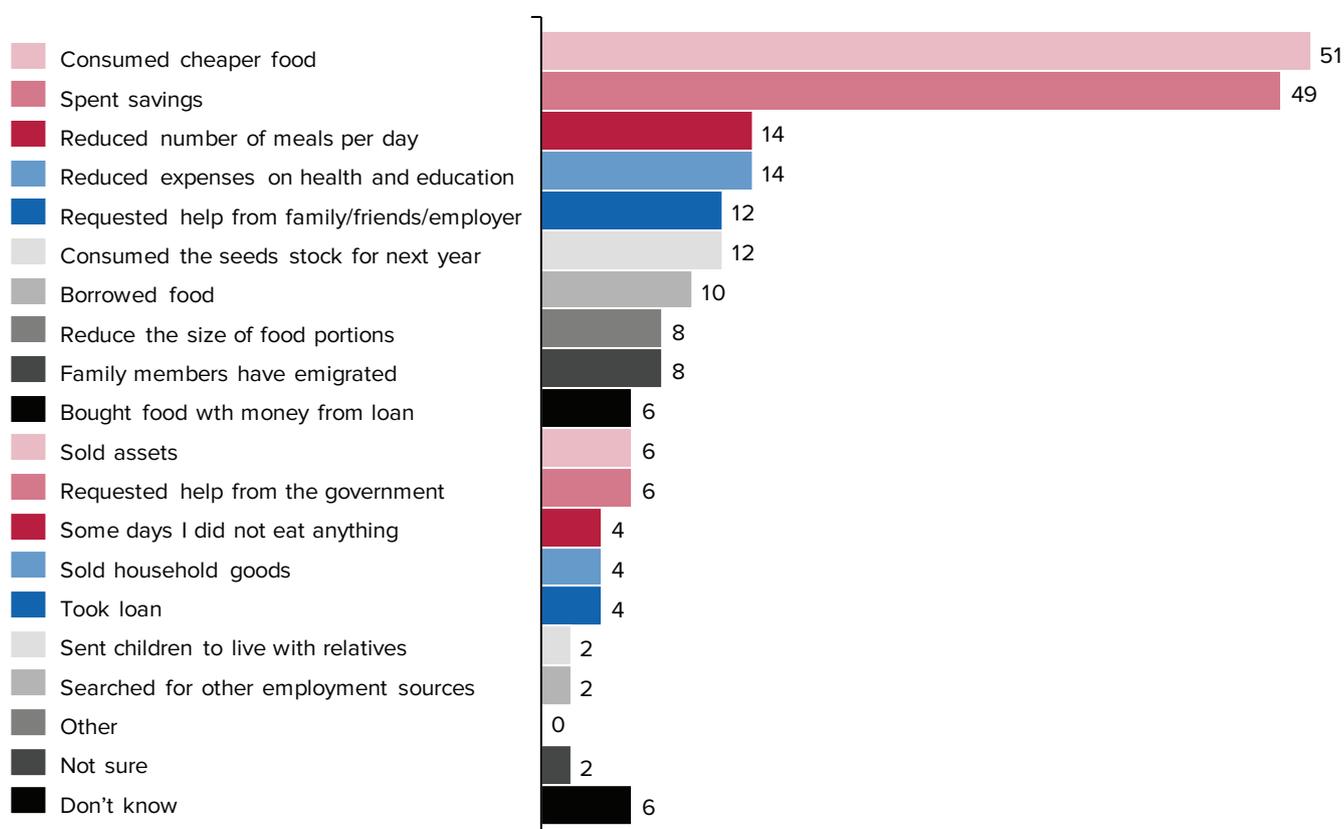
Source: PwC Vulnerable Groups Survey

114 NBS Ad-hoc module on COVID-19 impact on the population

• **Coping with deteriorating financial situation**

The survey conducted by PwC on Vulnerable Groups has confirmed that COVID-19 pandemic has deteriorated the financial situation of vulnerable women in Moldova: 25% of the respondents stated that themselves or their family members have lost their jobs, 70% of the respondents stated that they faced negative impact on their income and 61% do not have enough financial resources to handle everyday life. Vulnerable women in Moldova have to struggle with a very low income and/ or dependent on others for financial supply in the households, being in the difficulty to put enough money aside for difficult times, therefore 35% had enough to cover one month, while only 4% had for 3-5 months. Under these circumstances, many participants in the survey have consumed cheaper food, spent their savings, reduced the number of meals per day and the expenses on health and education. The result is in line with the survey conducted by NBS¹¹⁵, where most of the households headed by women have mentioned that they have spent their savings and consumed cheaper food in order to cope with a deteriorating financial situation.

Figure 105. Measures to cope with a deteriorating financial situation, [%]



Source: PwC Vulnerable Groups Survey

• **Coping with limited access to food and services**

Applying the protection measures against COVID-19 is more difficult for vulnerable women considering that a lot of them do not have proper facilities and utilities for a proper house and personal hygiene, such as: no toilet in the house, house not connected to centralized water supply. Also, the lack of protective equipment is an impediment, like: face masks, gloves, hands sanitiser.

The restriction measures applied by the authorities during the pandemic has limited the access of the population to food and medical services. According to the results of the survey conducted by PwC on Vulnerable Groups, respondents have increased consumption from hunting and/or fishing, have used food from their existing stock and ended up borrowing more or exchanging products, in order to supplement the lack of products in 2020 compared to 2019.

115 NBS Ad-hoc module on COVID-19 impact on the population

Table 10. Food consumption sources, 2019-2020, [%]

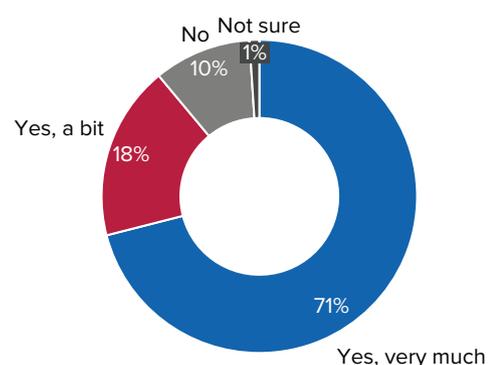
	2019	2020	Change
Buying from shops and market	88	88	↔
Own agricultural production	51	49	↓
Hunting/ catching	0	2	↑
Food stocks	25	39	↑
Humanitarian aid (government, NGOs)	4	2	↓
Gifts/ donations from family/ friends	16	16	↔
Borrowing or exchange	6	12	↑
Begging	2	2	↔
No food sources	0	0	↔
Don't know	0	0	↔

Source: PwC Vulnerable Groups Survey

Prospects and Recovery Needs

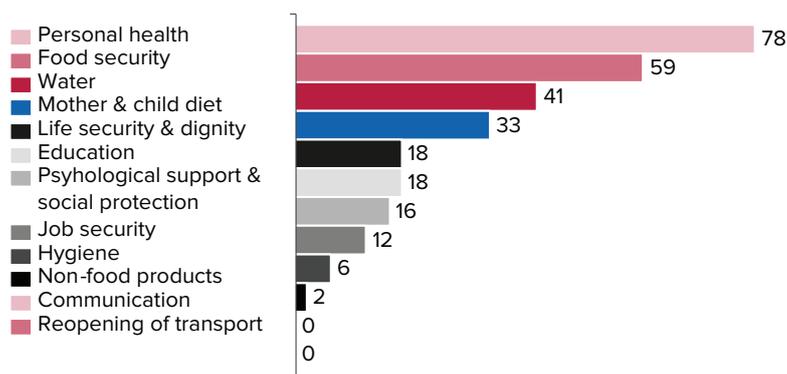
According to the results of the survey conducted by PwC, women in Moldova are worried a lot about their living conditions, especially of their personal health, but also of the access to basic needs like food and water supply.

Figure 106. House facilities, [%]



Source: PwC Vulnerable Groups Survey

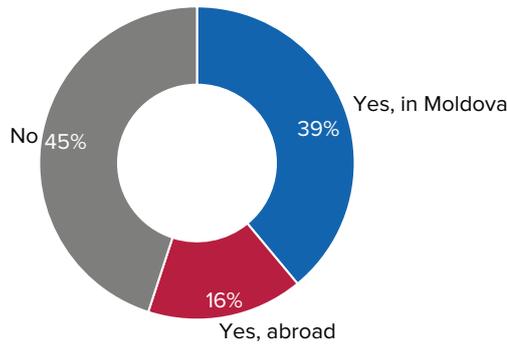
Figure 107 House water supply sources, [%]



Source: PwC Vulnerable Groups Survey

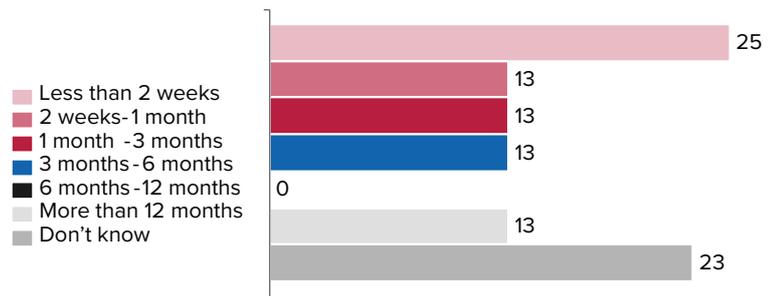
About 55% of the women respondents or their household members are looking for a job either in Moldova or abroad and the expected time to find one is less than 2 weeks for 25% of the respondents, while 13% believe they can find in a period up to 1 month and 39% are under the opinion that it will take them more than 3 months to find a job.

Figure 108. Are you or your family looking for a job? [%]



Source: PwC Vulnerable Groups Survey

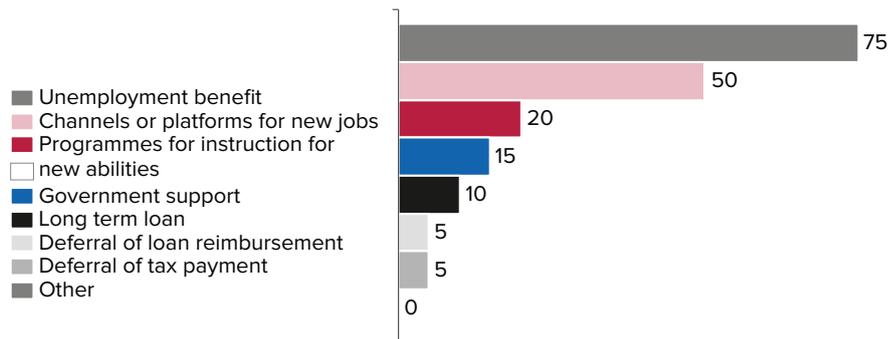
Figure 109. Expected time to find a job, [%]



Source: PwC Vulnerable Groups Survey

Most of the participants in the survey believe that an **adequate support** would be: **unemployment benefit (75%)**, channels to find new jobs (50%) and programmes for instruction for new abilities (20%).

Figure 110. Support needed for job seekers, [%]



Source: PwC Vulnerable Groups Survey

3.4 NEET youth

The United Nations defines youth as persons between the ages of 15 and 24 years old¹¹⁶ and Law 215/2016 of Moldova defines youth as any person aged between 14 and 35 years old¹¹⁷. The National Bureau of Statistics¹¹⁸ reports data on youth considering the age category 14-34 years, which as of 1st of January 2020 represented 26.9% of the total population (usual residents), namely 710.8 k people. The gender division among this category of population is 49.2% women and 50.8% men. Following the trend of the overall population in Moldova, the number of people in this category is also decreasing year by year, having as results less pupils and students, as well as fewer people working versus retired people.

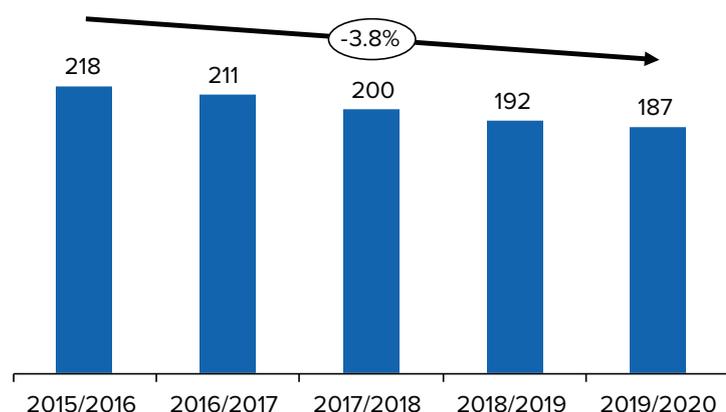
In the period 2019-2020, the number of pupils and students aged 14-29 years decreased with 14.4% compared to the educational year 2015-2016. On average, the number of pupils and students showed a yearly compound decrease rate of 3.8% since 2015.

¹¹⁶ This definition was made during preparations for the International Youth Year (1985), and endorsed by the General Assembly (A/36/215 and resolution 36/28, 1981). All United Nations statistics on youth are based on this definition, as illustrated by the annual yearbooks of statistics published by the United Nations system on demography, education, employment and health. <https://www.un.org/development/desa/youth/what-we-do/faq.html>

¹¹⁷ Law 215/2016 concerning Youth. http://old.mts.gov.md/sites/default/files/document/attachments/legea_nr.215_din_29.07.2016_cu_privire_la_tineret.pdf

¹¹⁸ <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=6729>

Figure 111. Number of pupils and students with age 14-29 years, 2015/2016-2019/2020, [thousands]



Source: NBS

The number of graduates also dropped with 18.3% in 2019 when compared to 2015, with **the majority of graduates (59.1%) finalizing secondary education studies**, 23.3% tertiary education and 17.6% technical studies. This data confirms that the adult population, heavily dominated by people with secondary educational level, will continue this trend in the future as well.

Boys form the majority in primary and secondary education cycles, while in high schools and universities the girls take the lead since boys are more oriented towards technical studies and employment opportunities.

Table 11. Education status, 2019, [%]

	Total	Men	Women	Urban	Rural
Youth education attainment level*	78.0	74.7	81.3	88.4	70.6
Early school leavers**	19.0	22.6	15.3	10.6	24.7

*Percentage of young people aged 20-24 years having attained at least upper secondary education attainment level

**Percentage of the population aged 18 to 24 with at lower secondary education and not engaged in further education or training

Source: NBS

The graduation rate among high-school pupils was of 91.4% in 2019, with the rural area having a higher rate (92.2%) than urban (91.2%).¹¹⁹

The **vulnerabilities in the youth population and NEET youth** precede the COVID-19 crisis and **have been accentuated by the pandemic due to the low level of economic activity** among this category of population. In 2019, **only 38.4% of the Moldovan youth population was working**, 2.8% were unemployed, while 58.8% were inactive. Among the inactive youth population, only 39.0% are studying. At the end of Q2 2020, the overall NEET represented 18.9% out of the total number of young persons aged 15-24 years, 27.6% of young people between 15-29 years and 32.6% among those of 15-34 years. A significant gender gap was recorded, with females being NEET in all age segments (35.5% of the female population versus 19.4% of the male population), therefore higher vulnerability. NEET youth population is split between people staying at home, typically in their parent's household, and those migrating to find employment opportunities.

Another category of NEET youth is represented by the pupils who have dropped out of secondary or higher education, or do not have a professional qualification. Material constraints and the desire to earn money are among the main reasons for the abandon.¹²⁰

Roma are marginalized in terms of access to education and employment. There are no official data about the NEET Roma group. However, all available data suggest a low access of this vulnerable group to education and labor market. A study on lifelong learning opportunities in Moldova, developed by East European Foundation

¹¹⁹ NBS

¹²⁰ UNFPA

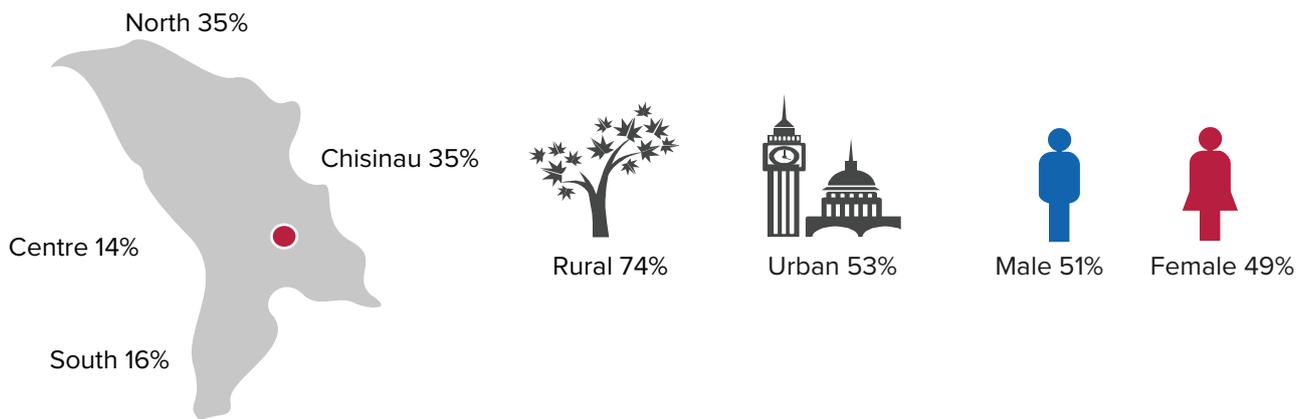
(EEF) and CPD in 2019, shows that around 40% of Roma youth (aged 18-30) are currently unemployed and just 4% are active on the labor market, which is 10 times lower than non-Roma employment rate. At the same time, the participation rate of young people in learning activities is as low as 8%. It means that most of Roma young population (about 80%) are not actually involved in any activities: professional or educational.¹²¹

NEET young people are at greater risk of social exclusion compared to the rest of the population because they neither develop their skills through education, nor they accumulate experience by engaging in the labor market. Influenced by the situation on the labor market and the economic and political instability in the country, a large part of the NEET youth is sceptical about the possibility of re-employment.¹²²

According to Expert Grup¹²³, the discrepancy between youth and adults were reduced in 2019 versus 2015, equalling the long-term unemployment (long term unemployment > 12 months). However, the external migration of youth is higher than the adults one.

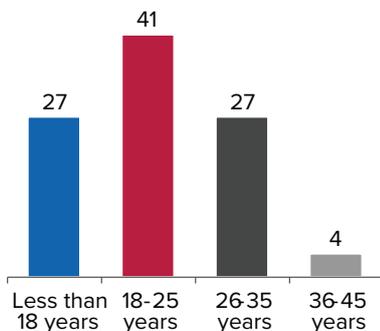
The survey conducted by PwC on Vulnerable Groups has targeted NEET people around the country, at an even distribution around the regions, 47% from rural areas and 53% from urban areas, and also almost equally divided between genders, 51% men and 49% women. A large share of the participants in the survey (41%) are aged 18-25 years old, followed by people younger than 18 years old and the ones in the age category 26-35 years. Also, most of the participants have secondary education and they live alone, in separate houses.

Figure 112. Distribution of participants in the survey per regions and gender, [%]



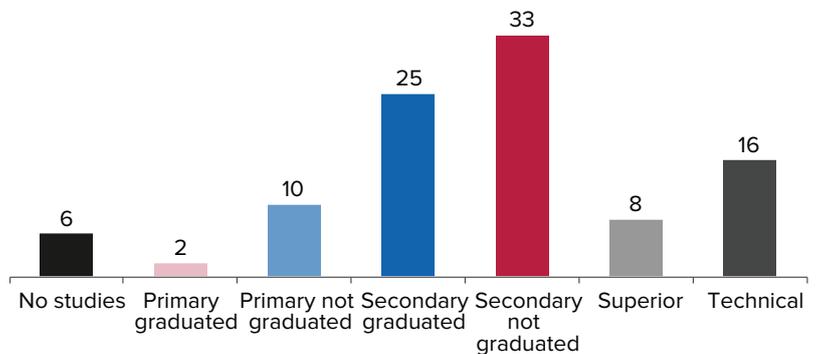
Source: PwC Vulnerable Groups Survey

Figure 113. Distribution of participants in the survey according to age, [%]



Source: PwC Vulnerable Groups Survey

Figure 114. Distribution of participants in the survey according to education, [%]



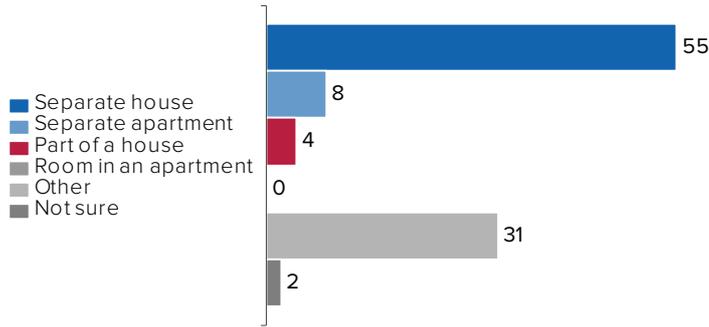
Source: PwC Vulnerable Groups Survey

121 http://progen.md/files/1601_cpd_raport_educatia_adultilor_2020.pdf

122 Inclusion of youth not in employment, education or training (NEET youth), UNFPA, 2017

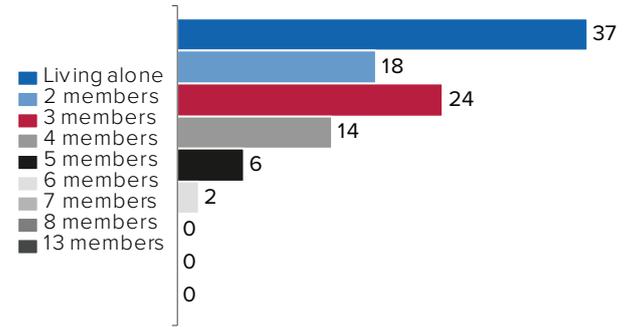
123 <https://www.expert-grup.org/ro/activitate/comunicate-de-presa/item/2006-potrivit-indicelui-de-tineret-decalajele-dintre-tineri-si-adulti-raman-mari-dar-dinamica-este-pozitiva>

Figure 115. Distribution of participants in the survey according to age, [%]



Source: PwC Vulnerable Groups Survey

Figure 116. Distribution of participants in the survey according to education, [%]

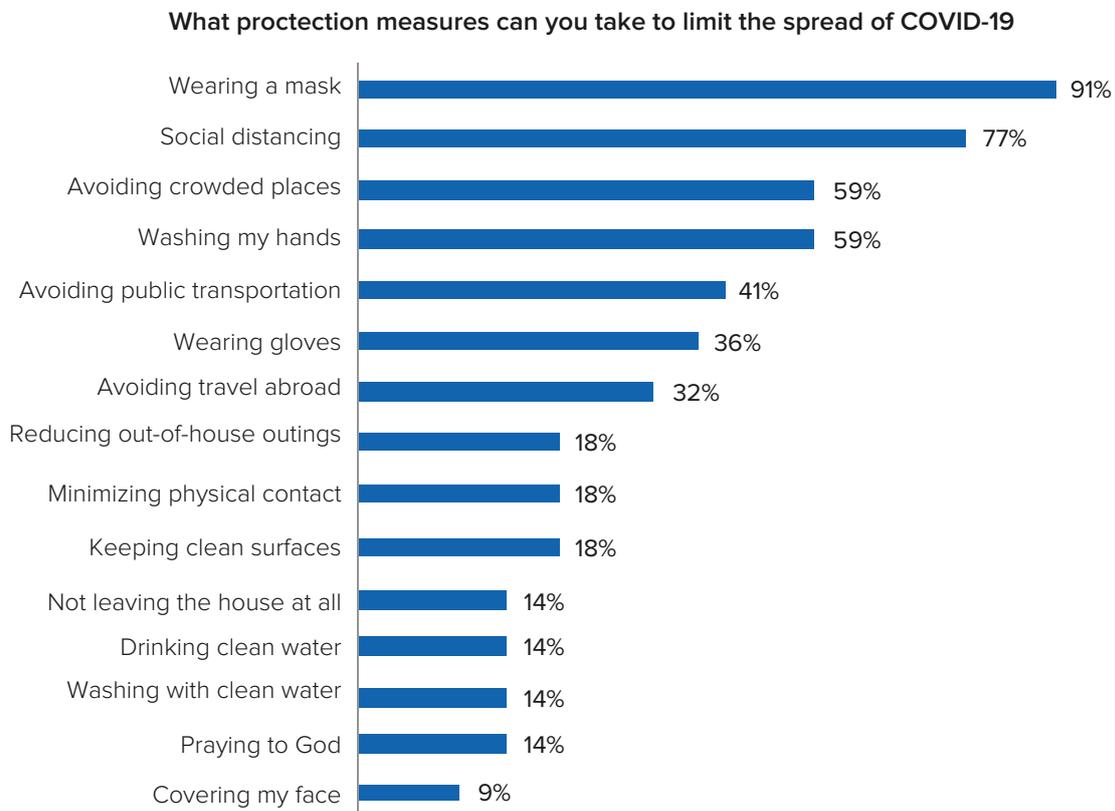


Source: PwC Vulnerable Groups Survey

Quarantine Status

Following the survey conducted by PwC, it resulted that the participants were not confirmed with coronavirus and did not have cases in their families, however a quite large share of them had symptoms but did not take the test (29%) and only 2% have family members in isolation. Half of the participants have stated that they did not receive COVID-19 information in the language they know best or the information was not complete. Furthermore, they lacked adequate equipment, such as masks, gloves and disinfectants, 37% declaring that they did not have at all and 31% confirming that they had but were not sufficient. The result is in line with the survey conducted by NBS¹²⁴, 41% of the respondents under 30 years old have faced difficulties in obtaining face masks and gloves.

Figure 117. NEET Youth’s views on COVID-19 protection measures, [%], 2020



Source: PwC Vulnerable Groups Survey

124 NBS Ad-hoc module on COVID-19 impact on the population

During the pandemic, the participants in the survey have spent most of their time working and engaged in housework. Also, 33% responded that they allocated time for childcare. Out of the participants who have been involved in housework, over 60% are women and from the ones engaged with childcare, over 90% are women. This highlights the fact that the mentality in the country is that women should take over the responsibility of housework and childcare.

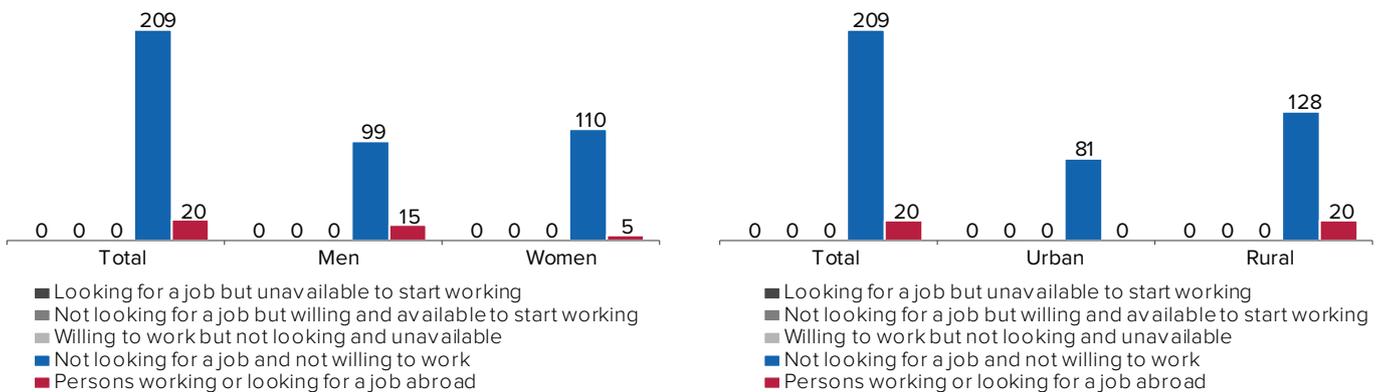
The changes in children education has impacted NEET category as well, with 8% of the respondents having children enrolled in school and 67% of them have found it difficult to organize remote schooling for them.

Employment, Sources of Livelihood and Expenditures

Low training levels among youth and limited local hiring opportunities cause high unemployment rates among youth, way above the **total unemployment rate: 10.4% for the category 15-24 years and 8.5% for the category 15-29 years, compared to 5.1%.**¹²⁵

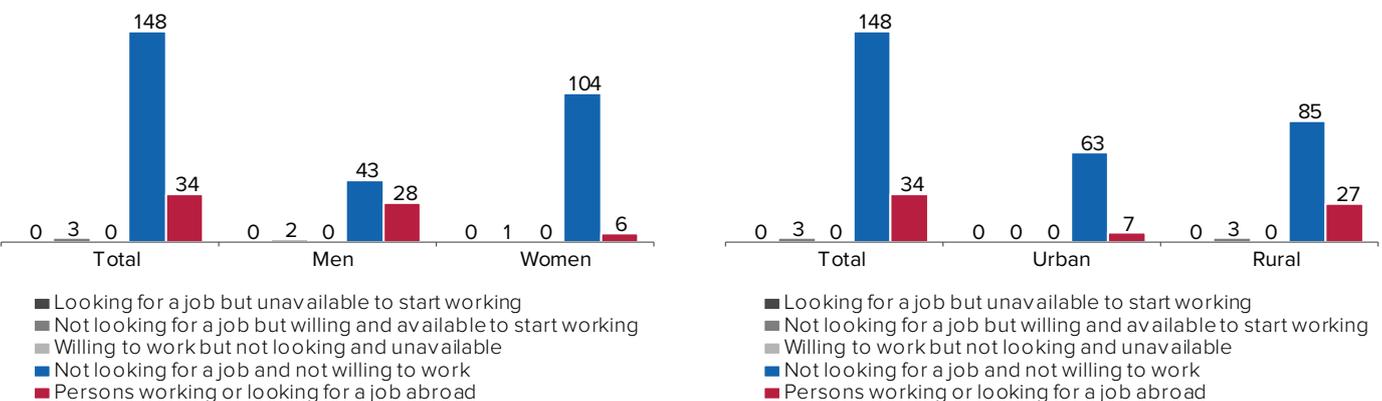
NEET youth is divided between persons who devote themselves to family responsibilities, especially raising and caring for children, being mostly young women, people who expect to return abroad from work, but also of people who choose not to work, maybe due to patterns seen in the family. Thus, the largest share of NEET population are not looking for a job and are not willing to work.

Figure 118. Population 15-24-years-old, outside the labor force, by relation with the labor market, by gender and area, 2019, [thousand]



Source: NBS

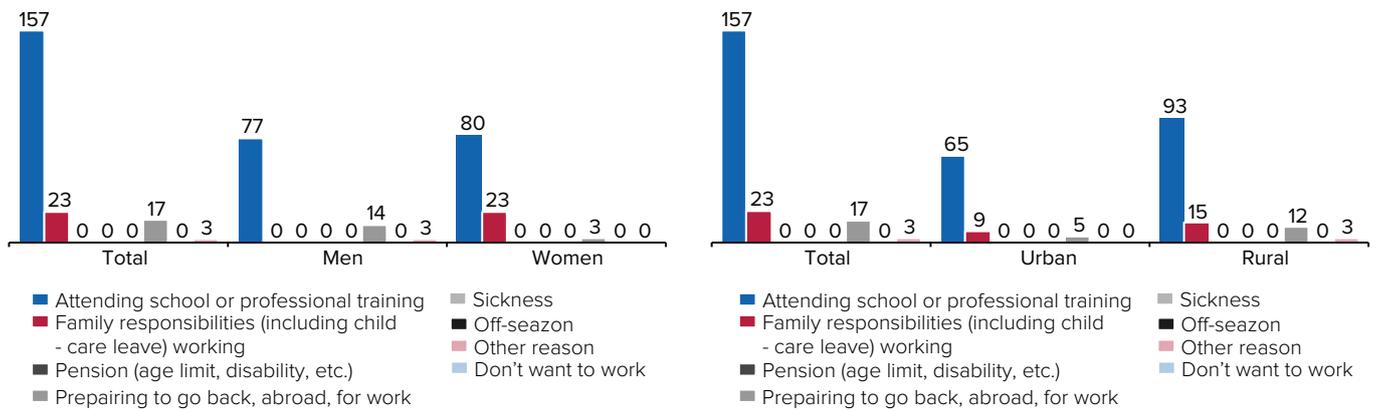
Figure 119. NEET Youth’s views on COVID-19 protection measures, [%], 2020



Source: NBS

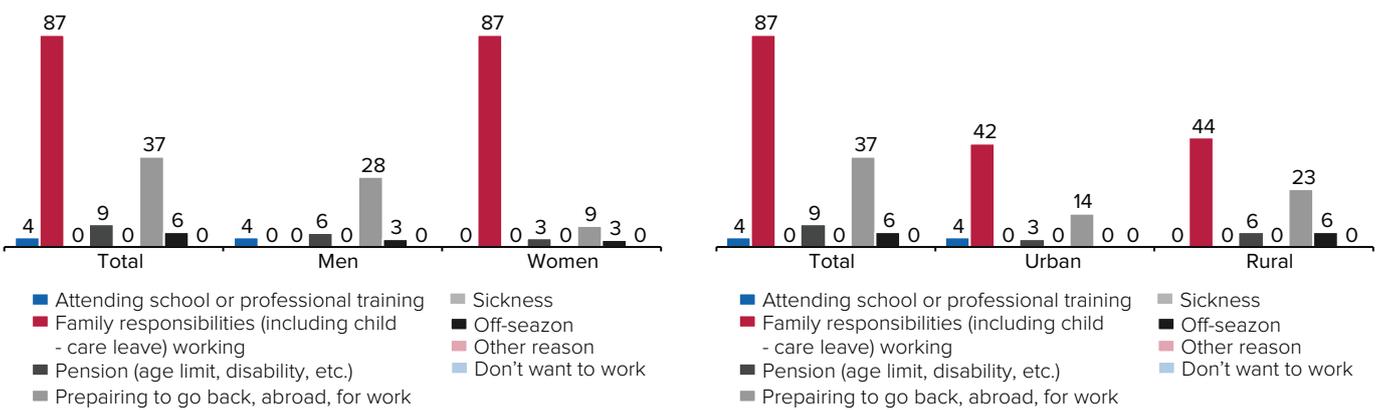
125 NBS

Figure 120. Population 15-24-years-old, outside the labor force, who did not want to work, by reason they did not want to work, 2019, [thousand]



Source: NBS

Figure 121. Population 25-34-years-old, outside the labor force, who did not want to work, by reason they did not want to work, 2019, [thousand]



Source: NBS

Further to the statistical data presented, the results of the survey conducted by PwC has found that 59% of the participants are not working or studying and they come from households where the source of income is agriculture. The family environment and social culture impact the NEET youth in their decision for employment. Many inactive young people come from families where parents do not work and are not actively looking for a job, thus creating a negative example for the young generation with unrealistic expectations. Furthermore, NEET youth that live in rural areas and small towns with poorly developed economic activities that have severe problems related to access to employment. Also, some of the inactive young people choose to stay at home and work in their household rather than being employed for an inadequate remuneration that does not provide them enough income.¹²⁶ Young people are more likely to fall into poverty, as they have fewer savings to fall back on. Moreover, as illustrated by previous economic shocks, **young people that are graduating in times of crisis will find it more difficult to find decent jobs and income**, which are likely to delay so much needed path to financial independence.

Further to the youth population which were not working before the pandemic, the restrictions imposed due to COVID-19 have affected even the economically active youth population, leaving some of them unemployed. Lack of jobs and financial income for NEET youth category puts a lot of pressure during COVID-19.

¹²⁶ Inclusion of youth not in employment, education or training (NEET youth), UNFPA, 2017

NEET youth, micronarrative snippet #9

“Being divorced with a child in kindergarten to care for, I live a continuous nightmare. I don’t work and I don’t have anyone to leave the child with. Nobody cares, not the Government, nor the employer. So 11 years of contributions to the state budget and my condition is not considered.”

26-35 age group female

Source: UNDP, Cognitive Edge

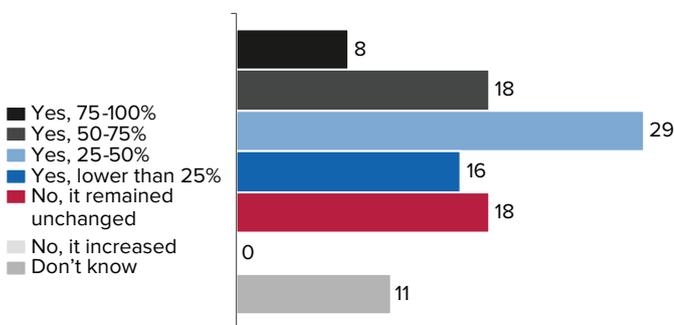
This situation is determining many young people to search for employment opportunities abroad. The most attractive work destinations for Moldovan youth are Russia and Germany.¹²⁷ According to the survey conducted by PwC on Vulnerable Groups, **30% have the intentions to migrate when conditions improve**, most of them alone, 37% of the NEET respondents do not wish to migrate and 33% respondents did not know what to answer.

For the young people currently working, the conditions are far from optimal: **24% of working youth aged 15-34 years have informal jobs** (they are not covered by social protection), 9.2% do not have labor contract and 17.5% of them have declared that they are not satisfied with the remuneration received at their current job and would be willing to make a change.¹²⁸ The NEET youth working in the informal sphere is pushed to this option largely due to their low education level and lack of qualifications. As per the results of the PwC survey, the average monthly income of NEET youth is MDL 1,599 (~EUR 80) per family member.

Due to COVID-19 pandemic, international labor markets offer less opportunities for people who emigrated or were willing to emigrate, thus they will have to reintegrate in the domestic market. This will prolong their skill fragmentation, lowering their employment opportunities.

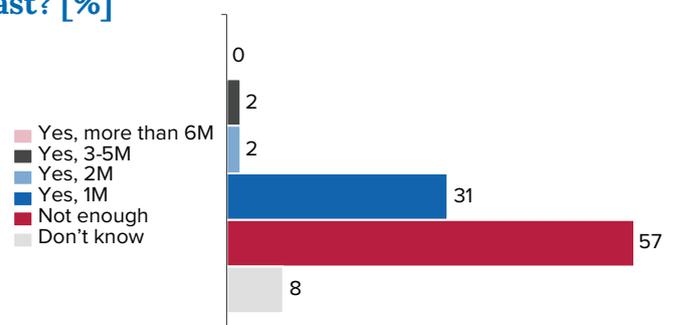
PwC survey on Vulnerable Groups has found that **10% of the respondents have lost their jobs or had family members who have lost their job due to COVID-19 pandemic**. Furthermore, **71% had their income impacted**, with 29% feeling an impact from 25-50%, 18% being impacted even more from 50-75% and 8% over 75%. As a consequence, **57% declared that their income is not sufficient for monthly expenses** and they cannot rely on savings since only 31% of them have some savings to cover one month of expenses and a very small percentage (4%) have savings for a longer period. In terms on loans, 76% of the respondents do not have any loan, while 24% do.

Figure 122. Impact on the income, [%]



Source: PwC Vulnerable Groups Survey

Figure 123. How long will the income/ savings last? [%]



Source: PwC Vulnerable Groups Survey

127 NBS

128 NBS

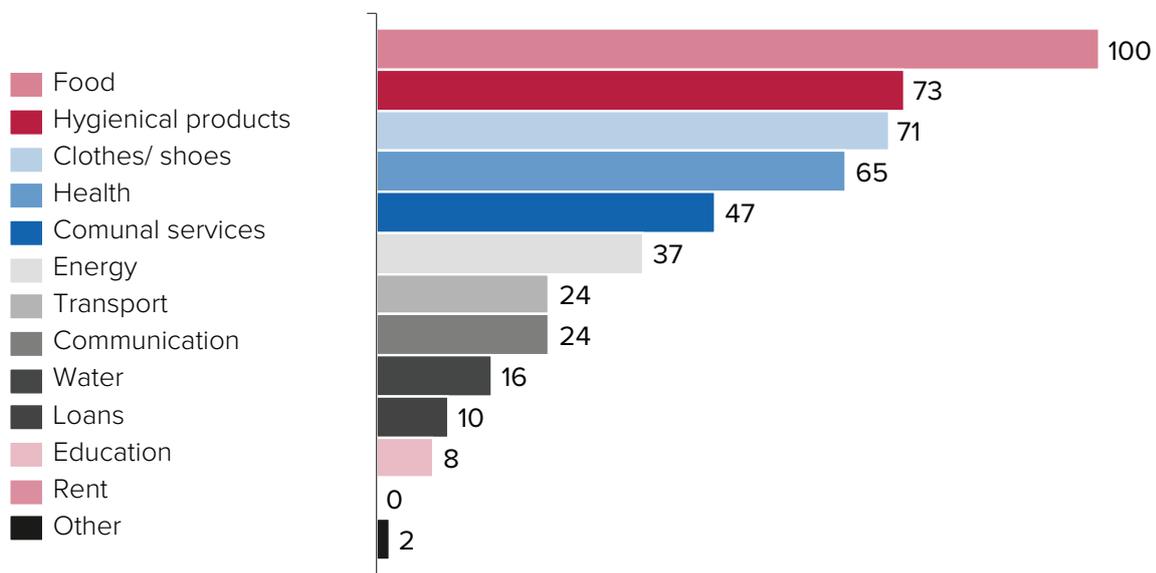
NEET youth, micronarrative snippet #10

"I am in the impossibility to pay contracts already assumed before the pandemic."
 26-35 age group male

Source: UNDP, Cognitive Edge

As it resulted from the survey, many NEET youth respondents spend their income on food, hygienical products, clothes and shoes, followed by health. Very few respondents have declared that they spend their income on education (8%).

Figure 124. Distribution of participants in the survey per regions and gender, [%]



Source: PwC Vulnerable Groups Survey

Notable difference in the sources of income in 2020 compared to 2019 were seen for NEET youth who had income from agriculture and for a job. The results of the survey performed by PwC on all of the selected vulnerable categories have shown that the income from agriculture was not negatively impacted, therefore the result of NEET youth shows a particularity for this group. The impact on the income from job for NEET youth is significant, showing that young people might have jobs which they can lose more easily when a crisis sets. Another particularity of this group is that many respondents (31%) have identified as a source of income charities and donations from NGOs, while the percentage from the overall participants from all vulnerable groups was 8%.

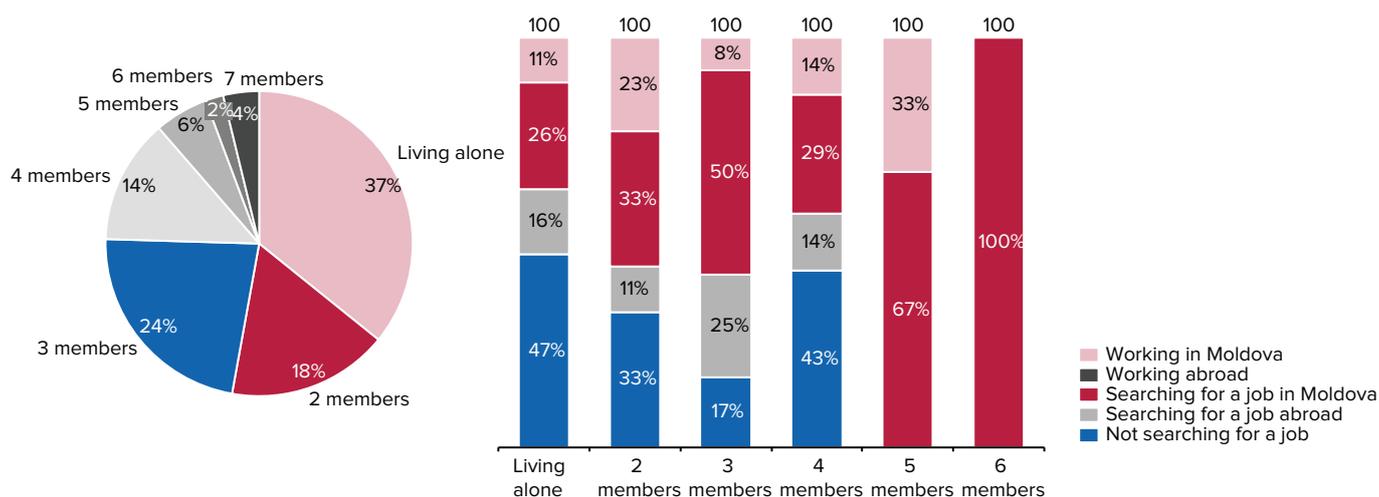
Table 12. Impact on the income depending on the source of income, [%]

	2019	2020	Change
Income from agricultural household or fishing	22	16	↓
Income from a household business	0	0	↔
Income from a job	31	22	↓
Food, household agricultural products, raising animals or fishing	29	29	↔
Financial support from acquaintances abroad	12	12	↔
Financial aid from households in the country	8	8	↔
Income from real estate holdings, investments or savings	4	6	↑
Private pension	0	0	↔
State pension or other governmental support	12	12	↔
Charity/ donations from NGOs or other charitable organizations	31	31	↔
Other	4	6	↑
Don't know	10	10	↔

Source: PwC Vulnerable Groups Survey

A significant share (37%) of the participants in the survey live alone, followed by people who live in households with 2-4 family members. The share of people not looking for a job is very high at 47% for people living alone but decreasing as the household has more family members.

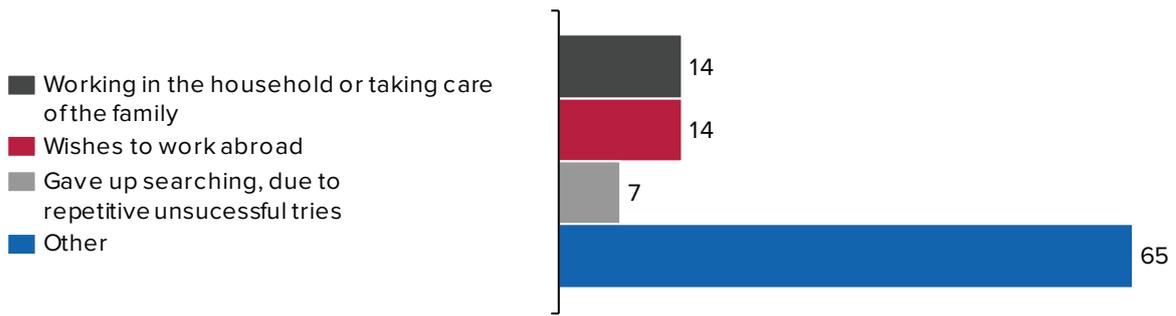
Figure 125. Number of family members in respondents' household and labor status of respondent [%]



Source: PwC Vulnerable Groups Survey

Furthermore, 57% of the participants in the survey have declared that other family members living in their household are not looking for a job either. Housework and family care is one of the reasons but is valid for a small share of the respondents (14%), also the wish to try and work abroad was true for a few respondents (14%), while the majority of the respondents (65%) preferred to declare that their family have other reasons not to look for a job.

Figure 126. Reason why a family member is not looking for a job, [%]

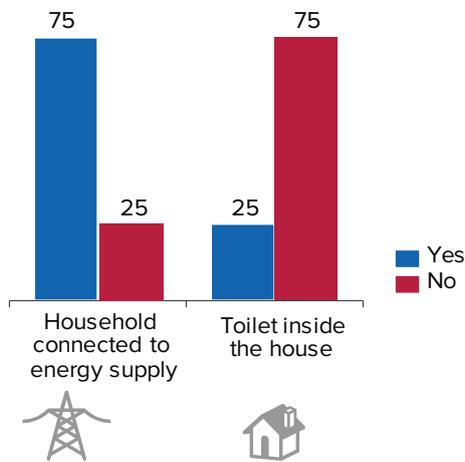


Source: PwC Vulnerable Groups Survey

Access to Foods and Basic Services

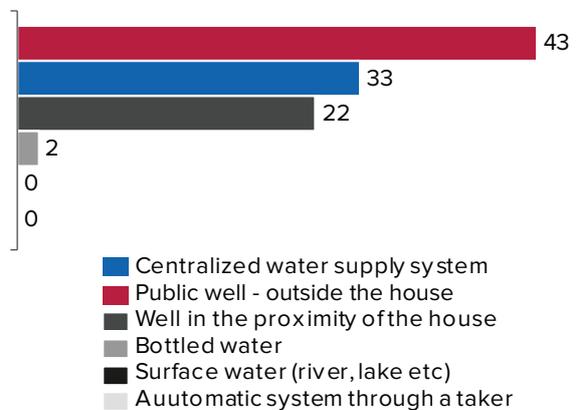
The NEET youth participants in the survey conducted by PwC on Vulnerable Groups seem to have fewer facilities and utilities in their household which would be needed for a proper personal and house hygiene. **25% of the respondents do not have energy supply and 75% don't have a toilet inside the house.** Furthermore, 63% of the respondents do not have a sewerage. In terms of water supply, a large share of the respondents (43%) depend on public well located outside their house. During the pandemic, in the period March-June 2020, 35% of the respondents were faced with the problem that their source of drinkable water was unavailable.

Figure 127. House facilities, [%]



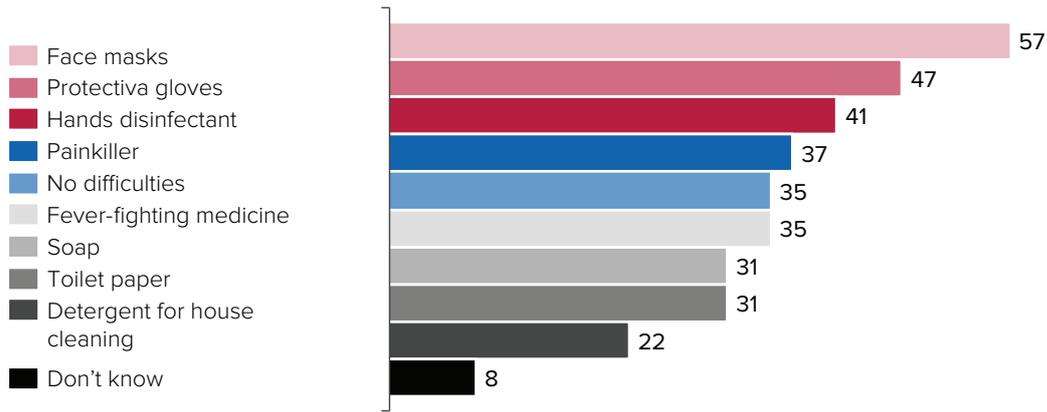
Source: PwC Vulnerable Groups Survey

Figure 128. House water supply sources, [%]



In terms of access to protective equipment and necessities needed to be protected from a possible infection with COVID-19, many of the NEET youth category seemed to have difficulty in accessing many of them: 57% NEET youth faced difficulties to obtain face mask while the share on all the respondents was 38%, 47% lacked protective gloves and all the groups only 24% faced this difficulty.

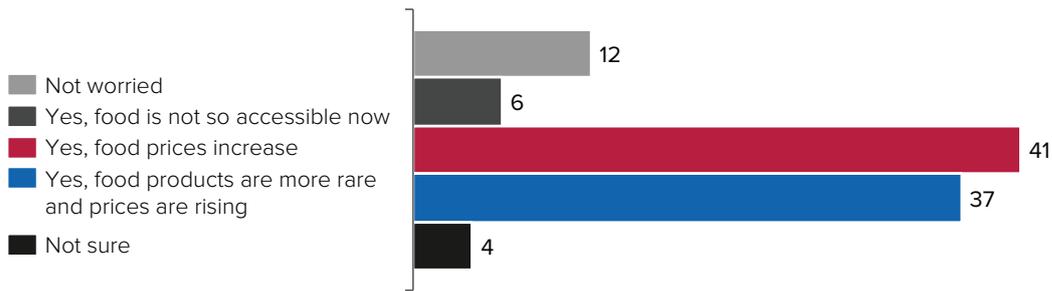
Figure 129. Difficulties in accessing products during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

Faced with the restrictions imposed by the authorities during the pandemic, people were forced to resume to markets near their houses which could limit the variety of products they can access but they could also face limitations in the food supply due to the impact on trade and transport. The consequences of the COVID-19 pandemic reflected in the prices of the food products, with a large part of the respondents identifying that this is their main concern.

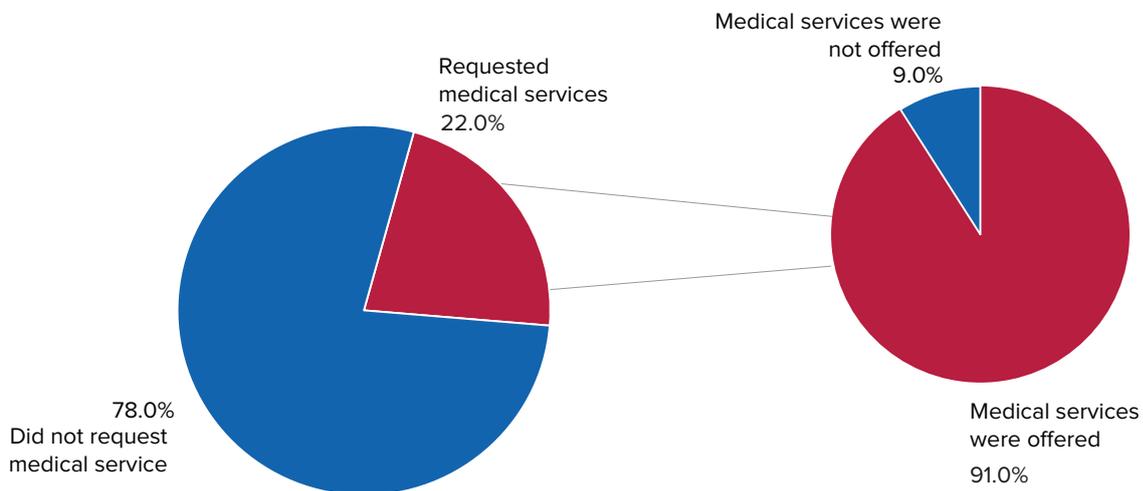
Figure 130. Food security, [%]



Source: PwC Vulnerable Groups Survey

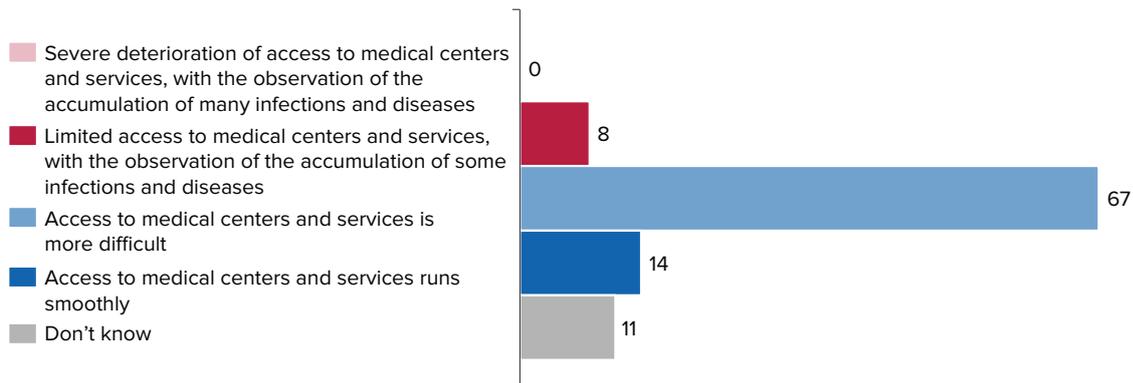
Although the majority (91%) of people who have requested medical assistance (22%) were offered the services, many respondents have identified limitation in the access to healthcare, in the treatment of many disease, such as non-communicable diseases or infectious diseases.

Figure 131. Access to medical services during COVID-19 pandemic, [%]



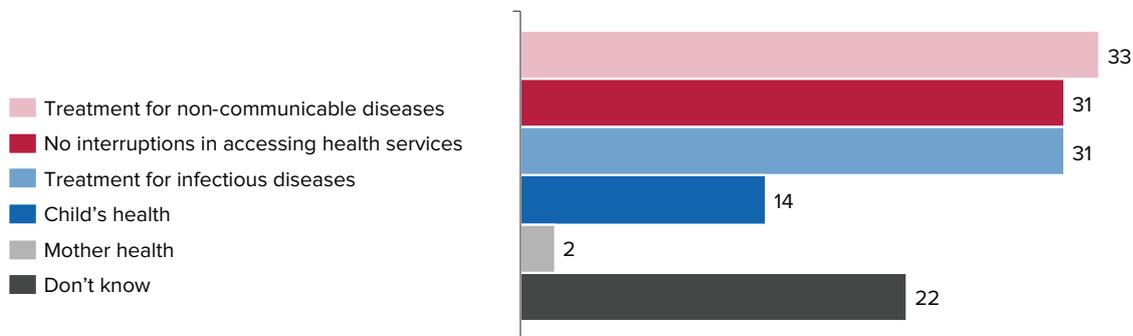
Source: PwC Vulnerable Groups Survey

Figure 132. Difficulty in accessing medical services during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

Figure 133. Access to medical services by type of treatment during COVID-19 pandemic, [%]



Source: PwC Vulnerable Groups Survey

According to the result of the survey conducted by NBS¹²⁹, 9% of the respondents under 30 years old have faced difficulties in accessing medical services.

Coping Strategies

- **Protection against COVID-19 infection**

From the participants in the survey conducted by PwC, 43% of the NEET youth believe that they can avoid contacting coronavirus and most of them consider that wearing face mask (91%), maintaining social distancing (77%), avoiding public spaces and crowds (59%) and washing hands (59%) to be efficient measures. A large share of the NEET youth respondents (76%) preferred to walk in order to avoid other means of transport and fewer have declared that they were using also bicycle, bus and personal car.

- **Reducing emotional stress**

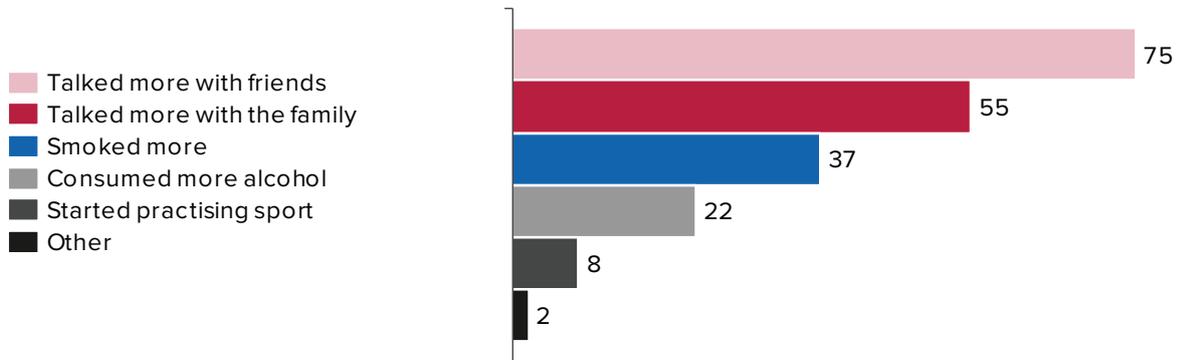
According to the survey conducted by NBS¹³⁰, **almost 30% of the households headed by a member under 30 years old have suffered from depression, anxiety or stress during the pandemic.** The survey conducted by PwC has found that it was easier for NEET youth to cope with the emotional stress caused by the COVID-19 pandemic by talking with friends (75% of the respondents identified that they apply this) and with family (55%). Unfortunately, many respondents have also mentioned that they adopted

129 NBS Ad-hoc module on COVID-19 impact on the population

130 NBS Ad-hoc module on COVID-19 impact on the population

unhealthy behaviour in order to cope with stress, 37% declaring that they smoke more and 22% that they also consume more alcohol. From all the participants from all vulnerable groups in the survey conducted by PwC, 8% have declared that they smoked more and 6% that they consumed more alcohol, therefore it looks like this behaviour is stronger among the youth. On the bright side, 8% of the NEET youth have tried a healthier approach and started practising sports.

Figure 134. Coping with emotional stress, [%]

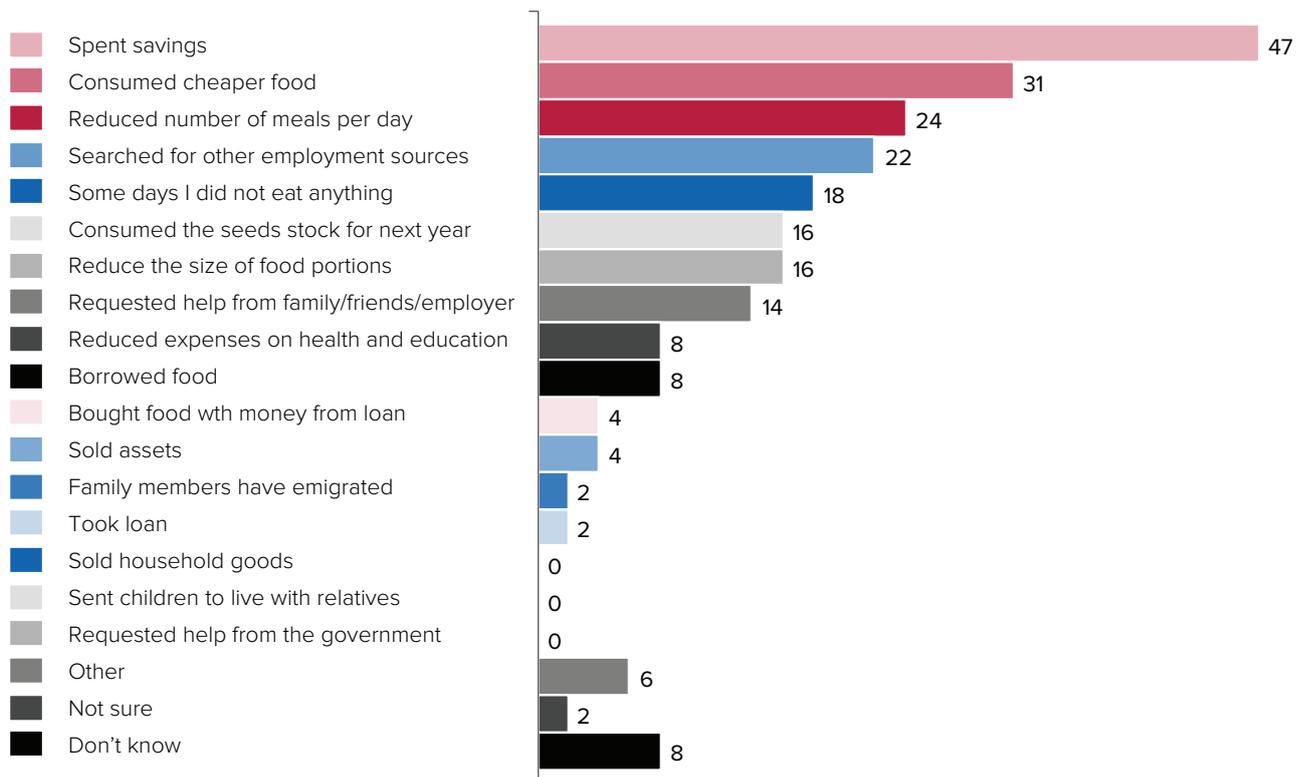


Source: PwC Vulnerable Groups Survey

• **Coping with deteriorating financial situation**

Most of the NEET youth participants in the survey conducted by PwC have tried to cope with the deteriorating financial situation by spending their savings, consuming cheaper food products, reducing the number of meals per day but also searching for other employment sources. The result is in line with the survey conducted by NBS¹³¹, where most of the households with heads of household under the age of 30 have mentioned that they have spent their savings and consumed cheaper food in order to cope with a deteriorating financial situation.

Figure 135. Measures to cope with a deteriorating financial situation, [%]



Source: PwC Vulnerable Groups Survey

- **Coping with limited access to food and services**

Limited facilities and utilities in the household, no electricity, no toilet in the house, lack of connection to centralized water supply made the house and personal hygiene more difficult for NEET youth. Also, the lack of protective equipment is an impediment, like face masks, gloves, hands sanitiser.

The restriction measures applied by the authorities during the pandemic has limited the access of the population to food and medical services. According to the results of the survey conducted by PwC on Vulnerable Groups, NEET youth respondents have increased consumption from their existing stock, turned to donations and gifts from family and friends and ended up borrowing more or exchanging products, in order to supplement the lack of products in 2020 compared to 2019.

Table 13. Food consumption sources, 2019-2020, [%].

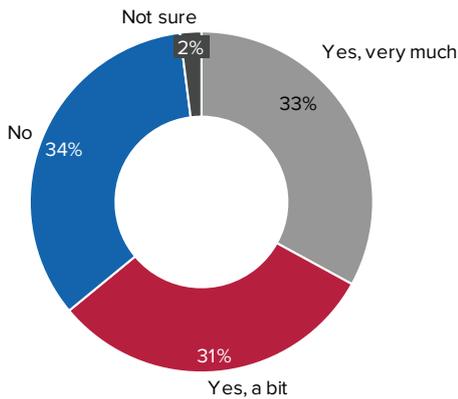
	2019	2020	Change
Buying from shops and market	65	65	↔
Own agricultural production	41	41	↔
Hunting/ catching	8	4	↓
Food stocks	20	35	↑
Humanitarian aid (government, NGOs)	4	4	↔
Gifts/ donations from family/ friends	14	20	↑
Borrowing or exchange	8	10	↑
Begging	31	31	↔
No food sources	0	2	↑
Don't know	2	0	↓

Source: PwC Vulnerable Groups Survey

Prospects and Recovery Needs

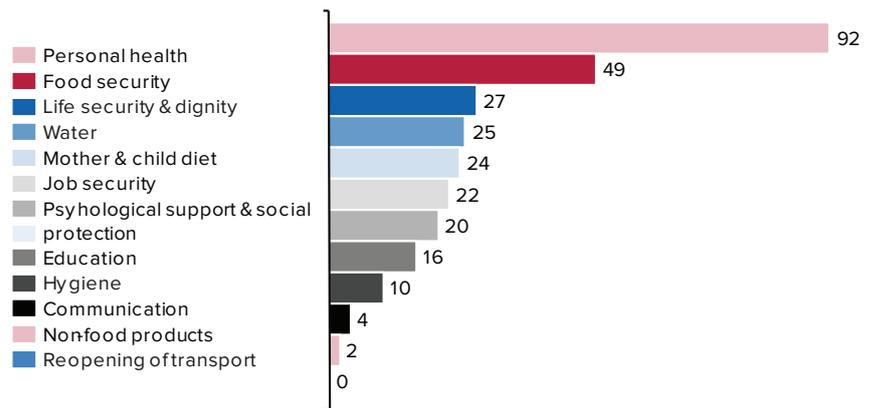
According to the results of the survey conducted by PwC, 33% of the NEET youth in Moldova are worried a lot about their living conditions and 31% are a bit worried. Their main worry during the pandemic is their personal health, but also of the access to basic needs like food and water supply. Life security and dignity takes an important part in the list of worries of youth.

Figure 136. House facilities, [%]



Source: PwC Vulnerable Groups Survey

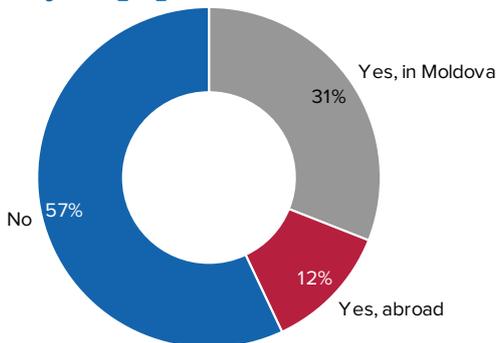
Figure 137. House water supply sources, [%]



Source: PwC Vulnerable Groups Survey

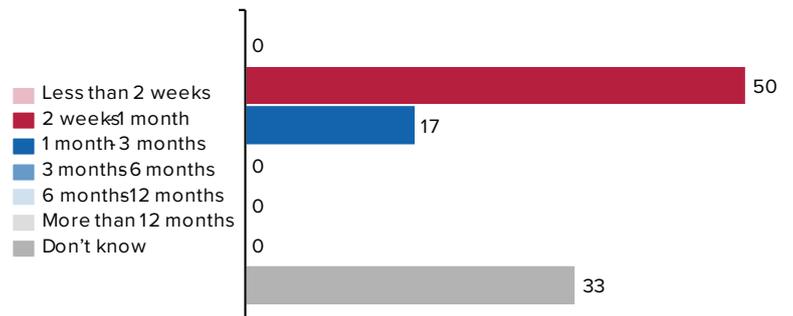
Despite tough life conditions and difficult financial situation, 57% of the NEET youth are not looking for a job. From the ones that are looking, 31% are searching in Moldova and 12% abroad. The majority of the respondents believe they can find a job in a period up to 1 month, and 17% of them believe that they can obtain a job somewhere from 1 to 3 months. One third of the respondents don't know how much time it would take them to find a job, showing that they do not have a lot of experience navigating in the labor market.

Figure 138. Are you or your family looking for a job? [%]



Source: PwC Vulnerable Groups Survey

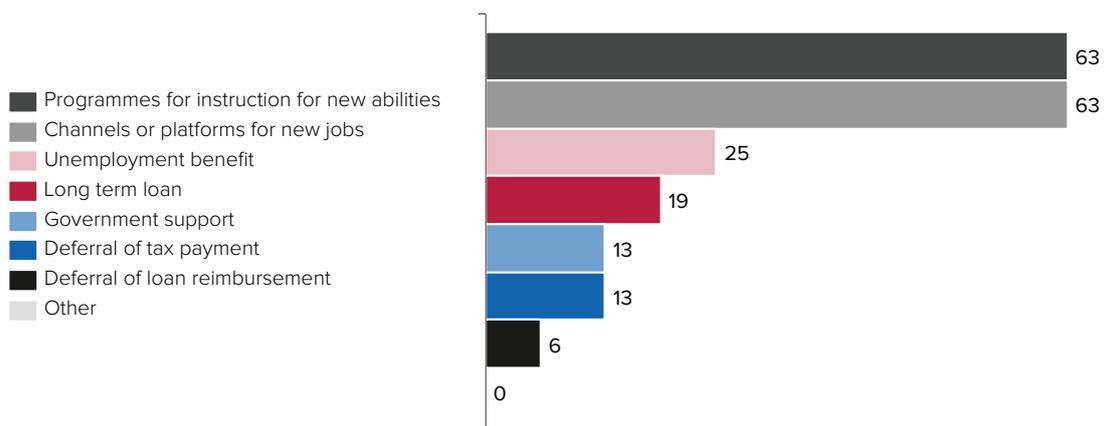
Figure 139. Expected time to find a job, [%]



Source: PwC Vulnerable Groups Survey

Most of the participants in the survey believe that the most important **support** would come in the form of: **programmes for instruction for new abilities (63%)** and channels to find new jobs (50%), followed by unemployment benefit (25%).

Figure 140. Support needed for job seekers, [%]



Source: PwC Vulnerable Groups Survey

3.5 Returning migrants

The role of migration and its importance to society has percolated the international agenda and conversation more and more, as the migration flows have increased in the last two decades¹³². The international aspirations towards normalized and dignified migrations have been expressed in the Sustainable Development Goals, which in section 10.7 read: *“Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well managed migration policies”*¹³³.

Moreover, given the complexities and difficulties that migrants often face moving and working cross-countries, their status rises questions that move beyond socio-economic considerations, involving even more basic tenets of human rights. In the words of the OHCHR, *“migration is not a new phenomenon, but in the era of globalization has reached a new proportion. The human rights causes and implications of migration are manifold. Migrants, especially irregular migrants, are particularly vulnerable to human rights violations and abuses”*¹³⁴.

For most South-Eastern European countries, emigration is disproportionately higher than immigration over the last years. Emigration, as a decisive factor, impacts several countries in Europe that are projected to experience very significant population decline by 2050 (including Bosnia and Herzegovina, Bulgaria, Romania, the Republic of Moldova and Ukraine). Emigration comprises both labor migrants in high-skilled and low-skilled occupations. In Moldova’s case, migration has a systemic importance, given the scale of the phenomenon.

Current estimates place the size of the diaspora at a third of the population¹³⁵. In 2019 remittances inflows amounted to 3.1x times all FDI inflows in the country (in 2018 up to 5.9x times). In the first quarter of 2020, remittances stood at 17.9% of GDP (Figure 141) – a significant contribution to the balance of payments. While the percentage has decreased from the all-time high level of 34.6% in 2006, it still nevertheless highlights the structural importance of remittances flows, with the IOM estimating that in the absence of money received from those working abroad, approximately 100,000 Moldovan households would fall into poverty¹³⁶.

Economic growth in Moldova was based on consumption and on remittances, fact that exposes the economy to a number of vulnerabilities. Corroborated with the greater danger associated with the pandemic, the remittances, at one point in time, started to decline. The paradigm was changed. By returning home, the migrants are reuniting with their families. The missing links are: social protection and job security.

As the pandemic has hit to a great extent the countries that host sizable Moldovan migrant communities (Italy, Russia, Israel), a large pool of potential migrants either returned or postponed leaving. Figure 142 plots border crossings data (a proxy for migration flows), showing a -68.8% decrease in traffic August year-to-date, with the highest decrease seen in the Moldovan-Ukrainian sector. The biggest reduction in crossings were recorded for children (-79%) and the older people (-70%), which may suggest a change in migration strategy with respect to family members. Also, the data shows that the lower volume of crossings has persisted even after the lockdown, thereby reflecting the ongoing nature of the pandemic and uncertain prospects abroad (Figure 144).

Based on the Internal Labor Office Geneva (2017)¹³⁷, overall, the average length of time migrant workers from Moldova that remain in a host country is estimated at 2.8 years. The estimated duration is an average based on return migrant workers (2.4 years) and for current migrant workers (3.1 years). According to the same study, living in a rural area increases the probability of labor migration by 5.3 percentage points. Living outside of the capital city Chişinău also increases the probability of labor migration.

132 According to OECD data, during 2010-2017 there were a cumulative 75.9 million migration flows to G20 countries (growing at a CAGR of +3.3% over the period), 2019 International Migration and Displacement Trend and Policies Report to the G20, <http://www.oecd.org/migration/mig/G20-migration-and-displacement-trends-and-policies-report-2019.pdf>

133 UN - Sustainable Development Goals targets and indicators relevant to migration, <https://www.un.org/en/development/desa/population/migration/events/coordination/16/documents/presentations/6b%20-%20Chen%20SDG%20indicators.pdf>

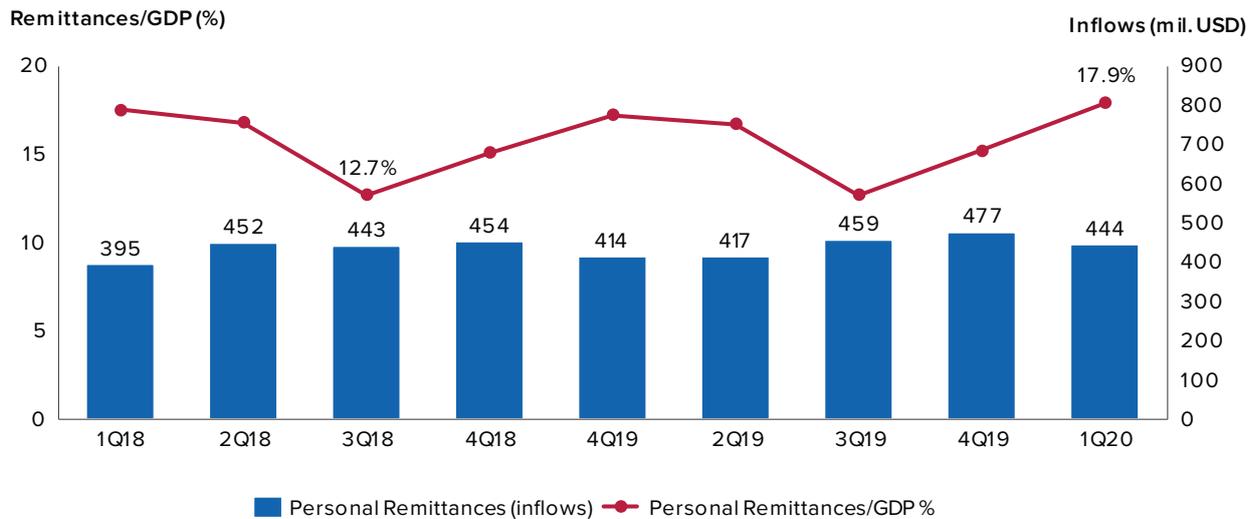
134 OHCHR, Migration Discussion Papers introduction, <https://www.ohchr.org/EN/Issues/Migration/Pages/DiscussionPapers.aspx#:~:text=Migration%20is%20not%20a%20new,implications%20of%20migration%20are%20manifold.>

135 IOM -Rapid evaluation of the impact of COVID-19 on the wellbeing of Moldovan migrants: empirical data on the strategies and contributions of migrants, 2020

136 Ibid.

137 Migrant Workers: The Case of Moldova – Geneva, 2017

Figure 141. The value and relevance of remittances in relation to GDP, [mil USD, %], 2018-2020



Source: PwC Vulnerable Groups Survey

The COVID-19 crisis brought about intense strain for migrants, that have experienced rapid life changes. **Psychological pressure however was experienced not just by those abroad, but also for families in the Republic of Moldova.** The text box below presents a micronarrative that illustrates the strain experienced by a young mother whose husband is working abroad. Interestingly, the thoughts expressed by the woman also highlight the overlapping difficulties shared by families with many children, poor households and returning migrants.

Returning migrants, Micro-narrative snippet #11

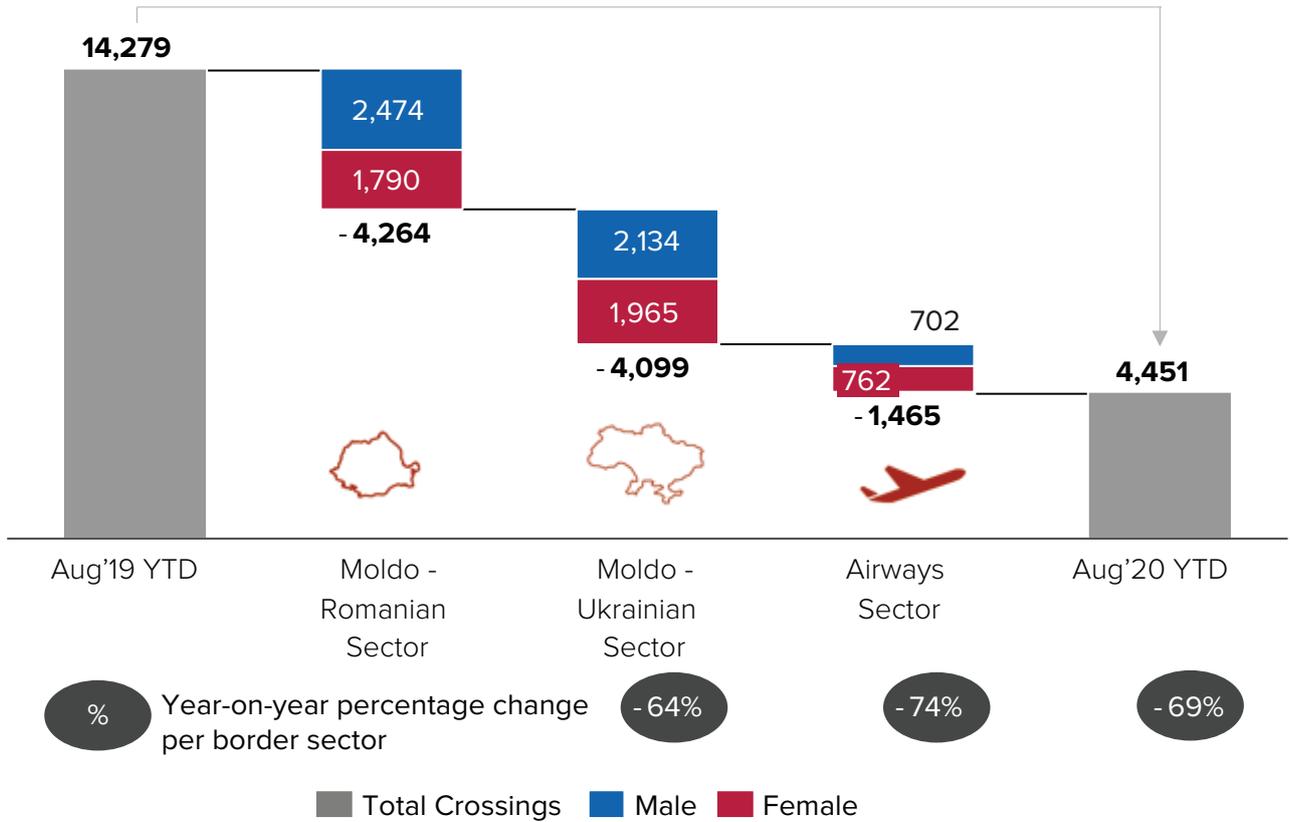
“Many people will say that this pandemic united their family and allowed them to enjoy each other more, however in my case, it literally made me ill. I am all by myself with 2 small children, as my husband works abroad. I have no parents or other relatives close by.

Since the pandemic has started, I have started to have heart problems, high blood pressure, hormonal problems and weak nerves. The children - especially the 3-year-old is hysterical due to lack of human interaction and going out for some fresh air. All our life plans have been derailed: my husband cannot return home, and that stresses me even more. I cannot imagine how other single mothers with 3 or 4 children get by.”

26-35 age group female

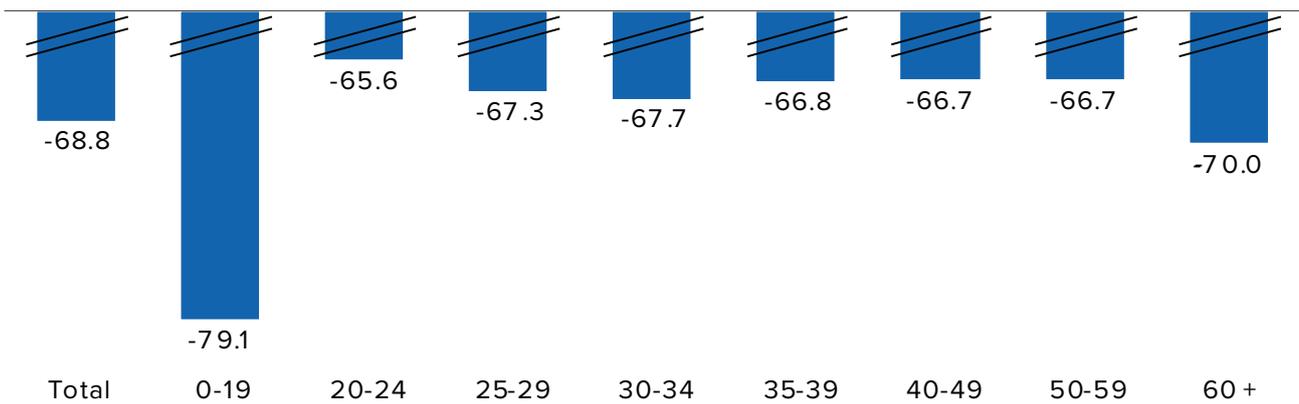
Source: UNDP, Cognitive Edge

Figure 142. Year-on-year change in the number of border crossings by sector, [000s crossings], 2019-2020



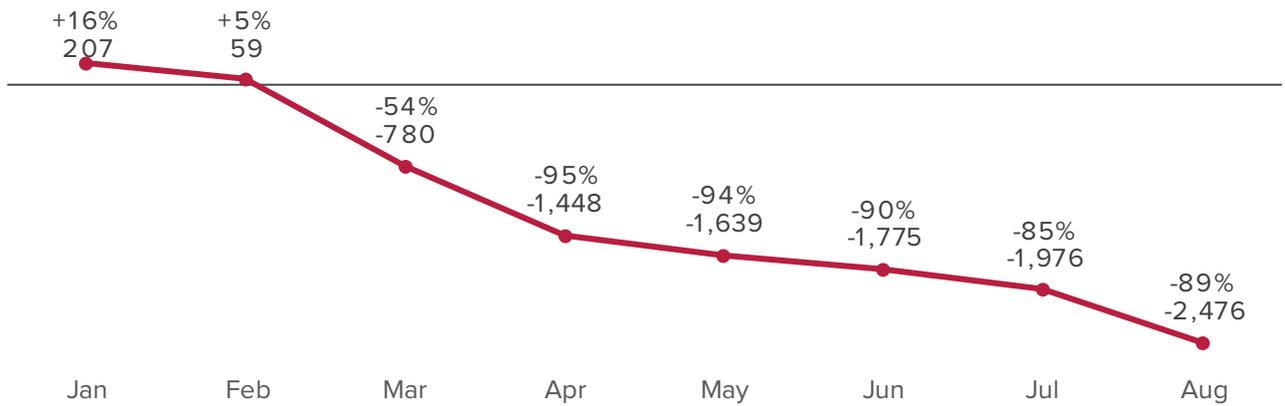
Source: Border Police of Moldova

Figure 143. 2020 August YTD year-on-year change in border crossings by age group, [%], 2019-2020



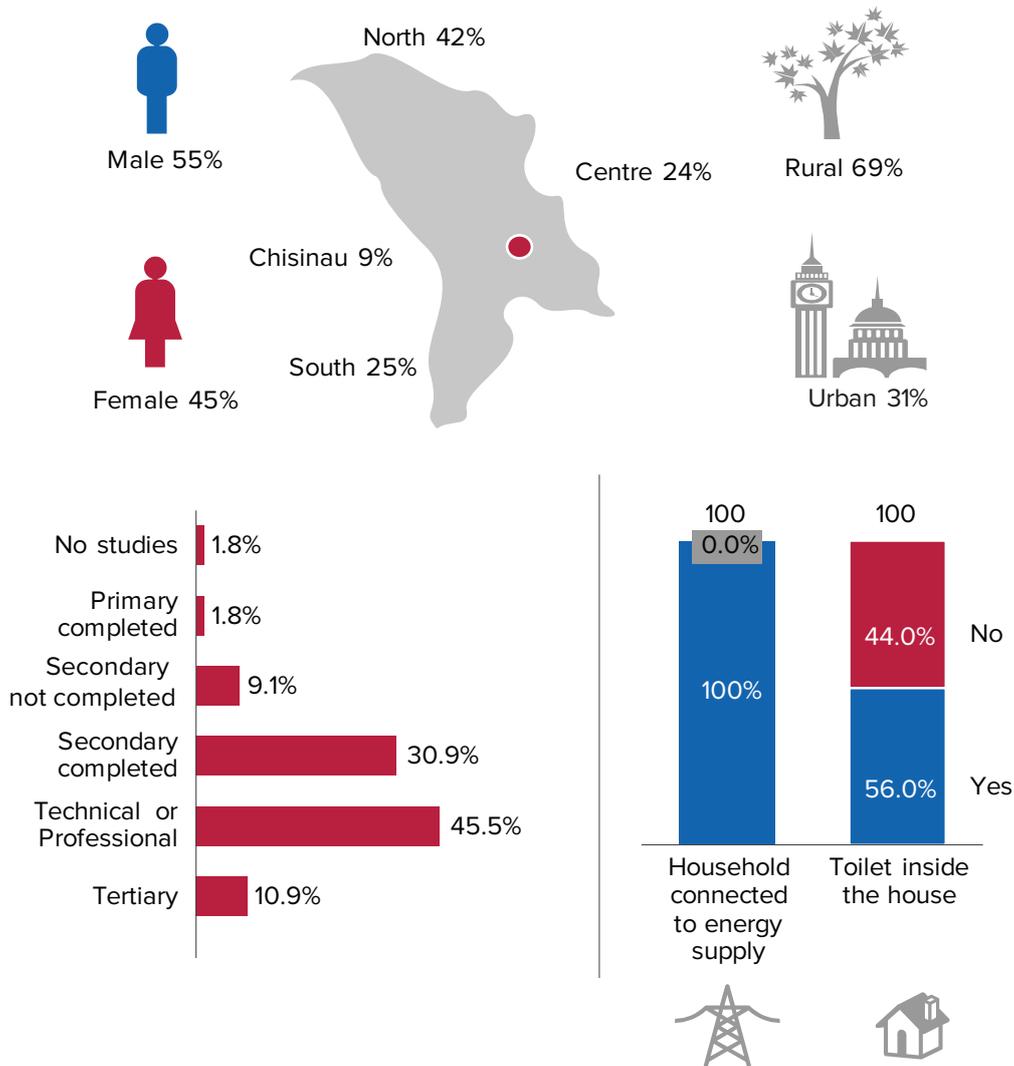
Source: Border Police of Moldova

Figure 144. 2020 August YTD year-on-year change in border crossings by month, [%, 000s crossings], 2019-2020



Source: Border Police of Moldova

Figure 145. Profile of the Returning Migrants in the PwC VG sample



Source: PwC Vulnerable Groups survey

Returning migrants face challenges through the following vulnerability channels:

- Difficult material prospects – often amplified by weak or inexistent labor contracts
- Reduced employment flexibility due to weakness in the labor markets of host countries
- Deprivations due to caring for dependants – parents, children, or spouse
- Potential unwelcoming environment when returning home

The socio-demographic profile of the Returning Migrants participating in the survey is presented in Figure 145. The sample was balanced gender-wise with 55% males and 45% females. Regionally, the North was represented at 42%, while the Centre and South had roughly one quarter, and Chişinău 9%.

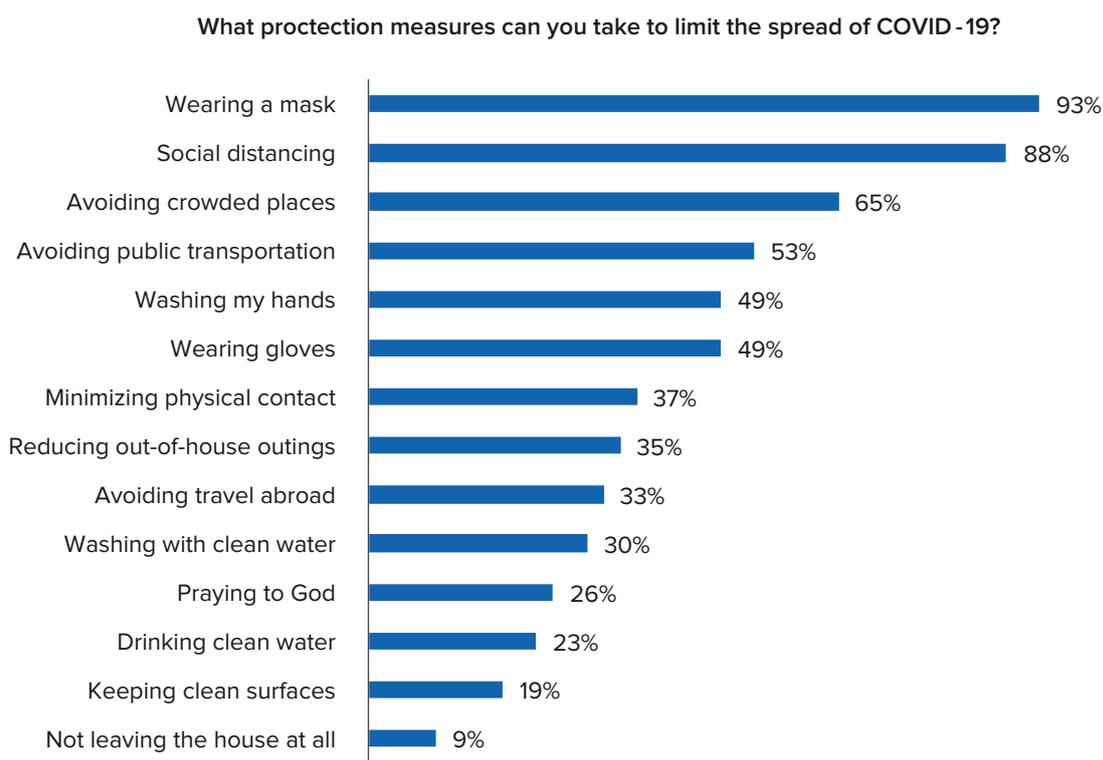
There were more sampled migrant households living in rural areas (69%) than urban ones (31%), with most of the educational levels clustering around technicum or professional degrees (45.5%) as well as completed secondary education (30.9%). Most of the migrant households fared better in terms of living facilities than the other vulnerable groups, with for example 56% reporting having a toilet inside the house.

Quarantine Status

The majority of the returning migrants participating in the survey conducted for the purpose of this report did not have their health directly affected by the coronavirus, not their family members: only 2% had a COVID-19 case among the household members, while 5% had symptoms but were not tested. Most of the respondents, 93%, did not have any family members in the household with COVID-19 symptoms. There were three reported instances of mandatory isolation and one of voluntary isolation (contained in the age group 18-59 years old).

Returning migrants generally had a good understanding of prevention measures, with 93% of them citing the act of wearing a mask as the main prevention measure, along with 83% citing social distancing. All the individuals that cited not leaving the house as an option were members of households that had children younger than 14 years old.

Figure 146. Returning migrants' view on COVID-19 protection measures, [%], 2020

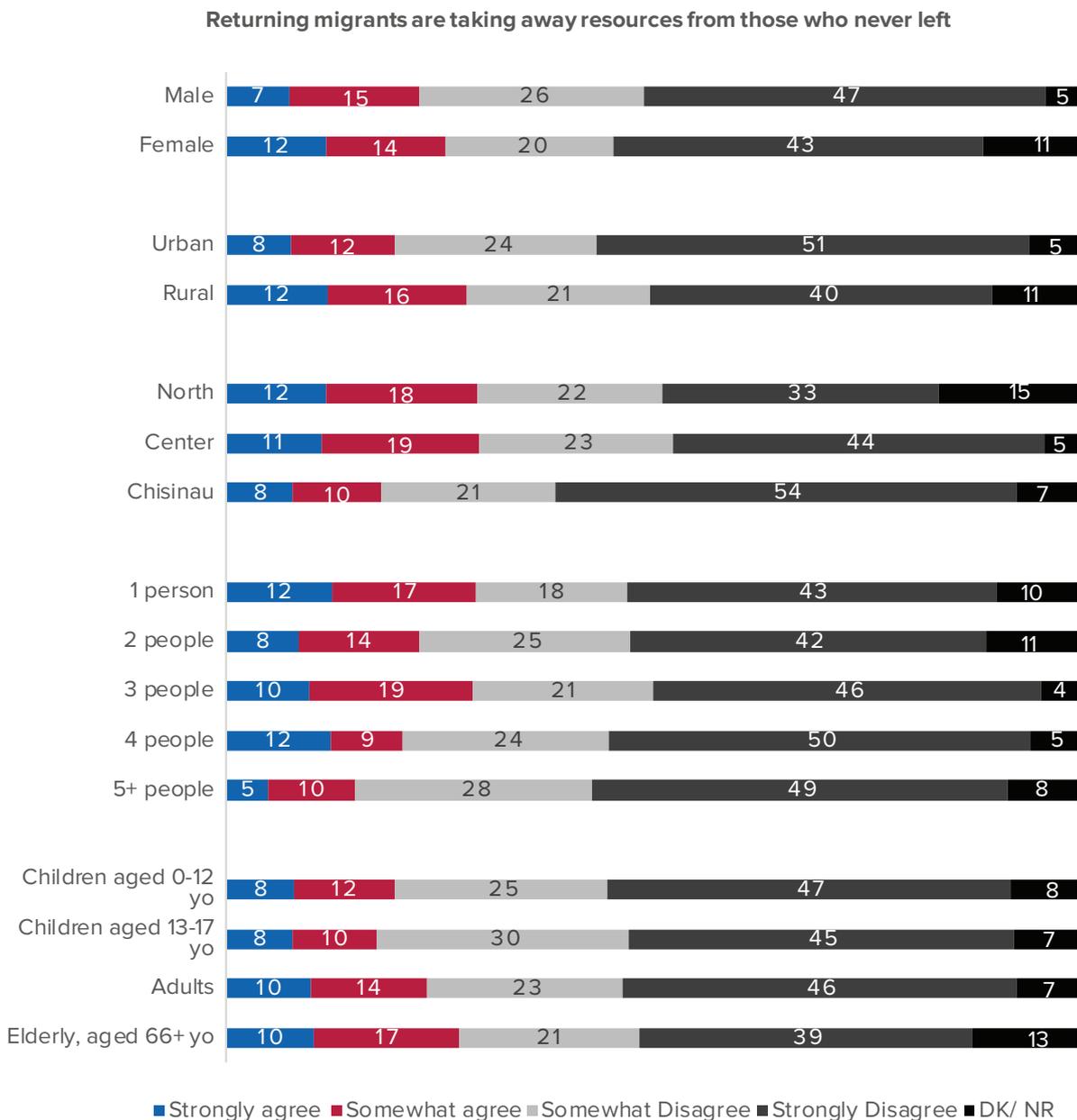


Source: PwC Vulnerable Groups survey

A large share of the respondents of the survey (76%) stated that they had sufficient access to information related to COVID-19 in their own language, however 20% considered the information insufficient and 4% declared that they did not have access at all. Along with freelancers, returning migrants had the most favourable view on the availability of protection equipment (masks, gloves, disinfectants), with 60% considering they had enough protection equipment during the pandemic, while 29% saying they had some but not enough, and only 11% saying they did not have enough. While 55% of migrants said they have walked more due to the pandemic – 55% also have said to use the car more (second highest increase in car usage after freelancers).

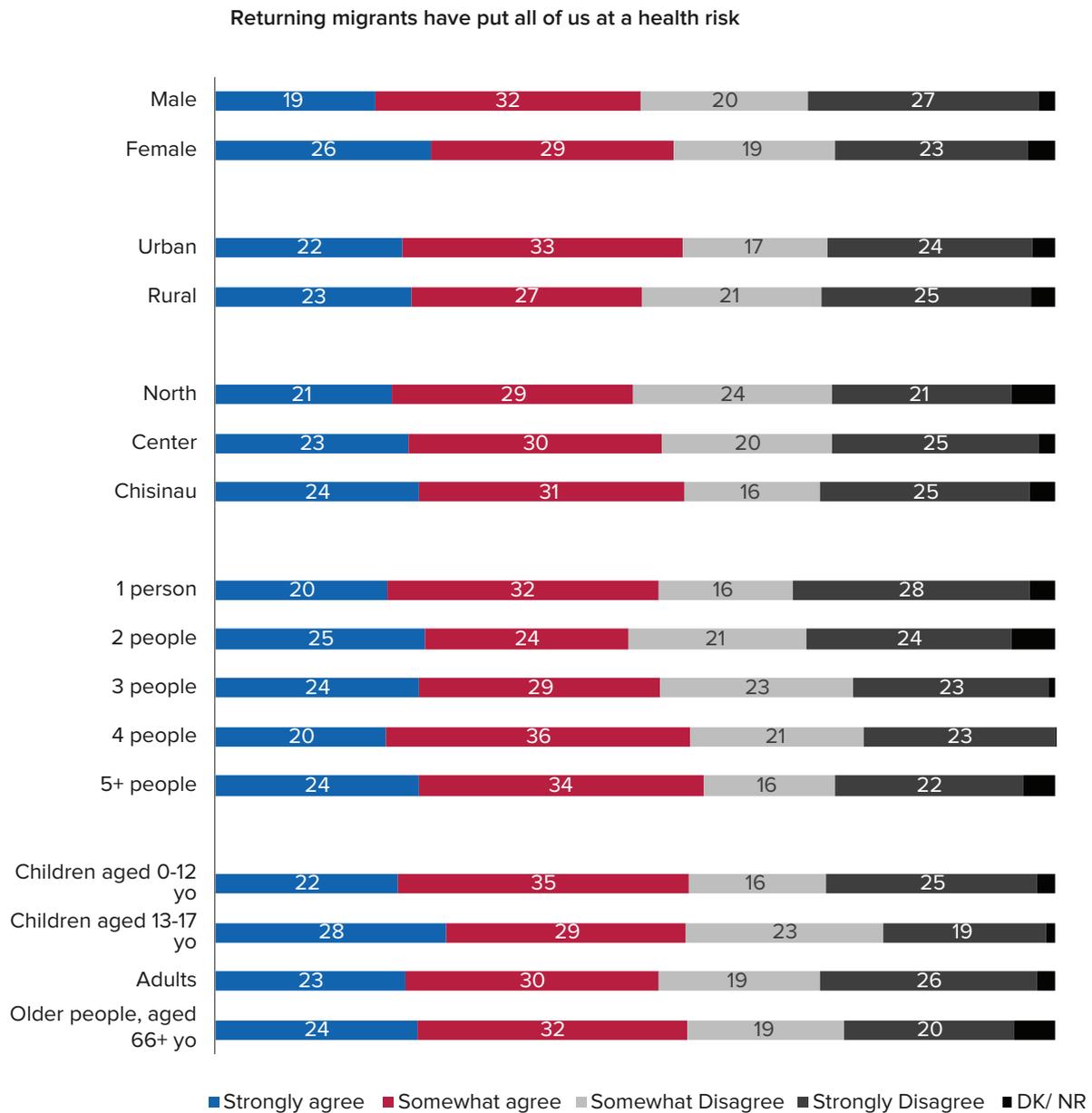
Upon returning, migrants will have invariably been met with mixed feelings, given the strong fear factor in society and the inefficiencies in information systems of the population at the earlier stages of the pandemic. Data from the UNDP Score project shows that **while returning migrants enjoy a majority favourable opinion in terms of resources, the opinion has been considerably less favourable in terms of health and infection carrying potential.**

Figure 147. Attitudes towards returning migrants - economic perspective, [%], 2020



Source: UNDP SCORE

Figure 148. Attitudes towards returning migrants - epidemiological perspective, [%], 2020

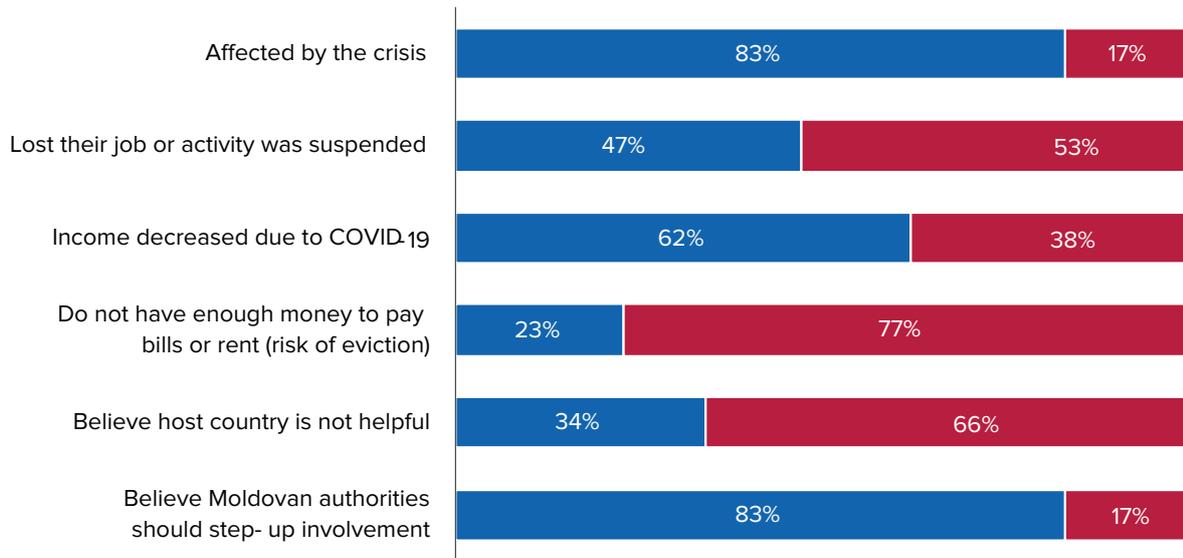


Source: UNDP SCORE

Employment, Sources of Livelihood and Expenditures

The impact of the COVID-19 pandemic on jobs was immediate, with many businesses reducing staff, as the levels of activity declined, both during lockdown and in the subsequent period. The rapid assessment performed by IOM during the period 17th of April-17th of March confirmed the early damage, finding that 83% of migrants abroad were affected by the crisis, with 47% of losing their job or having their activity suspended, and 62% reported income decreases.

Figure 149. Situation of returning migrants, [%], 2020



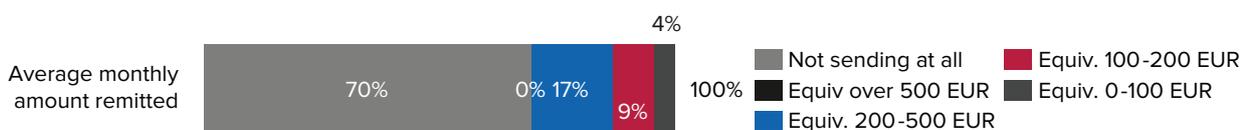
Source: IOM

These findings are supported by patterns in the PwC survey: out of all the vulnerable groups, the returning migrants were the ones that lost their jobs the most by far at 62% (more than double the closest group of vulnerable women). The higher rate could be explained by sample and timing effects. Most of the migrants that lost their jobs had either a technical or professional education (41%) or a completed secondary education (32%), with no tertiary education in the sample. The industries seeing elevated levels of job losses in the PwC sample for returning migrants appear to be Construction, Domestic Work and Caring for others.

In terms of subsequent intentions, 79% of returning migrants expressed desire to return to to the same country they were working before as soon as possible, with 15% wanting to return abroad, but to a different country, while 6% expressed desire to stay in Moldova. This may be explained by the fact that median monthly income of returning migrants was 1.67x that of the sample median (and 2.5x that of the older people, the lowest income group), and thus re-emigrating may hinge on welfare aspirations that may be difficult to replicate in Moldova in a short time horizon by lower-skilled or lower-educated individuals.

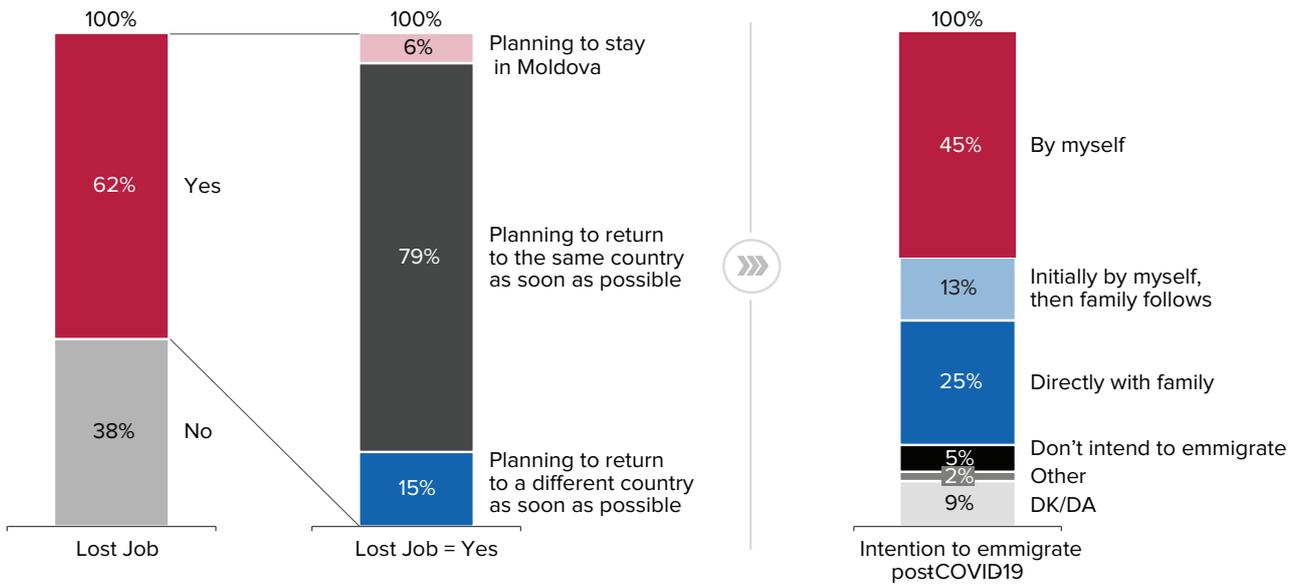
When asked about the strategy they would pursue if they were to re-emigrate the majority (45%) said they would emigrate by themselves – and this was not limited to younger individuals, with almost a third of respondents being over 46 years-old, which may indicate caution in relation to foreign labor markets on behalf of a certain segment of migrants. However, 25% of the total said they intended to emigrate directly taking their family with them – all but two of these respondents were based in a rural environment.

Figure 150. Average monthly amount remitted by returning migrants in PwC VG sample



Source: PwC Vulnerable Groups survey

Figure 151. Average monthly amount remitted by returning migrants in PwC VG sample

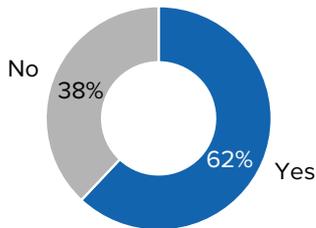


Source: PwC Vulnerable Groups survey

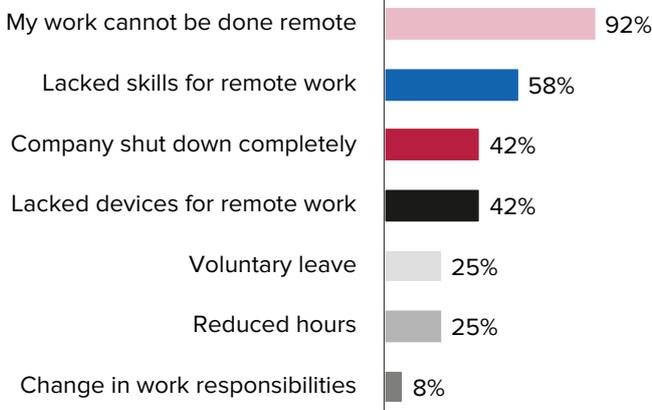
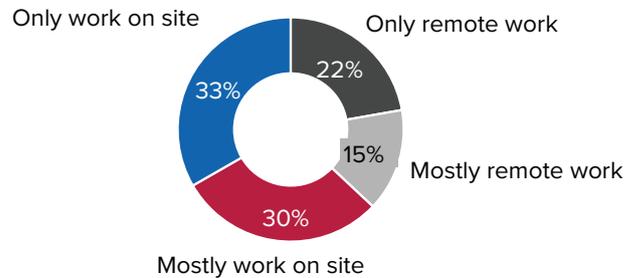
Figure 152. Impact of the pandemic on the employment of returning migrants

A Employment

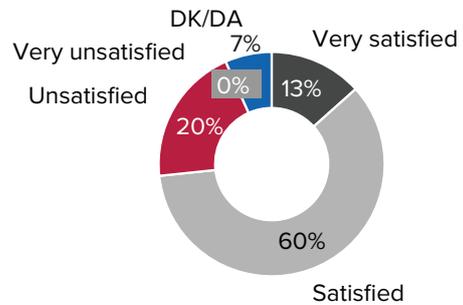
Job loss due to COVID-19



Ways of working during the pandemic



Satisfaction with measures taken by employer



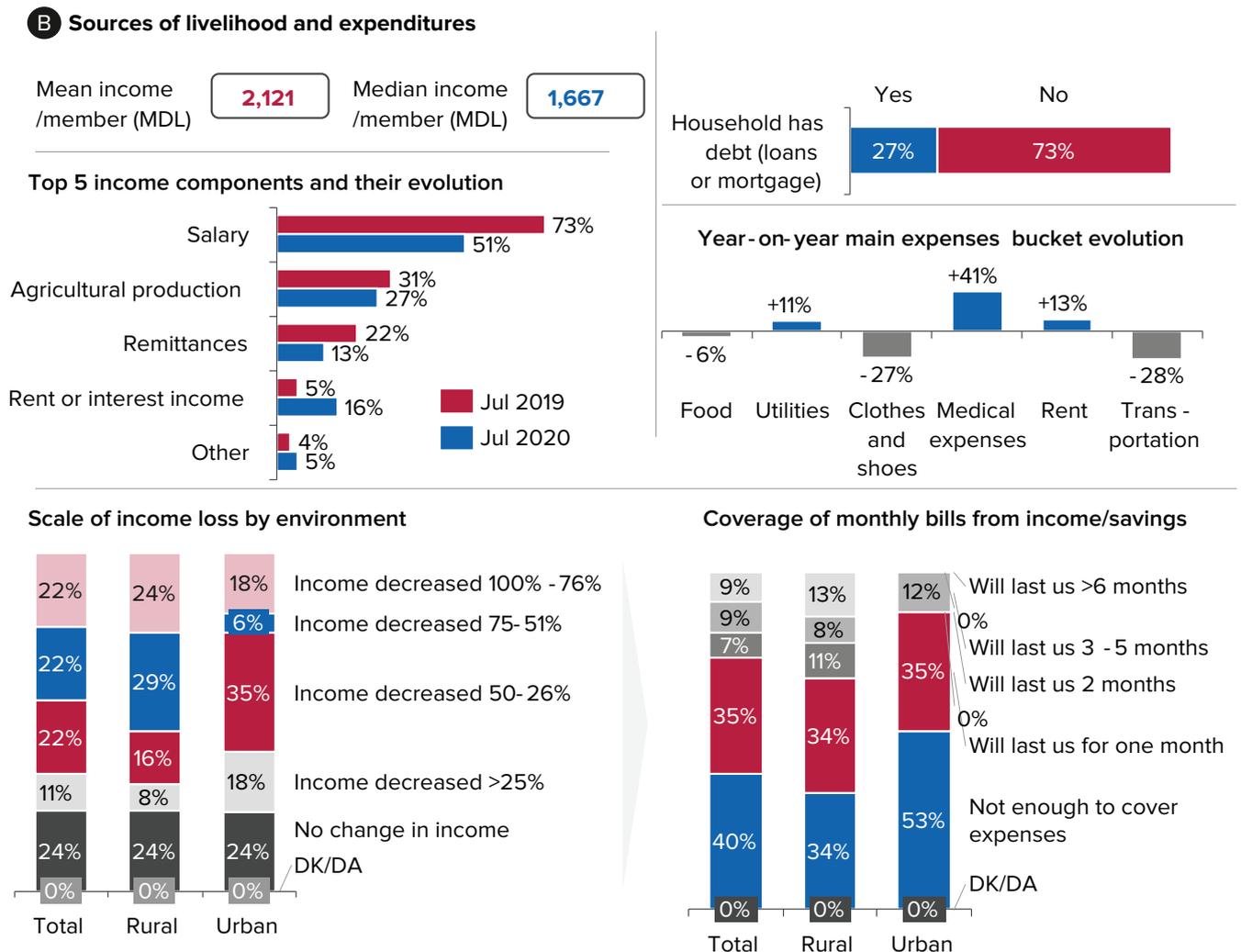
Source: PwC Vulnerable Groups survey

The two sectors with the highest job losses were Construction and Domestic Work. Out of the migrants that did not lose their jobs and have worked during the pandemic, 33% declared they had only worked on-site and 30% that they had worked mostly on-site, with low levels of working remotely seen in Agriculture, Construction and Retail Commerce. With respect to satisfaction towards measures taken by the employer during the pandemic, 60% were satisfied and 13% very satisfied, with about a fifth being unsatisfied. Overall, the level of satisfaction was higher than some of the others' groups.

The most common difficulties encountered by returning migrants in relation to the work environment were the fact that the work itself cannot be performed remote (92%), as well as lack of skills for remote work (58%), lack of devices for remote work (42%), and employer company shutting down completely (42%). Thus, it appears the flexibility of many returning migrants is limited by the nature of their job.

From an income component perspective, the pandemic saw fewer migrant households citing income from salaries (-22%) and remittances (-8%), but also less from agricultural production (-4%). The most drastic income losses between all and ¾ of income were skewed towards rural areas (24% in urban areas versus 18% in rural ones), but overall, both environments were almost similarly affected (with a cumulative 76.3% seeing at least some income declines, compared to urban areas that saw a 76.5 cumulative decline). Consequently, the pattern of income loss suggests a more faded but more overreaching impact in rural areas.

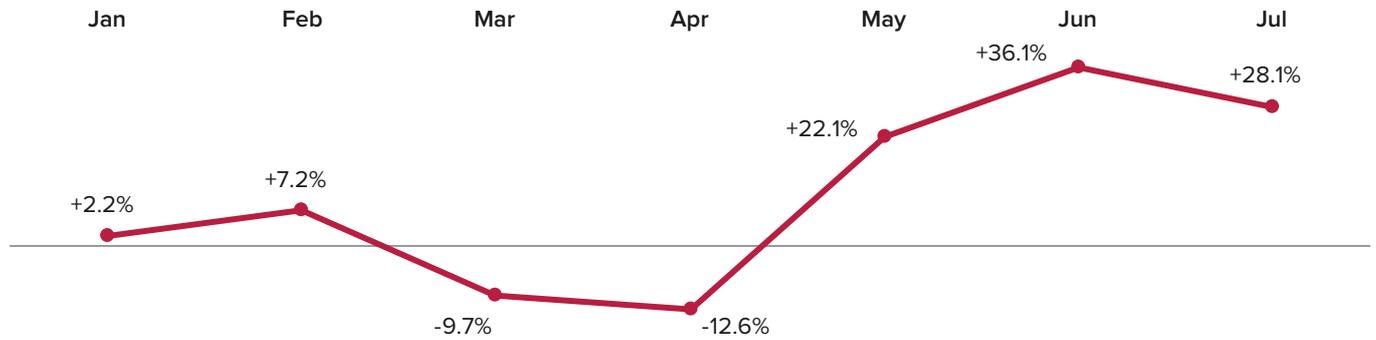
Figure 153. Impact of the pandemic on the sources of livelihood and expenditures of returning migrants



Source: PwC Vulnerable Groups survey

A rather puzzling trend at first sight is that while host economies have suffered economic damage and the income of returning migrants has decreased, with many losing their jobs, the gross personal transfers inflows into Moldova were still up +13.7% Jul-YTD. A possible explanation may be that more of the transfers are migrating to official channels, as the old informal channels to remit are not easily accessible to traffic restrictions and local lockdowns in place.

Figure 154. Personal Transfers (Gross) year-on-year evolution, [%], 2020migrants



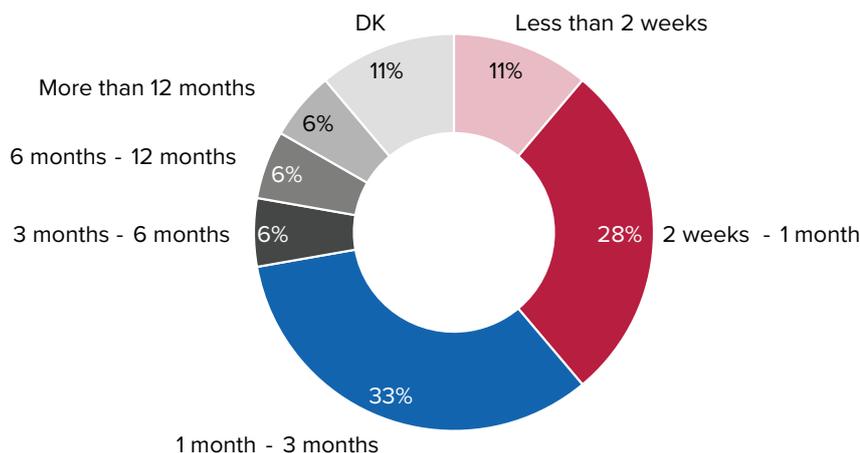
Source: National Bank of Moldova

In terms of expenses, transportation has decreased by -29%, on the back of travel restrictions, job insecurity and lower employment opportunities abroad. Rent was up +13% for migrant households. Expenses for clothes, shoes and garments were down -27% for this group, indicating increasing savings rate and decrease in discretionary consumption. The amount spent on energy and utilities increased +11%. There were 27% of migrant households having an outstanding personal loan or mortgage.

The financial impact of the pandemic on returning migrants appears to be better mitigated than some of the other vulnerable groups: when examining the overall coverage of monthly bills from current income and savings, 53% of households in an urban areas and 34% in rural areas said they do not have enough money to cover the current bills – significant still, but lower than poor households. The impact was most pronounced for urban poor households. There were 9% overall that declared that their income or savings will last them more than six months, which indicates a comfortable position for absorbing financial impact for returning migrant families, especially if they do not have debt.

The perspectives for the length of time required to find a job abroad were rather bullish, with a cumulated 72% of returning migrants believing a job abroad will be found in three months or less.

Figure 155. Expectation of length of time returning migrants think it will take to find a job abroad [%], 2020



Source: PwC Vulnerable Groups survey

Access to Food and Basic Services

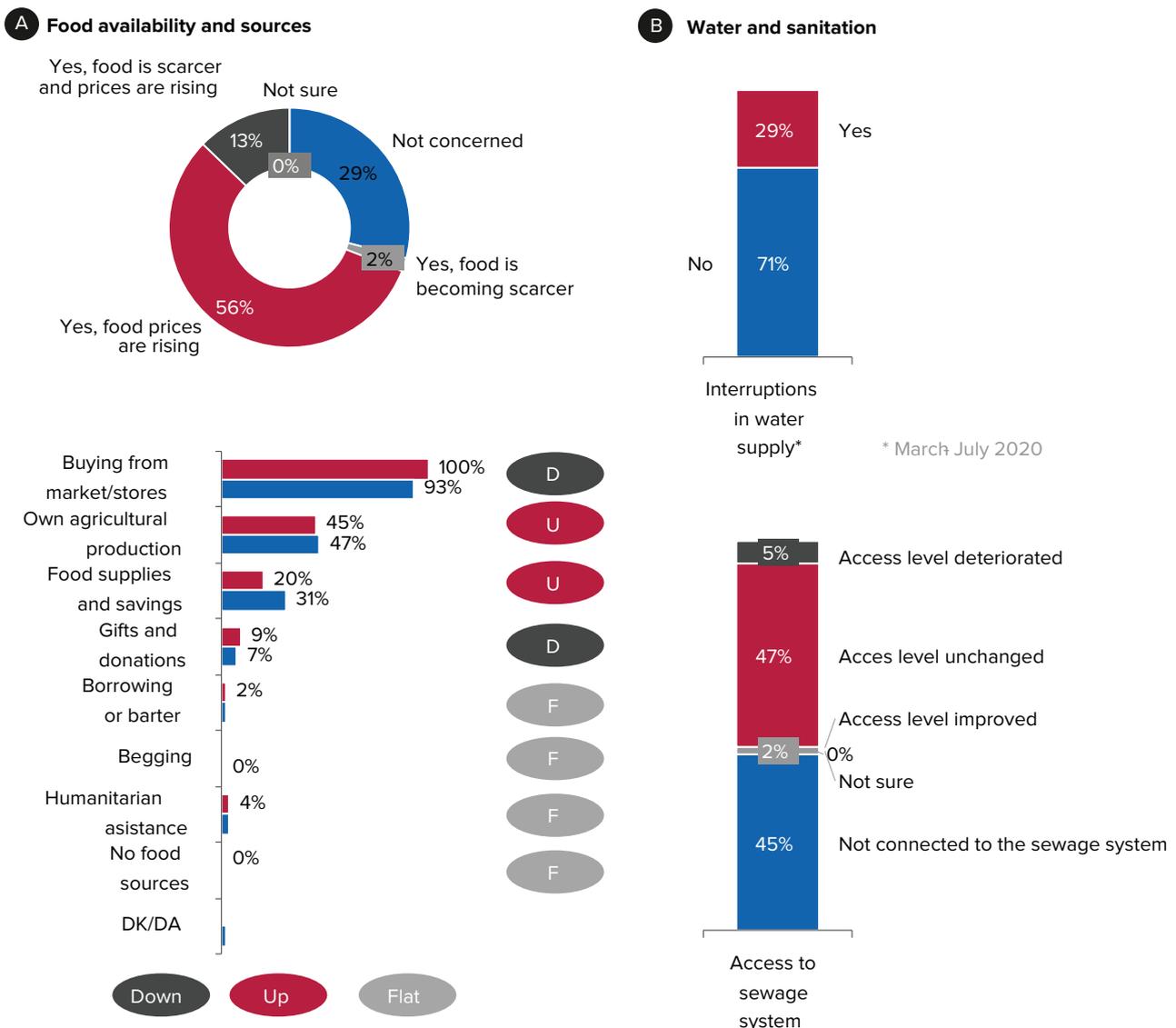
Food and water

Among the returning migrants in the sample, there was some concern about food, mainly driven by perceptions of rising prices (56%) or perceptions of both rising prices and food scarcity (13%). Migrants with younger children tended to be more concerned.

From a food source perspective, the largest sources remained buying (which was down -7% year-on-year 2020 vs 2019) and own agricultural production (+2%). There was a notable increase however in food supplies and seeds and supplies saved (+2%). These changes suggest that the returning migrants have tightened the budget in the face of pandemic, are relying more on their own supplies and produce.

There were 29% reported interruptions of availability in main water supply by migrant households between March and July 2020. The largest part of households reported being connected to a centralized water system (60%), but there were also 42% who cited using private wells in their own courtyard as a main source and 13 that were using a public wells as the main water supply. Most migrant households (45%) reported that the access level was unchanged, however 5% also reported that the access level has deteriorated. Almost half of households (45%) were not connected to a sewage system.

Figure 156. Impact of the pandemic on the access to food and water of returning migrants



Source: PwC Vulnerable Groups survey

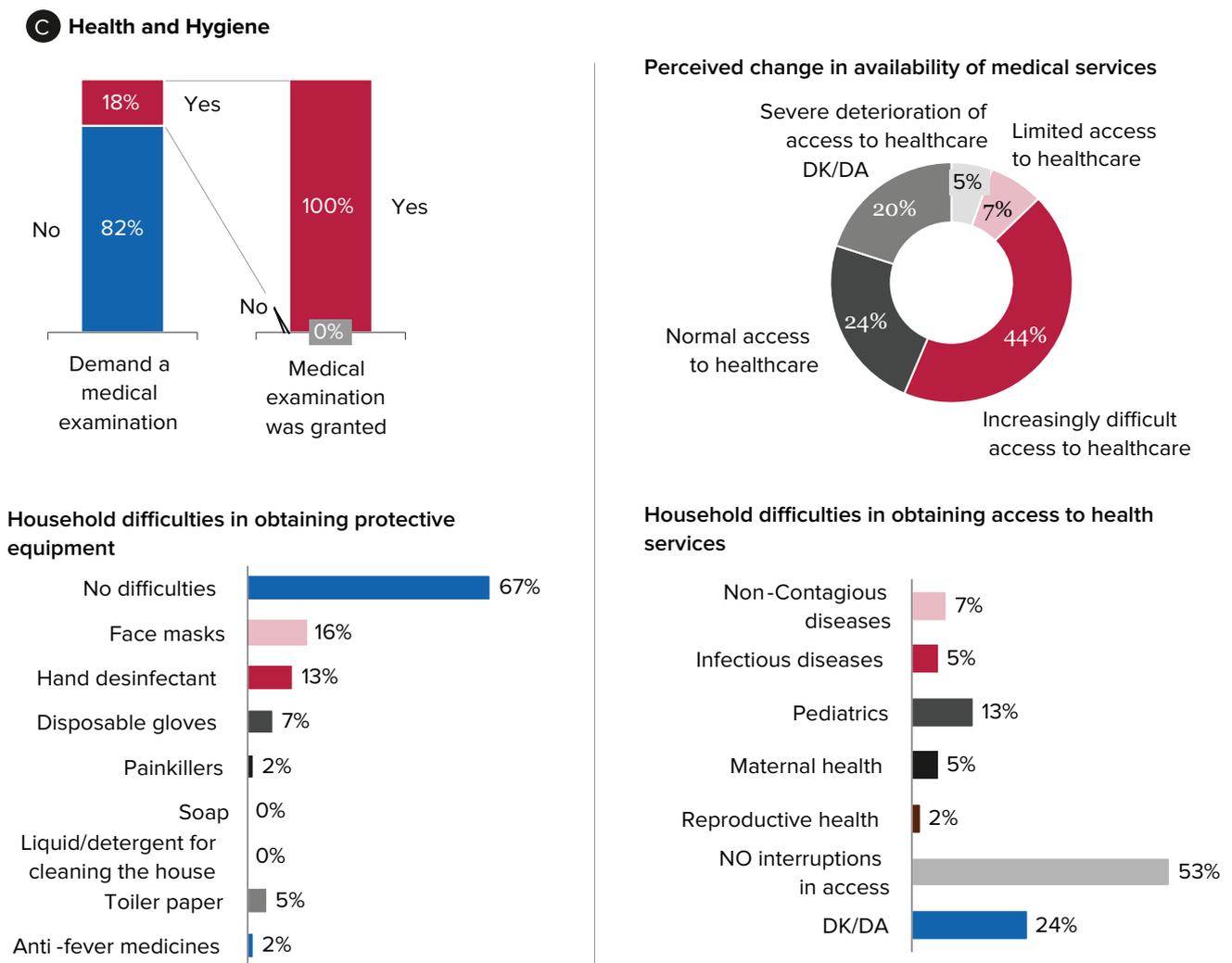
Health and Hygiene

An important expression of the access to healthcare is having health insurance coverage. **A very high share of migrants (78.2%) reported not being covered by health insurance currently.** While returning migrants have on average a younger and healthier profile, this form of deprivation may restrict access to health providers and amplify unmet health needs.

From the migrant households 18% a medical examination during the pandemic, and all of them were granted one. This may have contributed to a slightly more positive view of the availability of medical services compared to the other vulnerable groups. More than half mentioned they did not encounter any difficulties in obtaining protective equipment (63%), with face masks (16%) and hand disinfectant (13%) being cited as more difficult items to find.

From those that had expressed an opinion, 44% stated they perceived increasingly difficult access to health-care, with the highest difficulties encountered for Paediatrics (13%), followed by Non-Contagious diseases (7%). While no migrant household reported a pregnancy, the group showed elevated difficulties for access maternal health services (5%). While only 5% of returning migrants reported a severe deterioration of access to health-care, this was the second largest percent after vulnerable women.

Figure 157. Impact of the pandemic on the access to health and hygiene of returning migrants



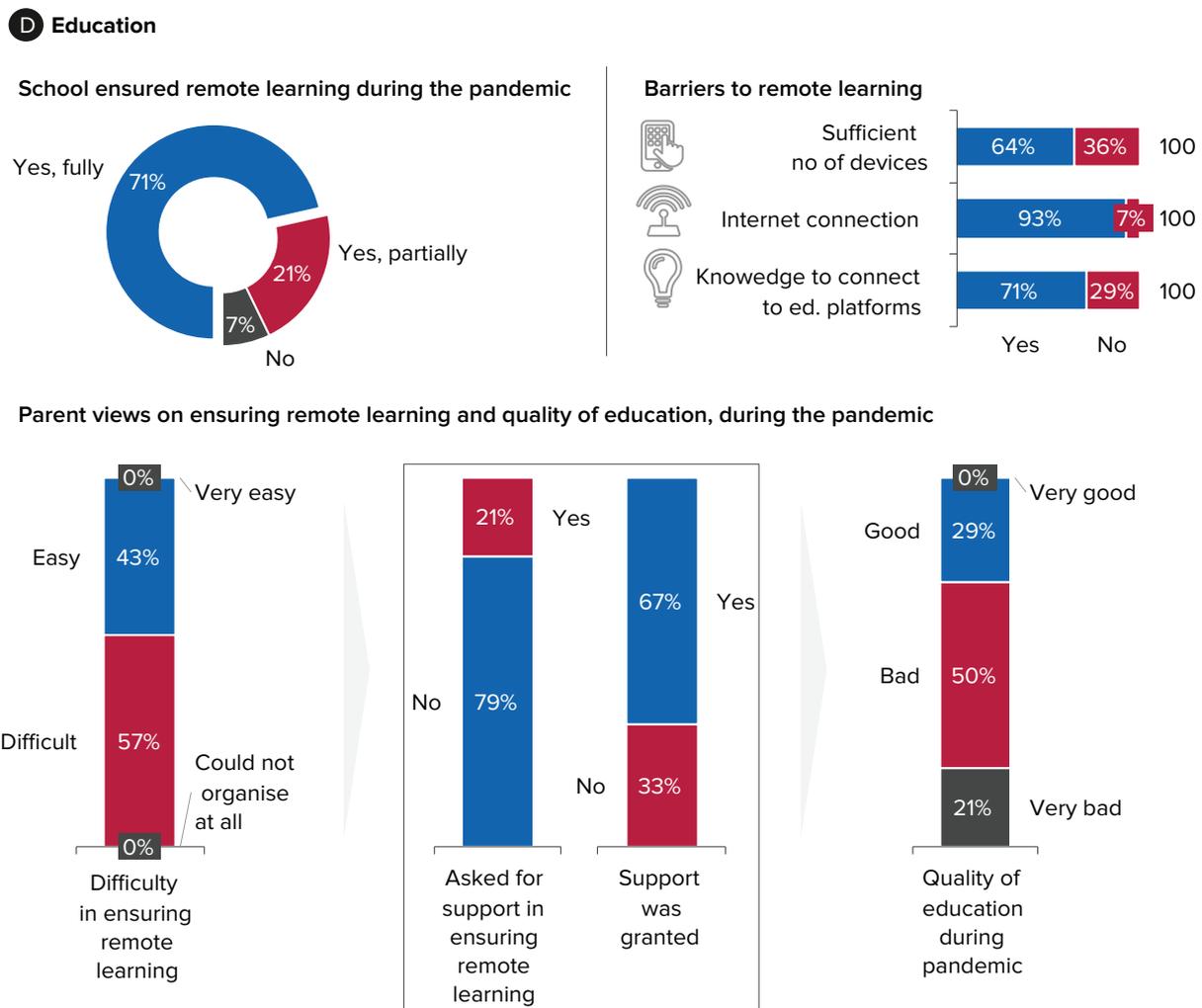
Education

In the PwC sample, 7% of poor households have declared that their schools did not manage to ensure remote learning during the pandemic, which in effect means lost educational opportunities, with 21% ensuring the learning process only partially. There were no instances of parents that were not able to organise remote learning at all in migrant households, with 43% in fact claiming it was easy to do so. On the other hand, there were 57% that found it difficult to organise, but overall returning migrants fared better than the other groups.

Around one fifth of the parents asked for support in ensuring remote learning, but out of these 33% have not received it. Thus, given the mixed levels of support, the view on the quality of the education during the pandemic was also mixed, with a cumulative of 71% thinking it was bad or very bad, and only 29% finding it good. Lower barriers were encountered versus other groups: only 7% of households did not have a reliable internet connection, and 36% did not have enough devices. Knowledge to operate the platforms was missing in 29% of cases.

Thus, the younger and likely slightly more tech-savvy profile of returning migrants appears to have aided to the ability to organise the process of remote learning. On the other hands, in terms of achieving good educational outcomes via remote learning, common pitfalls were encountered, with 21% for example reporting lack of pupil focus due to lack of social contact as a common element. Returning migrants in rural areas also were more common to note the weaker quality of internet connection.

Figure 158. Impact of the pandemic on the access to education of returning migrants



Source: PwC Vulnerable Groups survey

Coping Mechanisms

As job losses appear to have affected the less well-off migrants to a greater extent, some may have been forced to turn to take dramatic measures to cope, as illustrated by the story in text box below.

Returning migrants, IOM snippet #12

“Since the pandemic arrived, the boss told me the company closed down, but that he will help me find work somewhere else. While I have waited for help from my former boss, I had no money whatsoever, I have lived two weeks in the woods, having to eat mushrooms to survive. A friend that was also in Poland helped with some money; another friend found some work for me now in the Construction sector in Warsaw. (46 year-old male migrant in Poland).”

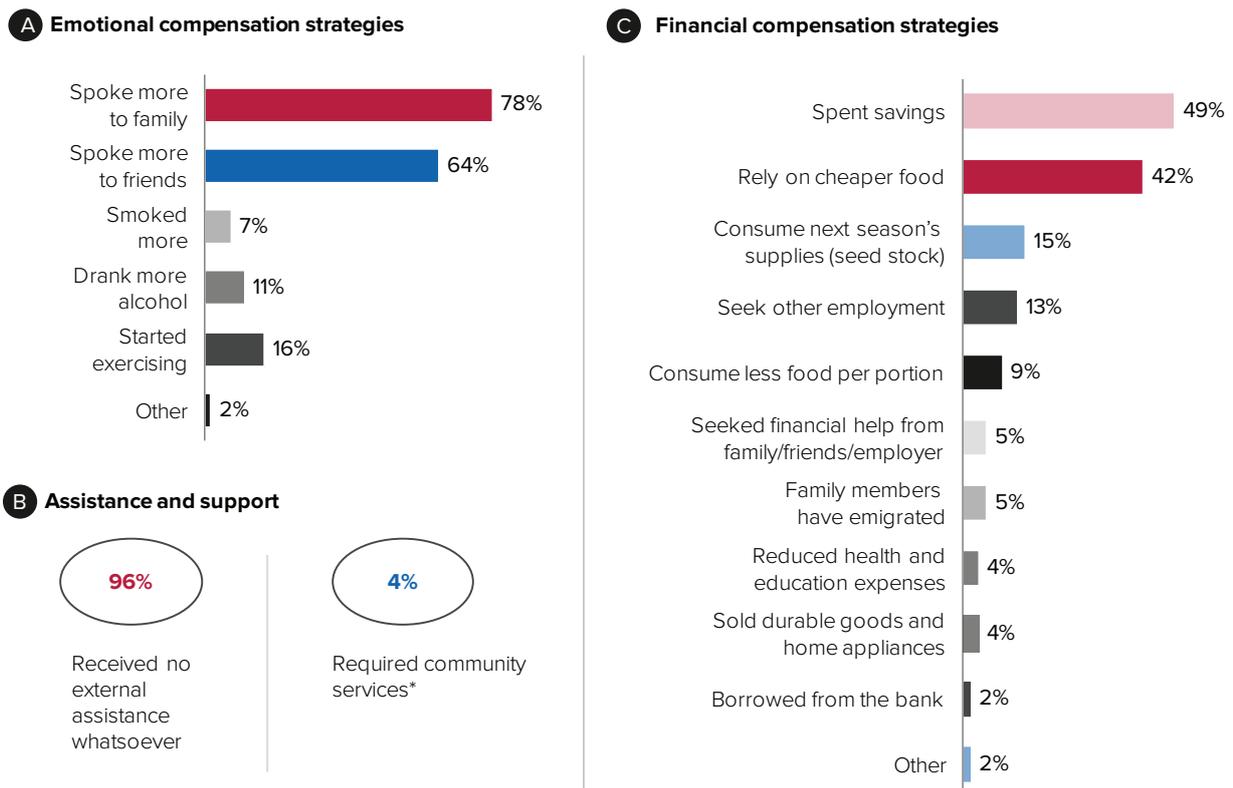
46 age group male migrant in Poland

Source:IOM

The main compensation emotional compensation strategy for migrant households in the PwC sample was speaking more with family members (78%), and increased conversations with friends (64%). Some less healthy coping mechanisms were observed, with 7% reporting smoking more and 11% drinking more alcohol. Only 4% of migrant households received direct support or assistance during the pandemic period. A share of 4% declared they required community services (social worker, social canteen, help with food delivery, etc) during the pandemic period.

Financially, migrant households relied on two primary mechanisms to cope: first, spending savings (65%) and second relying on cheaper food (42%). In the same vein, consuming next season’s supply was mentioned by 15% of respondents and consuming less food per portion by 9%. These results are consistent with IOM findings, and highlight the dilemma for returning migrants: what to do when the savings will run out.

Figure 159. Coping mechanisms of returning migrants in PwC VG sample



Source: PwC Vulnerable Groups survey

Prospects and Recovery Needs

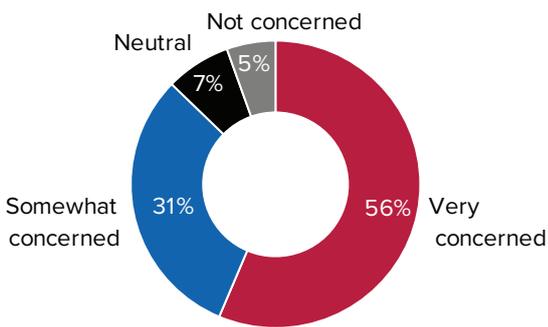
Returning migrants households showed average levels of concerns for the next three months, with 56% being very concerned and 31% somewhat concerned. The list of priorities regarding COVID-19 was topped by the need to safeguard personal health and emerge sheltered out of the pandemic. Secondly, safeguarding the food supply was deemed to be important. Thirdly, returning migrants mentioned the reopening of logistic infrastructure, thus reiterating consistently the interest in returning abroad and the links to family abroad.

From an employment perspective, 20% of household stated they are looking for a job in Moldova and 33% abroad. From the rest that were not looking for a job, 15% were doing housework and there was no household that gave up looking after unsuccessful attempts of finding a job in the recent past, indicating self-confidence on behalf of migrant households with respect to their skills and place in the labor market.

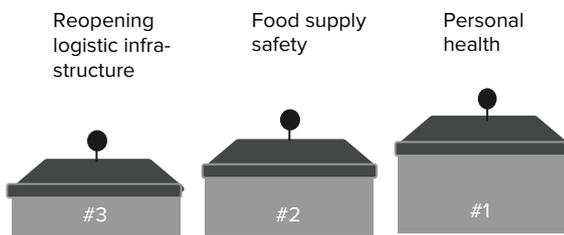
As a consequence, the most useful support measures cited had a dual character: on one side measures to encourage and develop the labor market positions (platforms with new jobs listings 73%, training for new skills 36%), and on the other side direct financial relief to weather out the storm (unemployment benefits 64%, loan debt moratorium, 9% and taxes debt moratorium, 18%).

Figure 160. Prospects and recovery needs of returning migrants in PwC VG sample

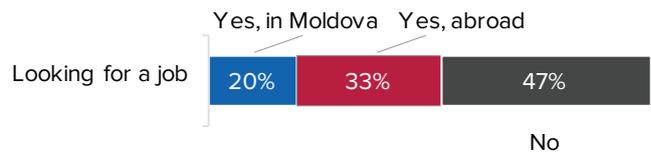
A View on upcoming three months



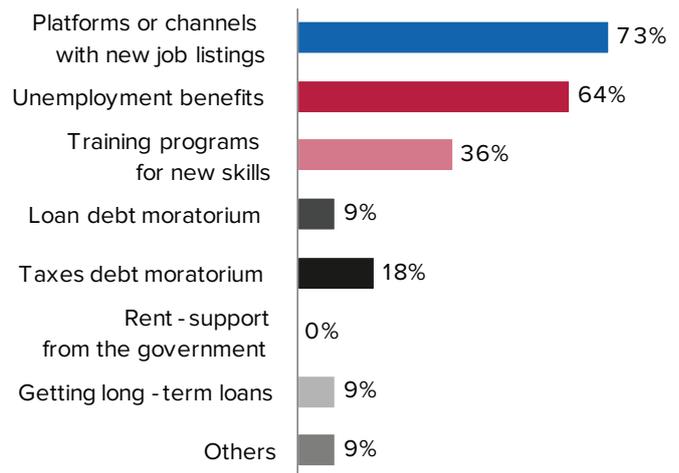
B Top priorities regarding COVID - 19



C Employment status



D Perceived utility of potential support measures



Source: PwC Vulnerable Groups survey

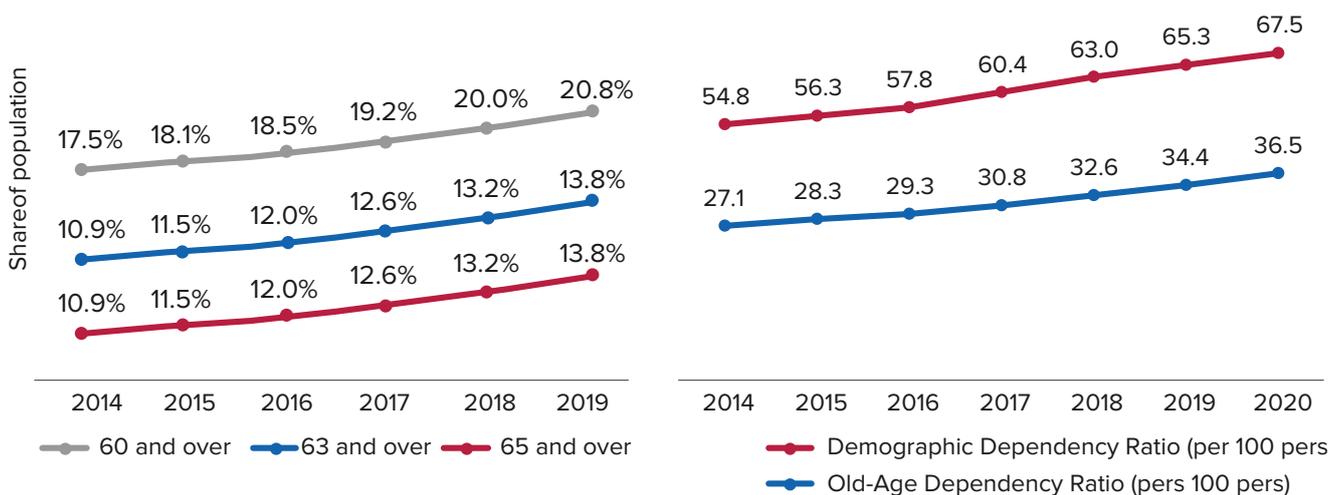
3.6 Older people

Internationally, the OECD defines the older population as people aged 65 and above¹³⁸. Nationally, Moldova uses a threshold of 60 years-old and above to define the older population. In addition, the National Statistics Bureau has also published statistics for people aged 63 and above, a category for which both the Commission of Exceptional Situations of Moldova¹³⁹ and the National Extraordinary Commission for Public Health¹⁴⁰ stipulated stricter protection measures, given the associated risks.

Examining the indicator *Older people Share of Population* presented in Figure 161, a clear trend of aging population emerges: all older people age groups have increased as a percent of total population in the five pre-pandemic years: the 60+ cohort have increased from 17.5% in 2014 to 20.8% in 2019 and further to 21.8% in 2020¹⁴¹. Similarly, the 65+ cohort grew from 10.9% in 2014 to 13.8% in 2019. The trend is further visible with the indicator *Old-Age Dependency Ratio*¹⁴², which grew from 27.1 older persons per active population in 2014 to 36.5 in 2020. Increasing old-age dependency ratios projects potential increases in economic dependency of older population, via reduced income and pressure on social protection systems.

Figure 161. Older people Share of Population [%], 2014-2019

Figure 162. Old-Age Dependency Ratio (using 60+ population) [indiv. per 100 persons], 2014-2020



Source: NBS

In absolute terms, older population (defined as aged 60+) amounts to a large group of almost 575 thousand persons. Data from the 2014 Census provides indication about the gender and household structures. Therein, females made 60% of all persons aged 60+, but 77% of the single person households for this age bracket. Likewise, females also had higher representation in the age 65+ bracket, making up 63% of all persons in this group, but 78% of all single person households. Thus, nearly 4 in 5 single households are female-only, reflecting not only the life expectancy differential by gender¹⁴³, but also the underlying health status¹⁴⁴. Overall, at the 60+ age

138 <https://data.oecd.org/pop/elderly-population.htm>

139 https://gov.md/sites/default/files/dispozitia_3_din_23.03.2020_a_cse_a_rm_cu_modificari.pdf via NBS

140 http://msmps.gov.md/sites/default/files/document/attachments/proiect_hotarire_cnesp_nr11_mai_2020.pdf via NBS

141 NBS – The territorial distribution of the elderly population

142 Old-Age Dependency ratio defined by using the population distribution: $[P(0-14) + P(60+)] / P(15-59) * 100$, calculated per 100 inhabitants.

Using the +65

year-old threshold, the old-age dependency ratio is 19.1 in 2019

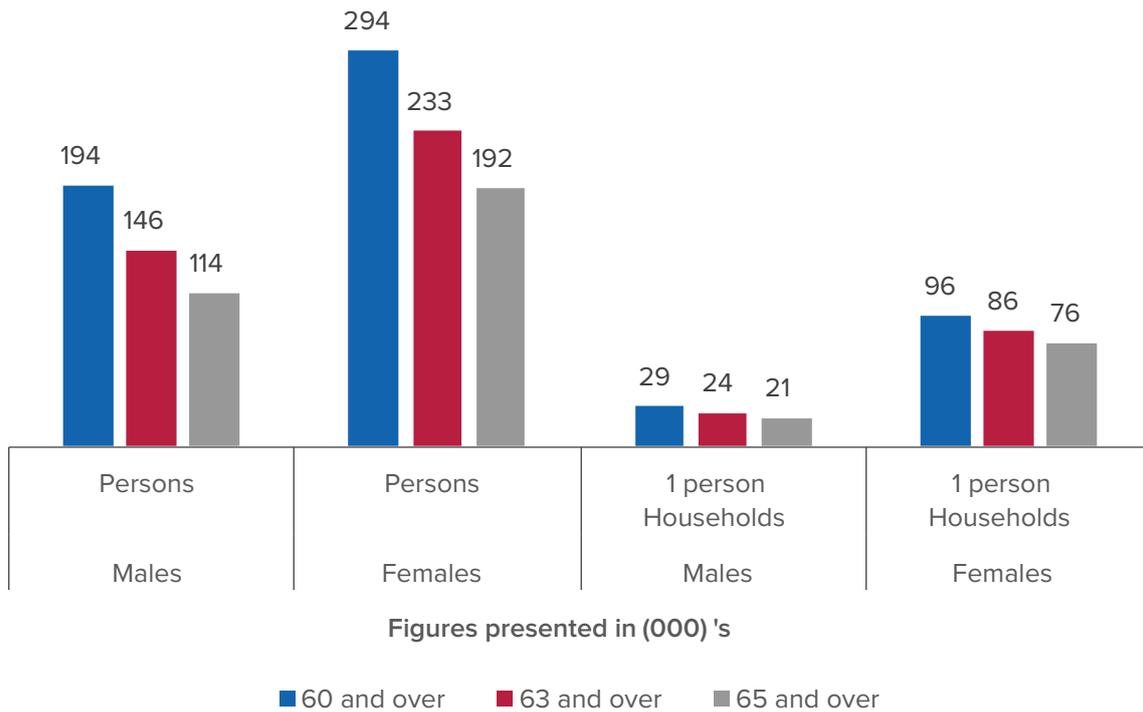
143 In 2019, the indicator Life Expectancy for males was 66.8 years, while for females 75.1 years, Source: NBS, http://statbank.statistica.md/PxWeb/pxweb/ro/20%20Populatia%20si%20procese%20demografice/20%20Populatia%20si%20procese%20demografice__POPrec__POP020/POP020700rcl.px/table/tableViewLayout1?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

144 In 2019, the indicator Morbidity through malign tumors for 65+ year-olds recorded a value of 1,913 cases per 100,000 population for males, significantly higher than the value for females of 1,109, Source: NBS. http://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala__08%20SAN__SAN020/SAN020900rcl.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

group, single person households were 26% of group total, while at the 65+ age group, the rate of single person households was 32%.

Regarding territorial distribution, it can be observed in Figure 164 and Figure 165 that both the number of older persons as well as the number of older single person households are concentrated in the Northern part of the country, with a few pockets of concentrations also in the Southern part. Out of the 14 administrative areas (counties¹⁴⁵ and municipalities) that are above the country's average of older people share of the population, 10 are in the Northern region (10 counties and the Bălți municipality).

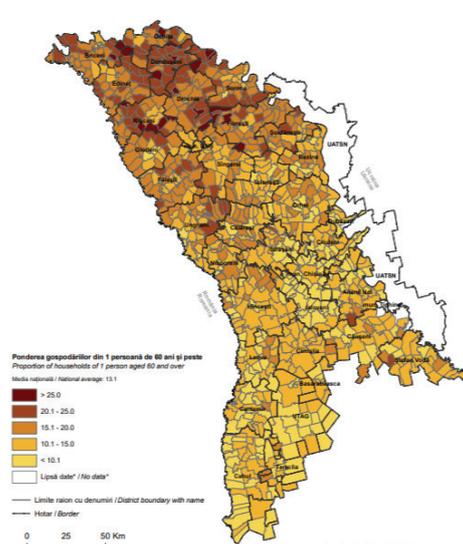
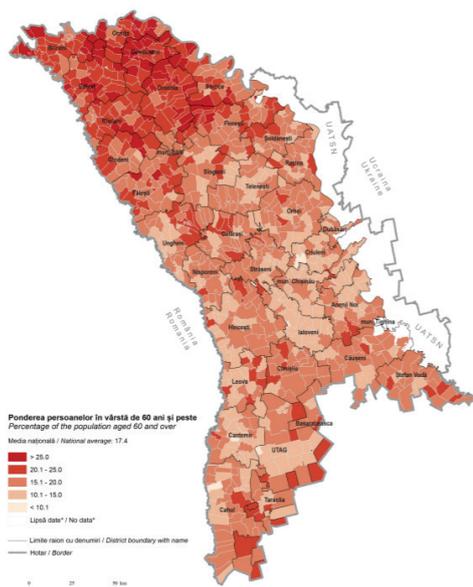
Figure 163. Older people and Households Population Pool, [000s individuals], 2014 RPL



Source: NBS

Figure 164. Older people and Households Population Pool, [000s individuals], 2014 RPL

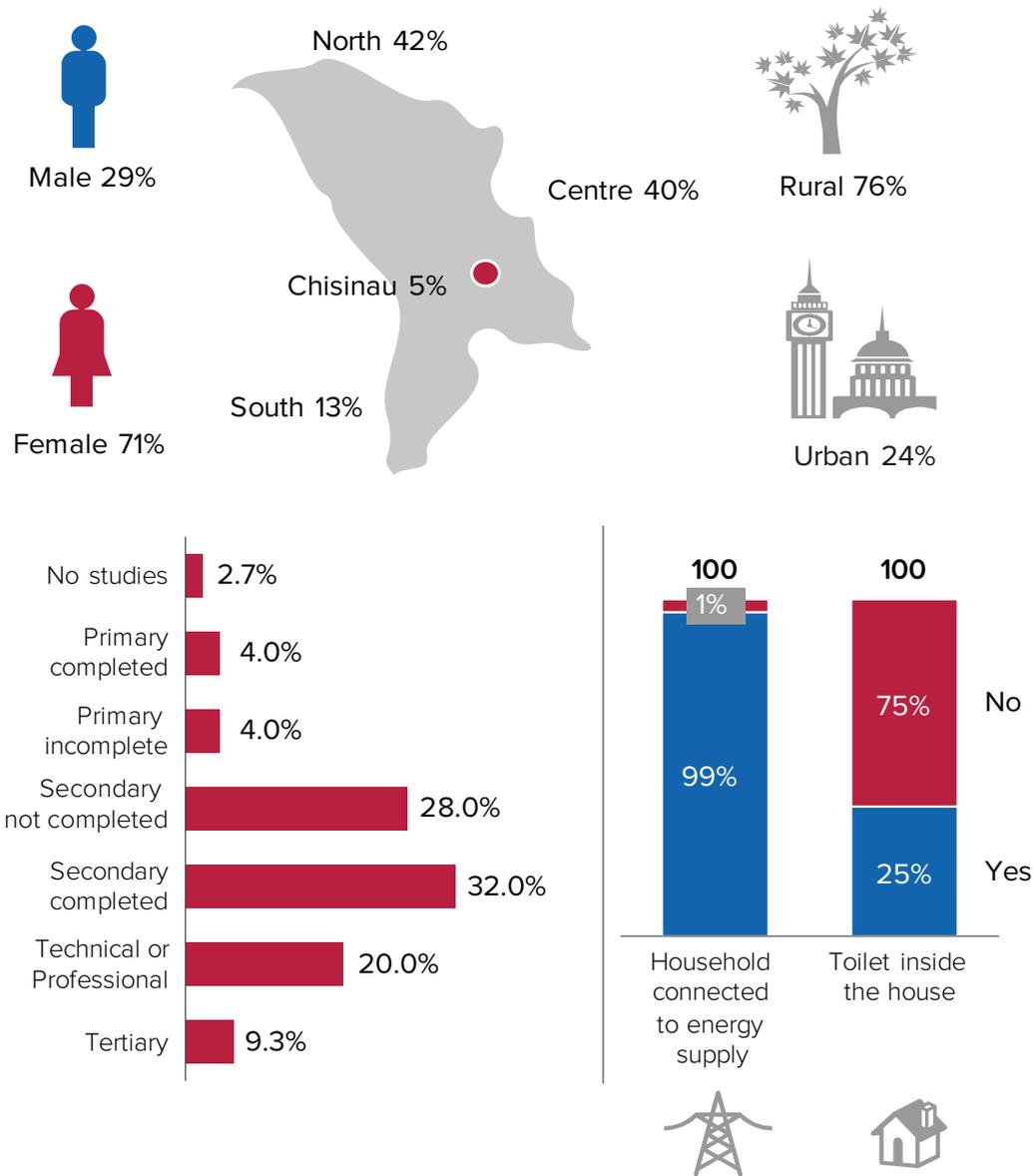
Figure 165. Older people and Households Population Pool, [000s individuals], 2014 RPL



Source: NBS

145 Administrative counties are termed 'rayons' in Moldova

Figure 166. Profile of the older people in the PwC VG sample



Source: PwC Vulnerable Groups survey

Among the channels for COVID-19 vulnerabilities of older population in Moldova are:

- Risk of severe illness and complications if contracting the virus
- Low mobility
- Unmet medical needs
- Loneliness and depression
- Limited economic resources to deal with prolonged harsh conditions

The socio-demographic profile of the older people participating in the survey is presented in Figure 166. The sample featured more females (71%) than males (29%) in the composition of households led by older people. Regionally, the North was represented at 41%, the Centre at 40%, the South 13%, and Chişinău 5%. From all the households led by older people in the sample, 45.3% were either single or widowed living in a one-person household.

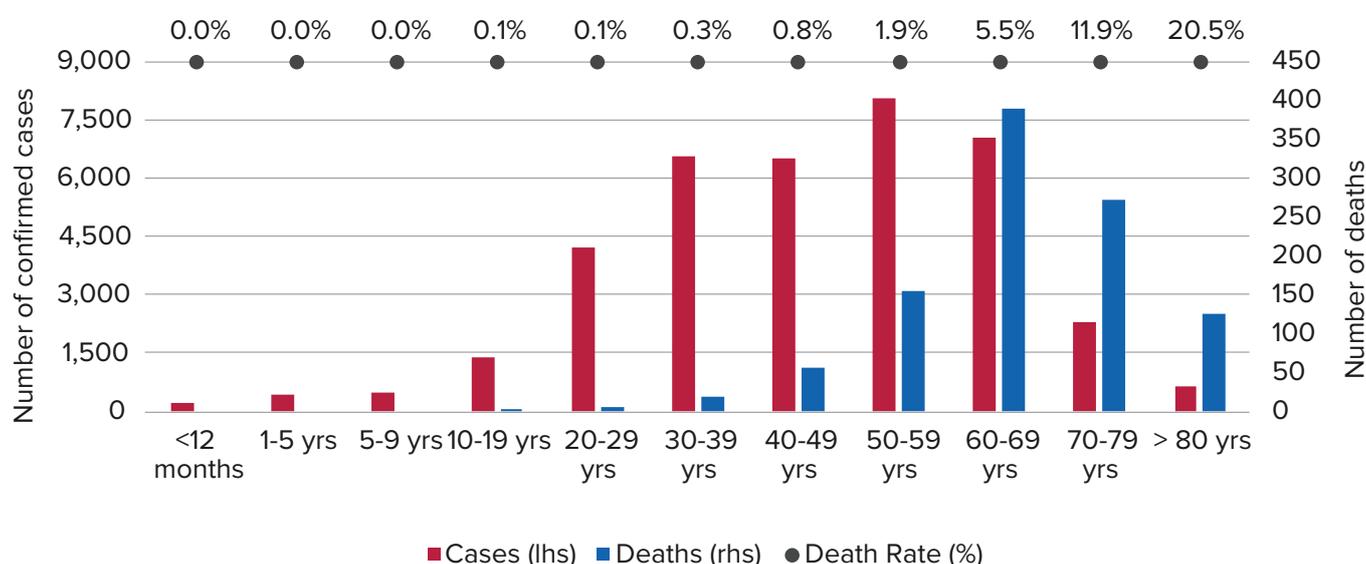
There were more sampled poor households living in rural areas (71%) than urban ones (24%), with most of the educational levels clustering around secondary education not completed (37.3%) as well as secondary education completed (32.0%). Older people fared closed to the sample average in terms of living facilities, with 25% of households headed by older people having a toilet inside the house (out of those that did not 14% of occurrences were in an urban environment).

Quarantine Status

The risk of severe illness and complications for the older people have been observed early on. WHO Europe cautioned on the fatality rate in older people in a statement¹⁴⁶ in April 2020. In addition to the lower levels of inflammation and immune responses, higher fatalities could also be associated with the presence of multiple comorbidities in older people, such as diabetes, heart diseases and lung disease¹⁴⁷. The WHO statement presented the overall context of death rates: 95% of deaths occurred in those older than 60 years old – in Moldova the figure is currently lower at 77% (as per 2nd of September).

However, the epidemiologic danger of COVID-19 for older people in Moldova is remarked through analysis of the differential death rates by age group. While 60+ year olds make up 26.3% of the total number of infections, they make up 77% of deaths, with the fatality rate increasing with age group: from 5.5% for 60-69-year-olds to 11.9% for 70-79-year-olds, to 20.5% for 80+ years old. The awareness of this risk may have determined many older people to purposefully reduce their social contact, to avoid exposure risks.

Figure 167. Status of confirmed infection cases, deaths, and death rates by age group [# , %], 2020 September 16th



Source: MHSPF, COVID-19 in Moldova: updated situation

Low mobility was noted for older people during the pandemic. This may be amplified in rural areas with high emigration. The results from a UNFPA survey¹⁴⁸ illustrate the lower mobility of older persons during the quarantine phases, with the older people having lower average of daily interactions with other people and lower average number of out-of-household outings than the other age groups. In addition, the work done by UNFPA highlighted the much lower daily Internet usage by senior citizens over the age of 60+, which is also an important precipitating factor for isolation via lower communication opportunities.

146 WHO – Statement – Older people are at highest risk from COVID-19, but all must act to prevent community spread, 2020.

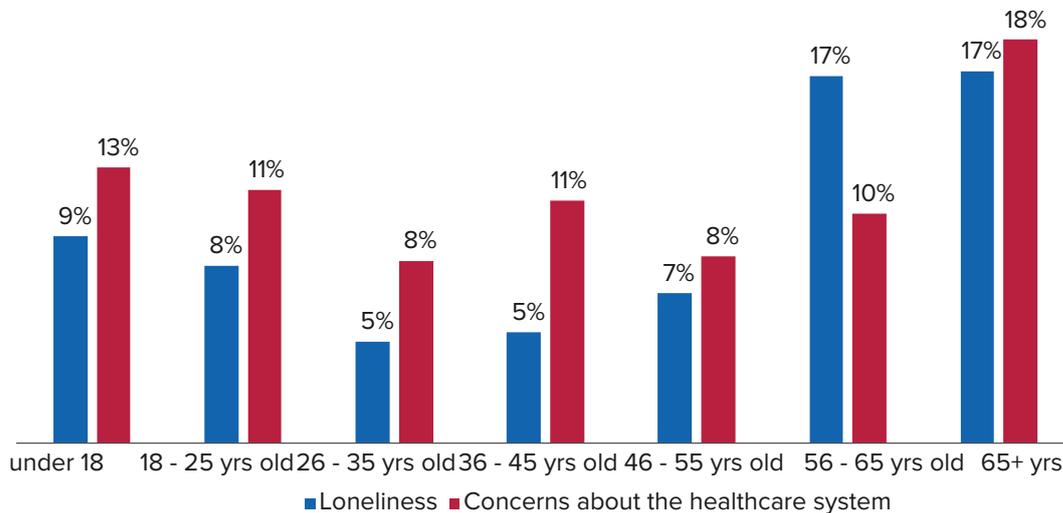
<https://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/statements/statement-older-people-are-at-highest-risk-from-covid-19,-but-all-must-act-to-prevent-community-spread>

147 WHO – COVID-19: vulnerable and high risk groups. <https://www.who.int/westernpacific/emergencies/covid-19/information/high-risk-groups>

148 UNFPA – Impact of COVID-19 on older persons: risks and vulnerabilities, 2020

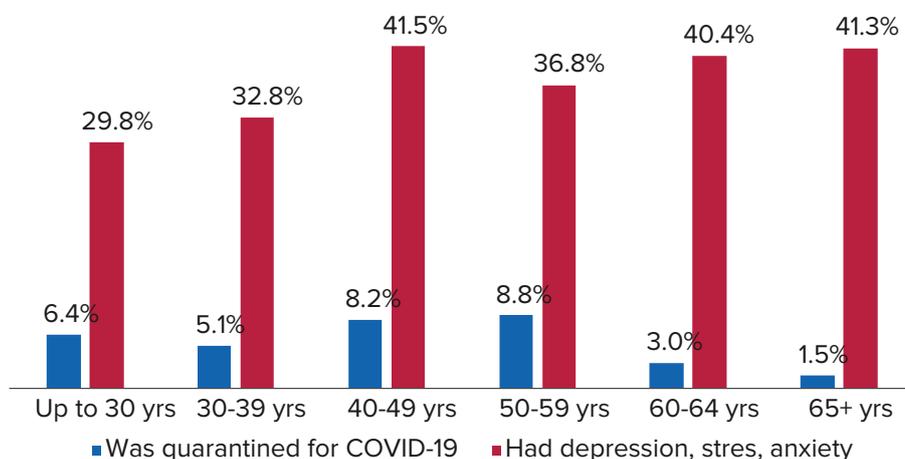
The prolonged advice for social distancing and the older people’s heightened fear of contracting the virus has exacerbated disproportionately the solitude of this age group, vulnerable also before the crisis. Moreover, the implications are even higher for a traditional society, with families usually gathering together, where in case of older people, their adult children are also coping with lives disrupted by COVID-19. Loneliness and depression among the older population are themes that are validated by multiple sources. In the micro-narrative dataset (Figure 168), 17% of 65+ year-olds cited loneliness and 18% cited concerns about the healthcare system as the biggest challenges throughout the pandemic period (by comparison, only 5% of the 26-35-year-olds cited loneliness and 11% concerns about the healthcare system). In the NBS ad-hoc module of the impact of COVID-19 on the households in Moldova, the older population showed elevated levels of depression, anxiety and stress despite lower levels of quarantine: 41.3% of households headed by 65+ years old said they suffered from strained mental states (only 1.5% experiencing quarantine) versus 29.8% of households headed by younger people up to 30+ (of which 6.4% were quarantined). High rates of depression and anxiety among the older population appear to be associated also with a with feelings of lack of purpose or usefulness in the world.

Figure 168. Main challenges identified during the pandemic by age group: Loneliness and concerns about the healthcare system [%], 2020



Source: UNDP, Cognitive Edge

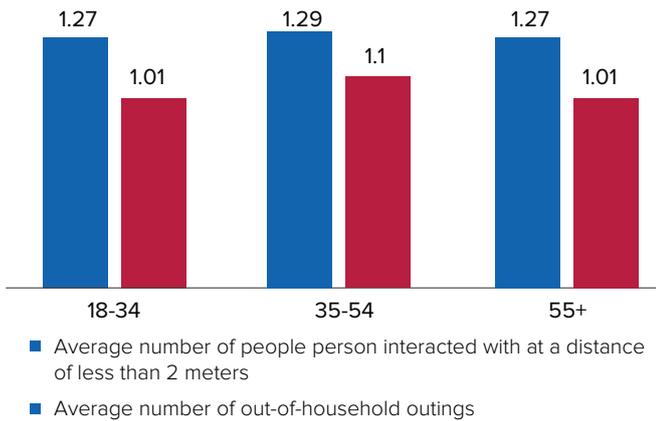
Figure 169. Association of having depression versus being quarantined, by age group of the head of household [%], 2020



Source: NBS Ad-hoc module on COVID-19 impact on the population

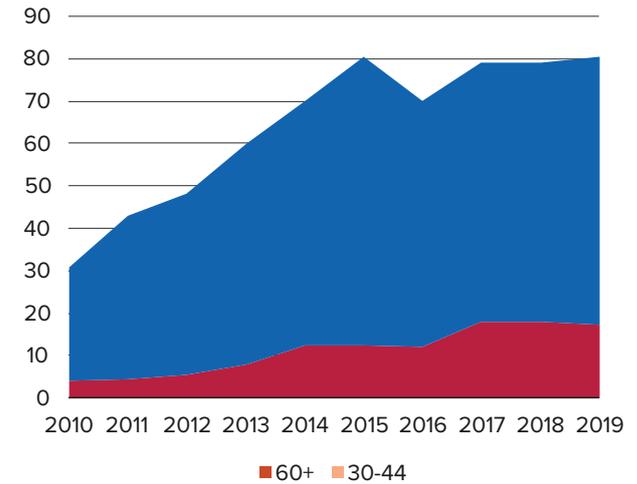
The majority of the older people participating in the survey conducted for the purpose of this report did not have their health directly affected by the coronavirus, not their family members: there were no positively-tested COVID-19 case among the household members, while 25% had symptoms but were not tested. Most of the respondents, 75%, did not have any family members in the household with COVID-19 symptoms. There were four reported instances of voluntary isolation (contained in the age group 60-67 years old), out of which three were in rural environments and one in Chişinău.

Figure 170. Mobility of population during the emergency period [daily occurrences], 2020



Source: UNFPA, RCO, OHCHR, HelpAge International

Figure 171. Share of individuals that use the Internet daily [%], 2010-2020

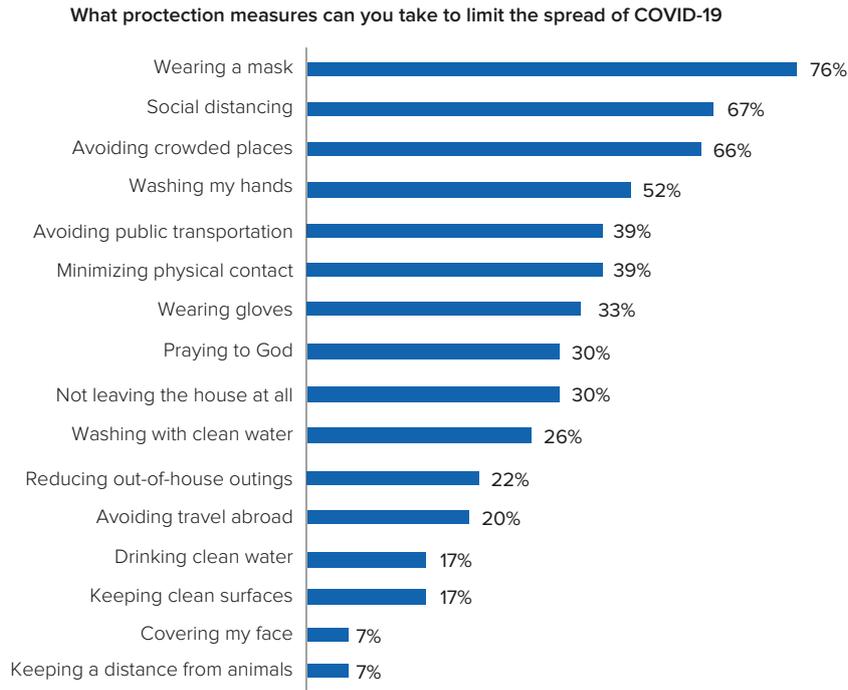


Source: UNFPA, RCO, OHCHR, HelpAge International

The older population generally had a much more distinct view on prevention measures than the other groups. When asked whether prevention measures could be taken – 32% of the individuals responded that they did not know at all (the highest of all vulnerable groups). Wearing a mask was the main prevention measure cited, but only by 75% (sample average 90%), along with only 67% citing social distancing (versus the sample average of 81%). The older people cited higher instances of minimizing physical contacts (including handshakes and touches) at 39%, as well as praying to God (30%), and not leaving the house at all (30%).

Most of the respondents of the survey (61%) stated that they had sufficient access to information related to COVID-19 in their own language, however 35% considered the information insufficient (highest perceived insufficiency of all groups) and 4% declared that they did not have access at all. Along with NEET youth, the older people had the most unfavourable view on the availability of protection equipment (masks, gloves, disinfectants), with 35% considering there did not had enough protection equipment during the pandemic, 35% saying they had some but not enough, and only 31% saying they had enough. Transportation-wise, most older people in the sample declared they have walked more during the pandemic (76%), however almost half (52%) declared they have also used the bus more (highest increase in bus usage of all vulnerable groups).

Figure 172. Older people’s view on COVID-19 protection measures, [%], 2020

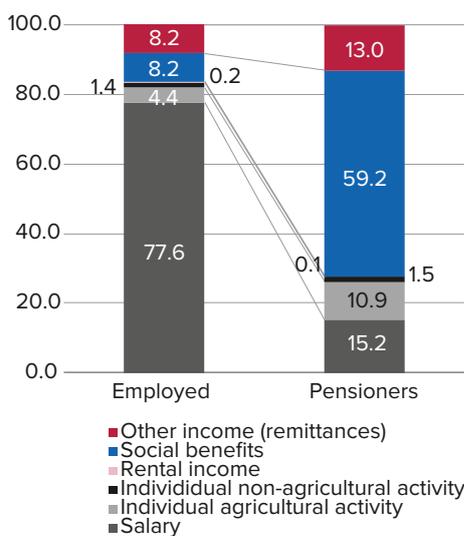


Source: PwC Vulnerable Groups survey

Employment, Sources of Livelihood and Expenditures

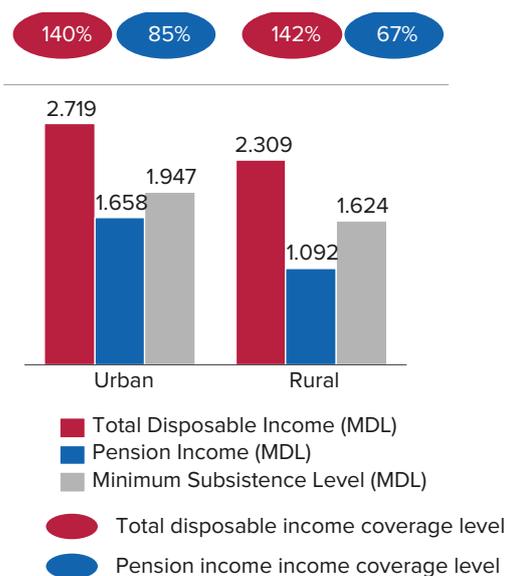
As older people transition from the workplace, their see their income decrease. The indicator “Ratio of pension to subsistence minimum”¹⁴⁹ reveals pockets of vulnerability, with the average rural income covering 142% of the 2019 subsistence minimum (average urban income of pensioners 140%). It is to be noted however that the pension income itself only covers 67% of the minimum subsistence income in rural areas (and 85% in urban areas), reflecting the dependency of the older people on other sources of income like remittances, individual agricultural activities and even salaries.

Figure 173. Income structure of pensioners versus employed by main income sources [%], 2020



Source: NBS

Figure 174. Ratio of pension to subsistence minimum [%], 2019



Source: NBS

149 The ratio is constructed using: 1) the disposable income breakdown from the HBS and 2) the yearly average of minimum subsistence levels for old-age pensioners. Figure 174 presents the ratio breakdown by two income components (total disposable income and pension income) for people that declared to having a Pensioner socio-economic status: http://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala__04%20NIV__NIV050/NIV050090.px?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774. The minimum subsistence figures are calculated by the NBS for three geographic areas: large cities (which is used in Figure 174 as proxy for calculation of “urban areas” ratio), other cities (that include midsize and smaller cities – this minimum is not used), and small villages (which is used as a proxy for calculation of “rural areas”)

In the PwC sample, 13% of elders were working full time or part time. Around 5% of households led by older people losing their job due to the pandemic – which is higher than the 2.9% rate from the NBS Ad-hoc module, for aged 65+. Most of the older people with low levels of working remotely were found in Agriculture.

From an income component perspective, the pandemic saw less households led by elder people in the PwC sample citing income from private pensions (-2%) and remittances, (-1%). and more from agricultural production (+1%). The older people fared the best of all groups in terms of income loss, with only 1% citing severe income loss and 65% citing no change.

In terms of expenses, the biggest increase in the PwC sample was in utilities and energy (+22%), thereby reflecting a potential energy poverty of the older people. Transportation has increased by +4%, but this is driven by households in rural areas, and appears correlated with the increase of +10% in medical expenses. Food expenses increased by +15%. While only 21% of the older people had outstanding debt, it weighted the most of all groups as a percent of total expenses.

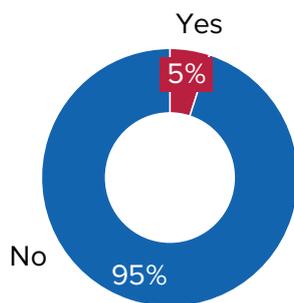
While the income change was somewhat muted and direct financial impact limited, the low absolute income of the older people reveal deep vulnerabilities: 89% of households in an urban areas and 60% in rural areas said they do not have enough money to cover the current bills, with current weights for those being able to cover one month of bills. As they have a stickier cost structure, urban households led by older people appeared more affected.

Only 1% of declared that their income or savings will last them more than six months (a likely exception), which indicates a limited ability to absorb financial impact for elders, especially if they have debt. None of the elders that had outstanding debt in 2020 said they are able to cover their bills.

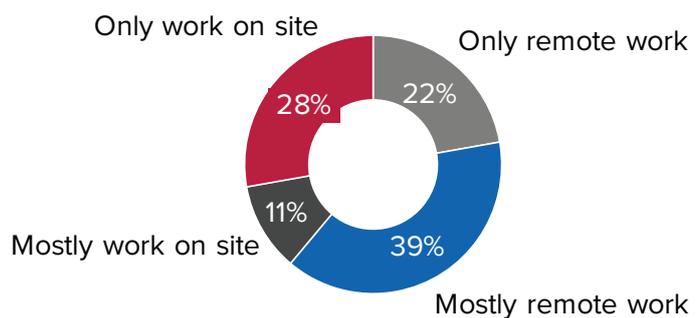
Figure 175. Impact of the pandemic on the employment of the older people

A Employment

Job loss due to COVID-19



Ways of working during the pandemic

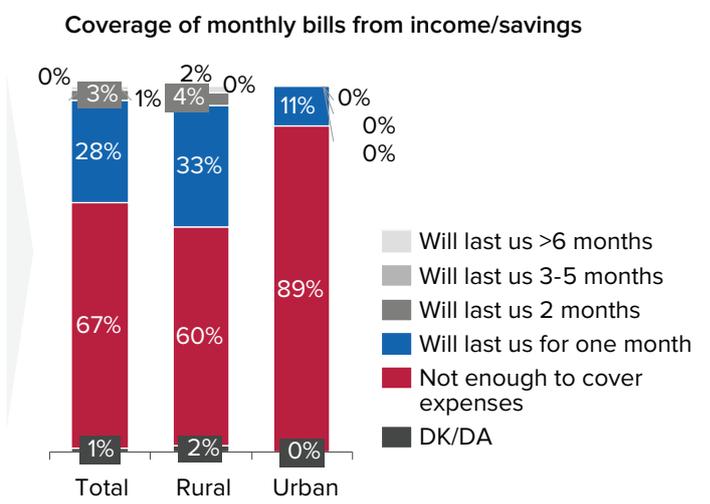
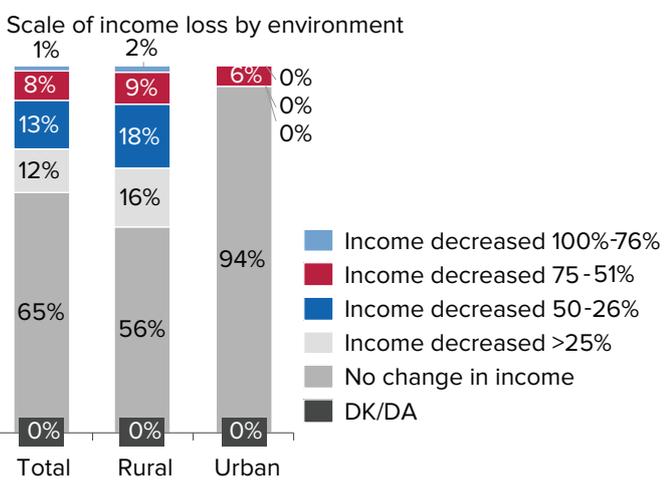
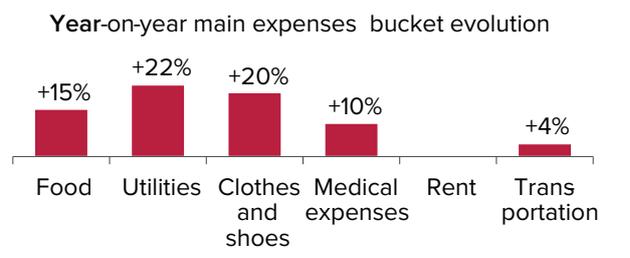
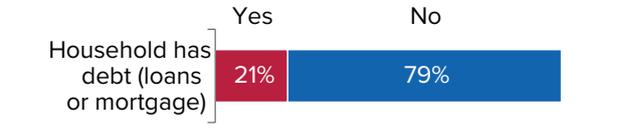
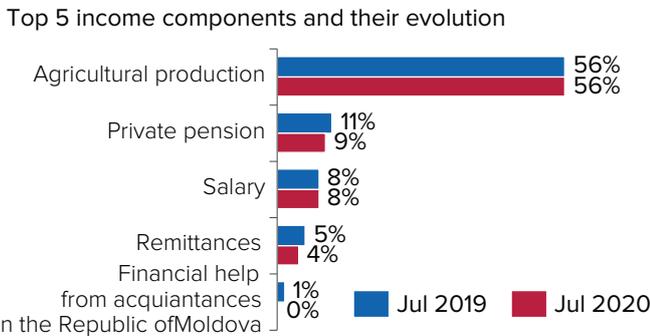


Source: PwC Vulnerable Groups survey

Figure 176. Impact of the pandemic on the sources of livelihood and expenditures of households led by older people

B Sources of livelihood and expenditures

Mean income /member (MDL) **1,372** Median income /member (MDL) **2,000**



Source: PwC Vulnerable Groups survey

Access to Foods and Basic Services

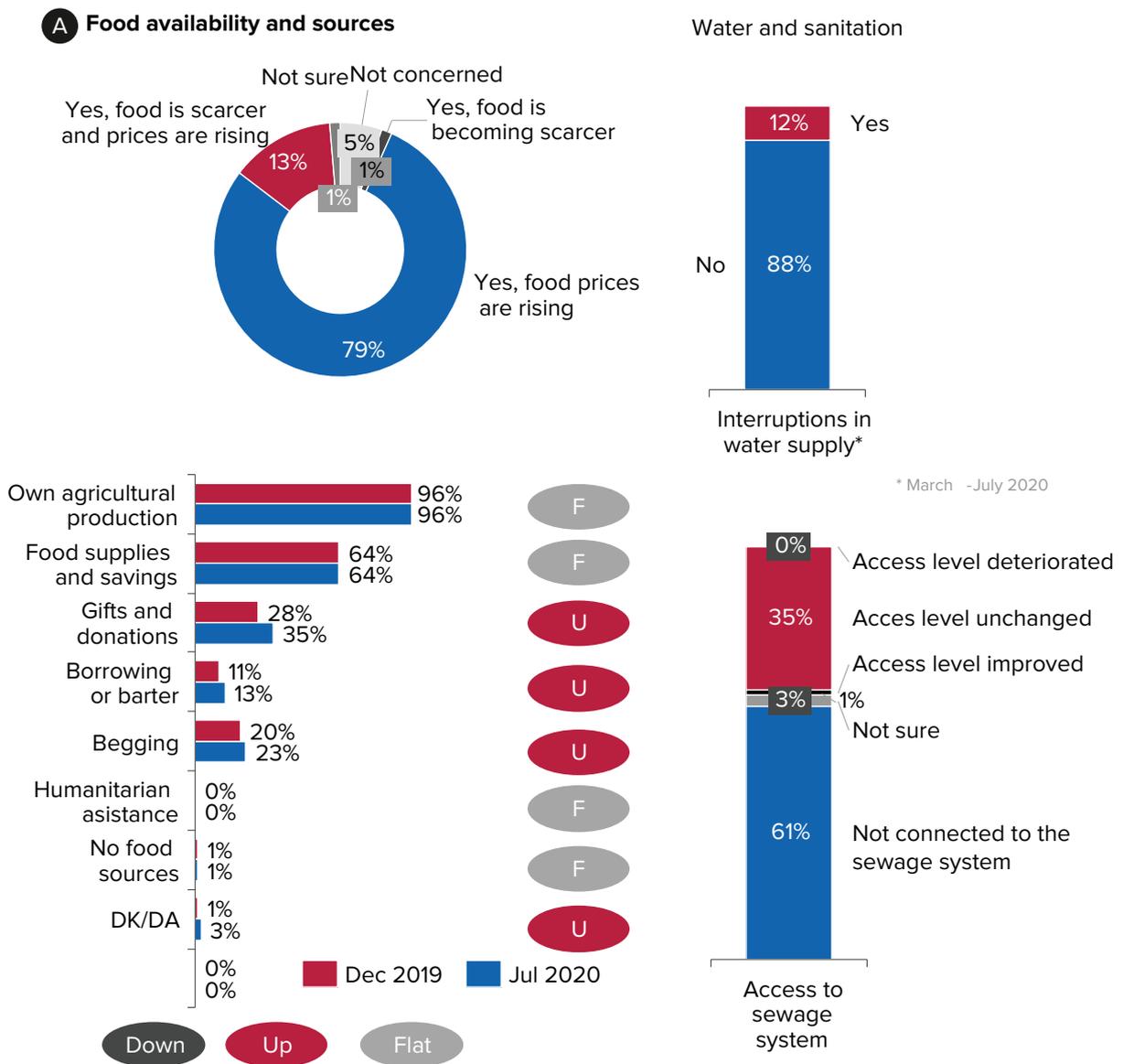
Food and Water

Households led by older people expressed the highest level of food concerns of all vulnerable groups, mainly driven by perceptions of rising prices (79%) or perceptions of both rising prices and food scarcity (13%). Concerns were slightly more elevated in rural areas, but prevalent across both rural and urban.

From a food source perspective, the largest sources remained buying (which was flat year-on-year 2020 vs 2019) and own agricultural production (also flat). There were notable increases in using food supplies and stocks saved (+7%), from gifts and donations (+2%), and borrowing and barter (+3%). The make-up of food sources of the older people suggest that the food consumption is a real worry for the group and food provision takes on a central dimension. Also, it is worth noted that despite relative poverty, there were no instances of begging were recorded (in comparison to other vulnerable groups like NEET youth and vulnerable women).

There were 12% reported interruptions of availability in main water supply by poor households between March and July 2020. The largest part of households reported using relying on a centralized supply- 60%, and 24% private wells in their own courtyard, with 23% citing public fountains. Most households (61%) were not connected to a sewage system, and from those that were, 35% reported that the access level was unchanged and 1% claiming the level of access has improved. The remaining 3% did not know.

Figure 177. Impact of the pandemic on the access to food and water of the older people



Source: PwC Vulnerable Groups survey

Health and Hygiene

Unmet medical needs follow both from higher incidence of illness at old age, as well as access to healthcare services, mobility and economic factors. The baseline indicator “Incidence of malignant tumors” shows that in 2019 people over 65-years-old had almost 10x more malignant tumors than 35-44-year-olds, with the number of cases showing exponential growth in the level of occurrences with old age. In addition, despite absolute lower income, pensioner households spend relatively more of their monthly income on medical expense – 7.3% versus a lower 4.7% rate of employees or 4.0% of non-agriculture freelancers.

A survey coordinated by UNFPA has found that older people had the highest rates of both unmet medical needs (40.2% stated they did not go to the doctor, even if there was a health need), as well as a high level of concerns regarding potential contact with the health system (54.7% considered there is a problem to be hospitalized).

Figure 178. Unmet health need, [%], 2020

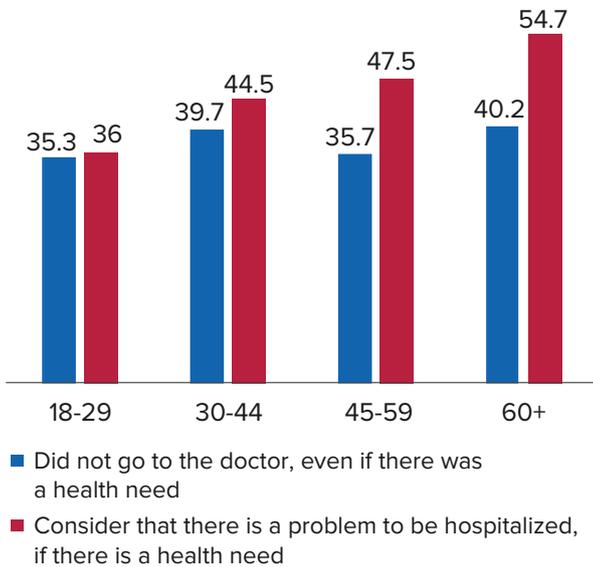
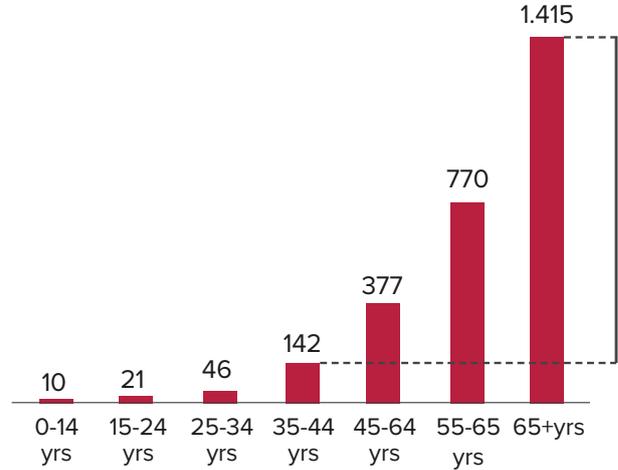


Figure 179. Incidence of malign tumors by age, [new cases per 100,000 individuals], 2019



Source: UNFPA, RCO, OHCHR, HelpAge International

Source: NBS

In 2019, pensioners in the Republic of Moldova spent 7.3% of their income on health services – versus 4.7% employees and 4% freelancers not employed in agriculture¹⁵⁰. Thus, even though their income was lower, the older people had to allocate a relatively higher share to prescription medicines and medical services.

In addition to physical suffering, unmet medical needs can generate psychological pressure, and display co-morbidity with depression, as illustrated by some of qualitative insights coming out of the micronarratives study performed by UNDP. The snippet below presents presents the example of an older female that explains how a toothache aggravated the overall situation and contributed to a climate of fear and negative feelings.

Older people, micronarrative snippet #13

“This COVID situation made me feel how precious life is and how unforgiving this disease is with all people, and especially with us older ones. I have acquired a terrible fear of going beyond my courtyard, of communicating with close ones, and of visiting other people. The impossibility of seeing the dentist has exacerbated my already poor health. I feel alone, I feel like we old people are not useful anymore. I miss my children, grandchildren and great-grandchildren.”

76 age group female

Source: UNDP, Cognitive Edge

An important expression of the access to healthcare (especially for older people) is having health insurance coverage. The vast majority (98.7%) in the PwC sample was covered.

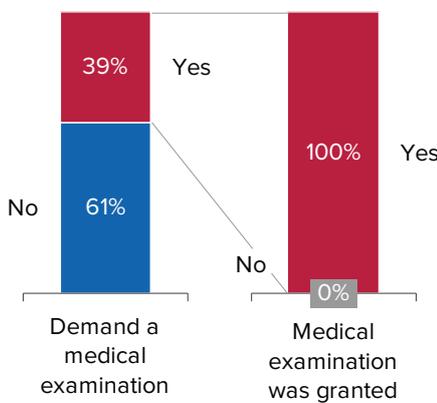
150 NBS

From the households led by older people 39% demanded a medical examination during the pandemic, out of which all were granted. Nevertheless, a gloomy perception of access to medical services tended to prevail (the third highest after poor households and vulnerable women). The majority (64%) cited increasingly deterioration of access to healthcare. The older people was the group that mentioned the most severe difficulties in obtaining protective equipment, with 60% mentioning difficulties in procuring face masks, 30% disinfectant and 29% painkillers.

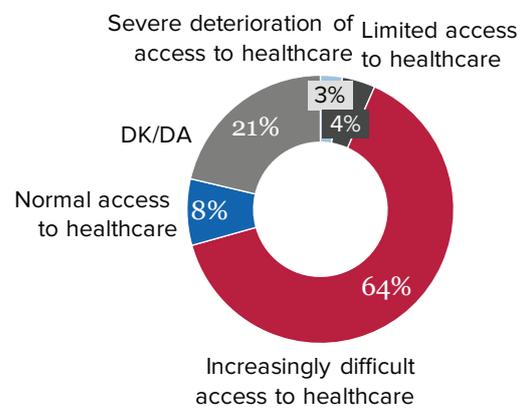
From those that had expressed an opinion, 44% stated they perceived increasingly difficult access to health-care, with the highest difficulties encountered for Non-Contagious diseases (40%), followed by Infectious diseases (16%) – the highest levels of all groups.

Figure 180. Impact of the pandemic on the access to health and hygiene of the older people

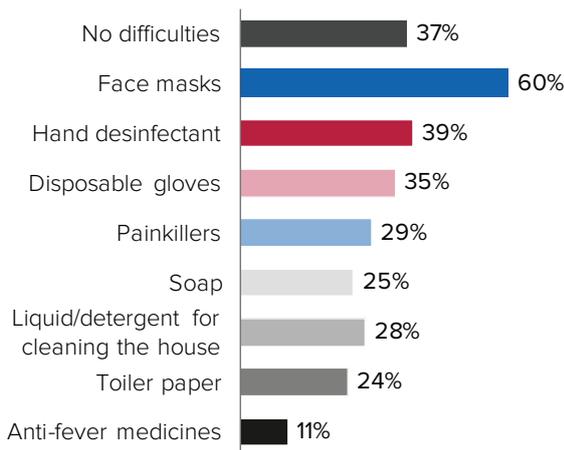
C Health and Hygiene



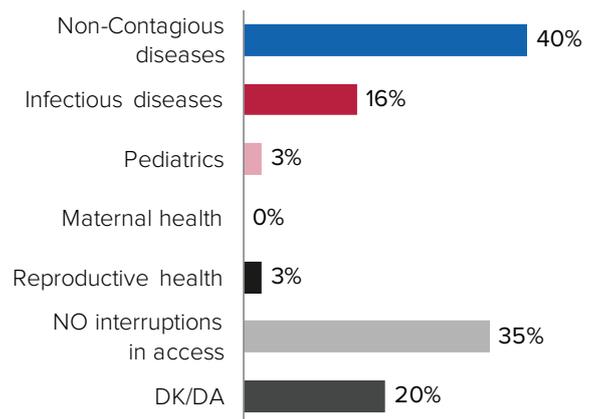
Perceived change in availability of medical services



Household difficulties in obtaining protective equipment



Household difficulties in obtaining access to health services



Source: PwC Vulnerable Groups survey

Coping Strategies

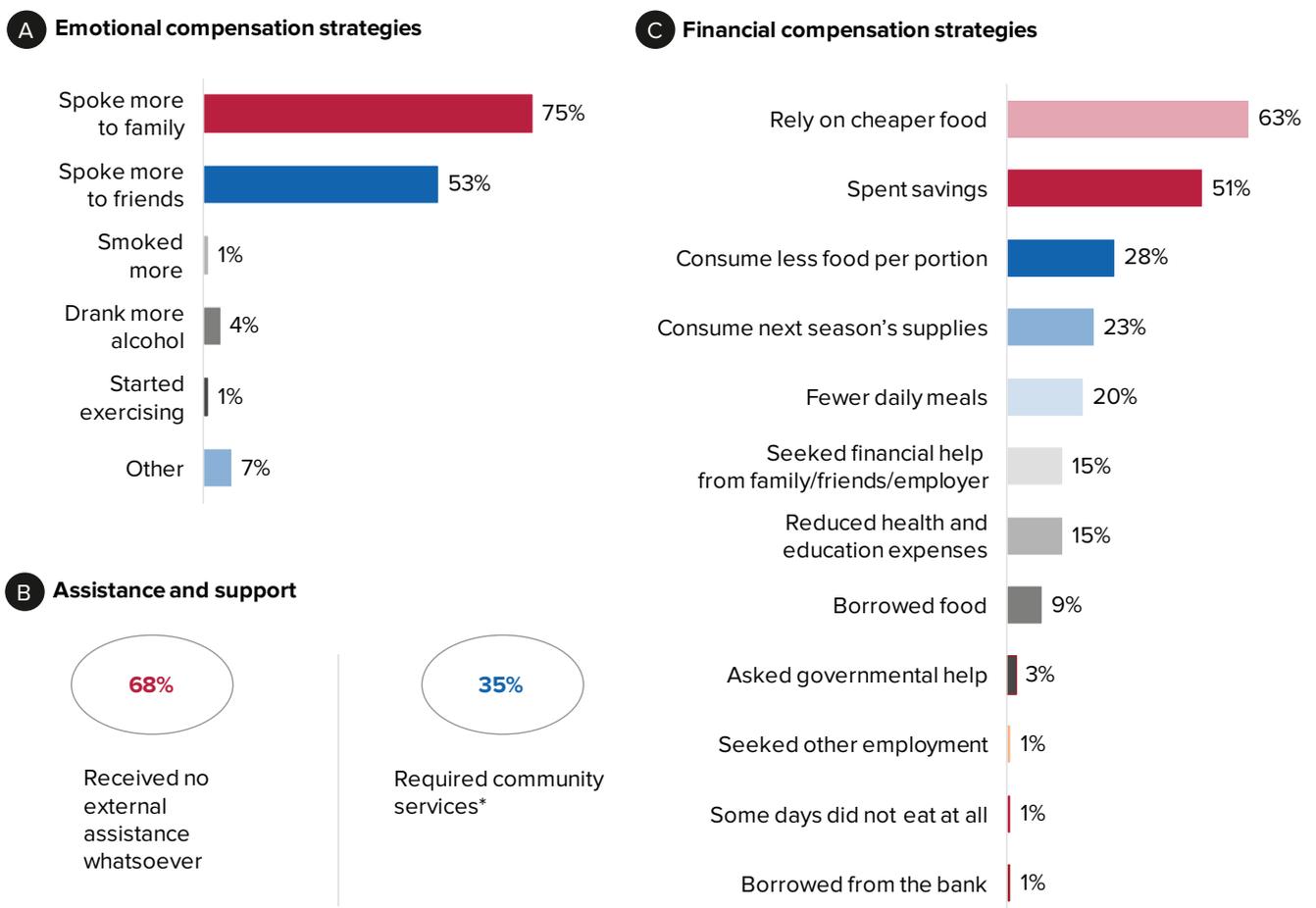
The main compensation emotional compensation strategy for households led by older people in the PwC sample was speaking more with family members (75%), and increased conversations with friends (53%). The levels of less healthy coping mechanisms were lower than the other vulnerable groups, with 1% reporting smoking more and 4% drinking more alcohol. Also, 1% mentioned starting exercising. By and large there were positive outlets for coping with the situation, with most of the older people pendulating between more and less social contact.

Almost two thirds of households led by older people received direct support or assistance (68%) during the pandemic period, mostly from public authorities, but also from charities and NGOs. A share of 35% declared they required community services (social worker, social canteen, help with food delivery, etc) during the pandemic period, the highest need of assistance of all groups, consistent with the lower mobility noted.

Financially, the older people relied on two primary mechanisms to cope: first, relying on cheaper food (63%) and second spending savings (51%). In the same vein, consuming next season’s supply was mentioned by 23% of respondents and consuming less food per portion by 28%. Similarly to poor households, the results point to the very limited flexibility that the older people have in dealing with financial impact, thus being forced to cutting down the most basic consumption – including health expenses which were reduced by around 1 in 7 older people in the sample.

Other notable financial strategies involved the higher willingness of the older people to seek financial help from family, friends or employer (15%). Asking for government help was cited by 3% of respondents.

Figure 181. Coping mechanisms of the older people in the PwC VG sample



Source: PwC Vulnerable Groups survey

Prospects and Recovery Needs

Poor households showed clear concerns for the next three months, with 56% being very concerned and 37% somewhat concerned. The list of priorities regarding COVID-19 was topped by the need to safeguard personal health and emerge sheltered out of the pandemic. Secondly, safeguarding the food supply was deemed to be important. Thirdly, the older people mentioned water supply security and access to drinking water.

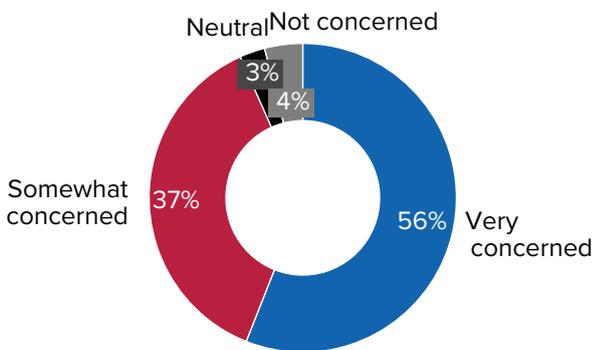
From an employment perspective, 15% of households stated they are looking for a job in Moldova and 3% abroad. From the rest that were not looking for a job, a good majority (16%) were doing housework or caring for the family. As the older people have only marginal links to the work environment, there was a smaller number of individuals that are elders but are actively seeking employment (11 individuals).

These respondents thus had a narrower view on potential utility of support measure. There were two useful measures cited with an equal weighting of 76%: the development of platforms or channels with new job listings, and training programs for new skills, with unemployment benefits also a notable mention of 55%. Other recovery needs that derive from the income structure of the older people would likely address debt moratorium and potential food assistance.

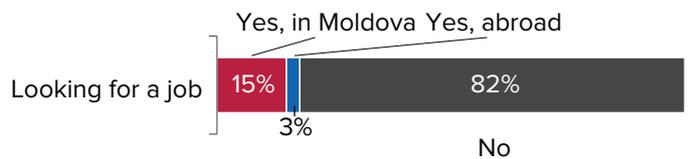
From a human rights perspective, the older people have felt the impact of the pandemic most in a somewhat perceived limitation to their right of access to healthcare, with a cumulated 42% of respondents to the UNDP Score survey presenting either strong or moderate agreement about the limitation. This was the highest of any human right surveyed.

Figure 182. Prospects and recovery needs of the older people in the PwC VG sample

A View on upcoming three months



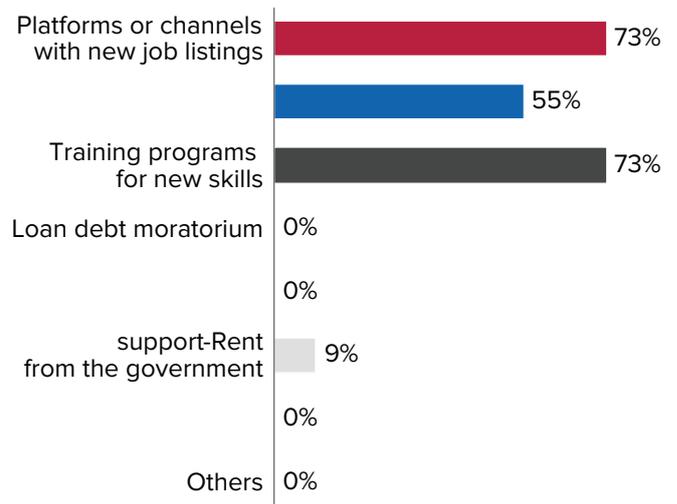
C Employment status



B Top priorities regarding COVID-19

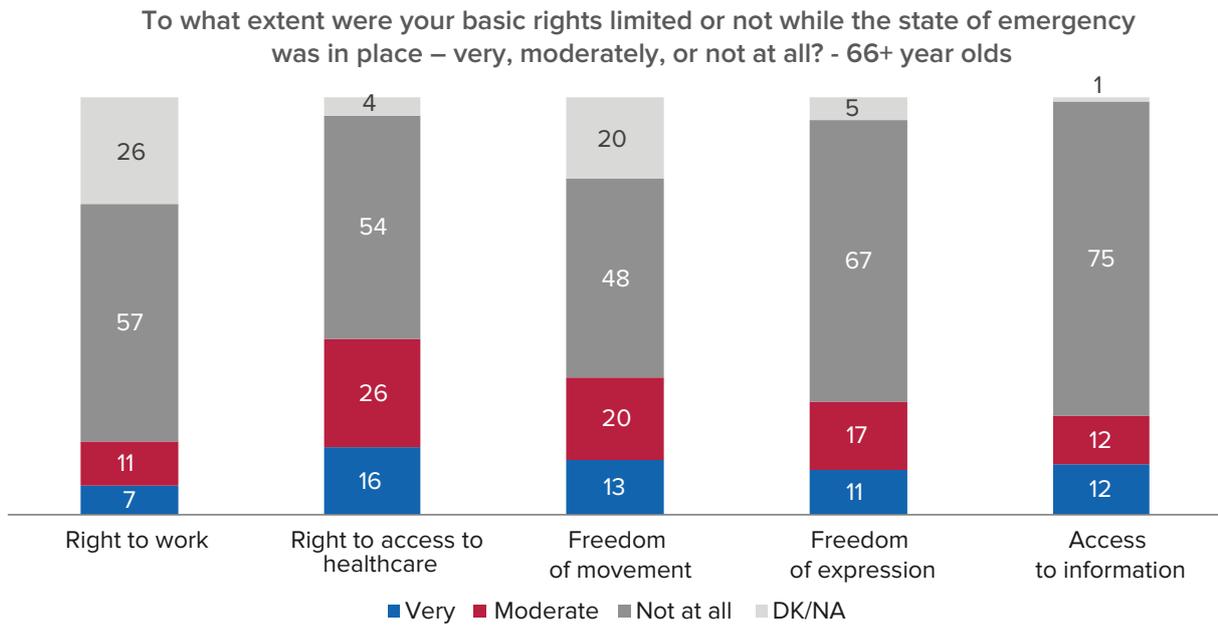


D Perceived utility of potential support measures



Source: PwC Vulnerable Groups survey

Figure 183. Older people’s perceptions of human rights limitation during the lockdown period (right bank only), [%], 2020



Source: UN Moldova, simplified Social Cohesion and Reconciliation index (SCORE)

Thus, strong reassurances and a more efficient way of conveying official information would likely benefit the older people.

In terms of existing support for the older people, early interventions have incorporated a mix of initiatives “As part of an action launched by UNFPA in the Republic of Moldova in partnership with MHLSP, 300 women and men over the age of 65 received packages with hygiene products and essential foods on the eve of the Easter holidays, as well as information materials on protection measures against COVID-19 (SGD 2.2. Malnutrition). These people also received emotional support from 15 young volunteers from youth centers and the National Youth Council Network. The 15 young volunteers communicated with older people over the phone to inform them about the protection measures against COVID-19 and to provide emotional support during the period of social isolation. The young people received guidance from experienced psychologists in the Republic of Moldova”¹⁵¹.

3.7 Freelancers and entrepreneurs

A freelancer (own-account worker) is “the person that exercises his activity in his own unit or in a individual business, with or without the help of unremunerated family members”¹⁵². Included in this category are independent entrepreneurs (street vendors, private tutors, private taxi drivers), as well as liberal professions and freelancers (lawyers, musicians, artists), occasional workers, individual farmers. Freelancers cannot hire any permanent employees, but they can have temporary employees. As freelancers usually undertake activities in their own name, legally they are usually registered as an “individual enterprise” according to the Entrepreneurship and Enterprises Law of 845/1992, with the defining feature of not having any distinct legal personality and unlimited liability. In other words, the equity of the business is undistinguishable from the equity of the entrepreneur.

In the year 2019, there were approximately 153.4 thousand freelancers in Moldova (17.6% of all occupied persons), and approximately 3.6 thousand entrepreneurs/employers (0.4% of all occupied persons). The breakdown by industry, medium, and gender are presented in Figure 184.

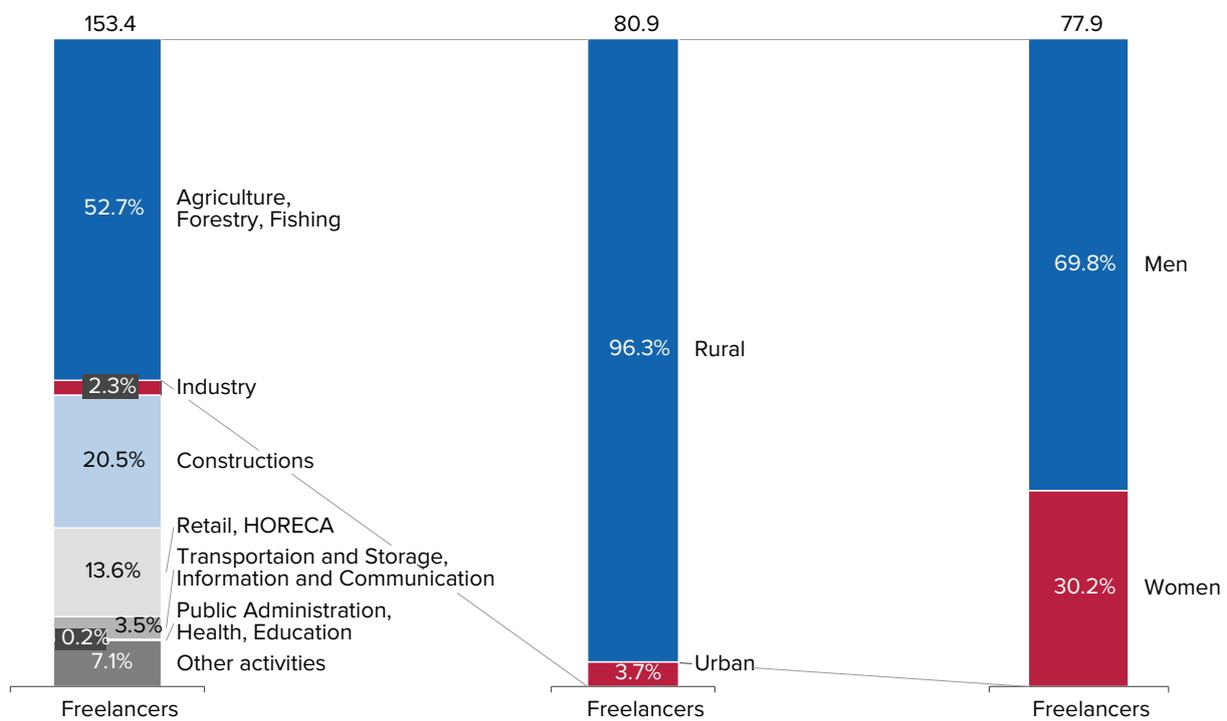
¹⁵¹ The Government of Republic of Moldova – Voluntary National Review, Progress Report, 2020

¹⁵² NBS, Workforce glossary. <https://statistica.gov.md/pageview.php?!=ro&id=2255&idc=302>

On a cumulated basis, almost 70% of all freelancers work in sectors that have been most affected by the COVID-19 pandemic (including Agriculture, Retail and Wholesale Trade, HORECA, Health and Education). The largest share of all categories work agriculture, 52.7% – a total of 80.9 thousand individuals, with the vast majority residing a rural environment. The gender distribution shows that more than two-thirds of all freelancers in the rural environment are men – 54.4 thousand individuals. Out of the total number of freelancers working in Agriculture, approximately 89.1% are registered as qualified workers, while the percentage of qualified workers for all freelancers from all sectors is 86.3%.

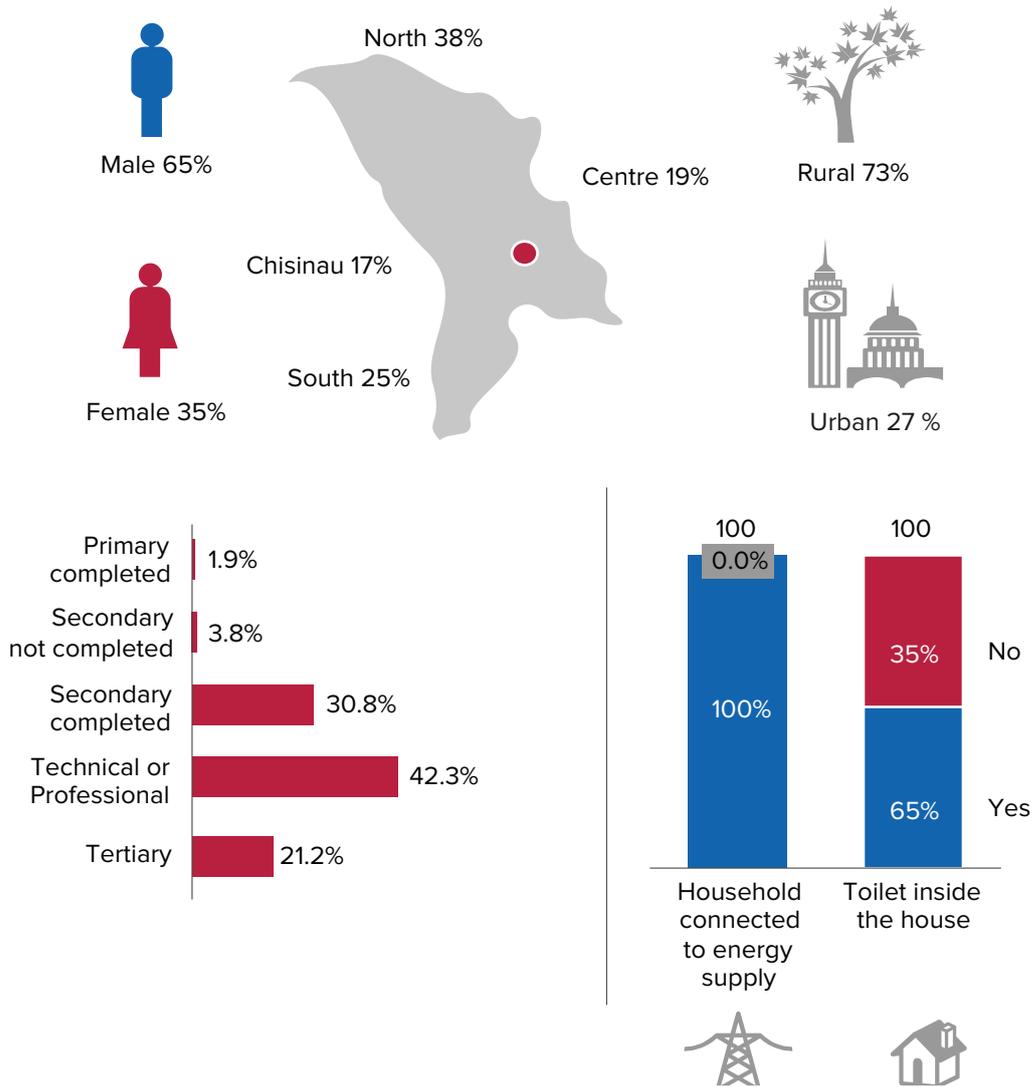
The level of informal work is very high among freelancers – out of 153.5 thousand individuals in 2019 there were 112.2 thousand there were working informally (73%).

Figure 184. Breakdown of freelancers by industry, medium, and gender [000s individuals, %], 2019



Source: NBS, PwC analysis

Figure 185. Profile of Freelancers in the PwC VG sample



Source: PwC Vulnerable Groups survey

While not traditionally seen as having a place among the most vulnerable, the COVID-19 pandemic has triggered a chain of very difficult circumstances for freelancers. The channels of vulnerability are:

- Freelancers’ direct dependency on their immediate economic output
- Limited social protection (including lower levels of health coverage due to high incidence of informal work)

Freelancers are usually risk takers and are inherently exposed to variable factors. Resilience is mandatory, even for a recently founded or long-established small business. Either way, resilience is part of a freelancer DNA. However, the COVID 19 pandemic is severely testing all the attributes that give freelancers a competitive edge. And their ability to survive and continue operating, keeping in focus their businesses and all the people who rely on it.

The socio-demographic profile of the freelancers participating in the survey is presented in Figure 185. The sample featured more males (65%) than females (35%) in the composition of freelancer households. Regionally, the North was represented at 38%, the Centre at 19%, the South 25%, and Chişinău 17%. From all the freelancer households in the sample, 48.1% were self-employed in the Agriculture sector, 7.7% in Light Industry, 5.8% in the Construction sector, 5.8% in Retail and wholesale trade and 5.8% in Education.

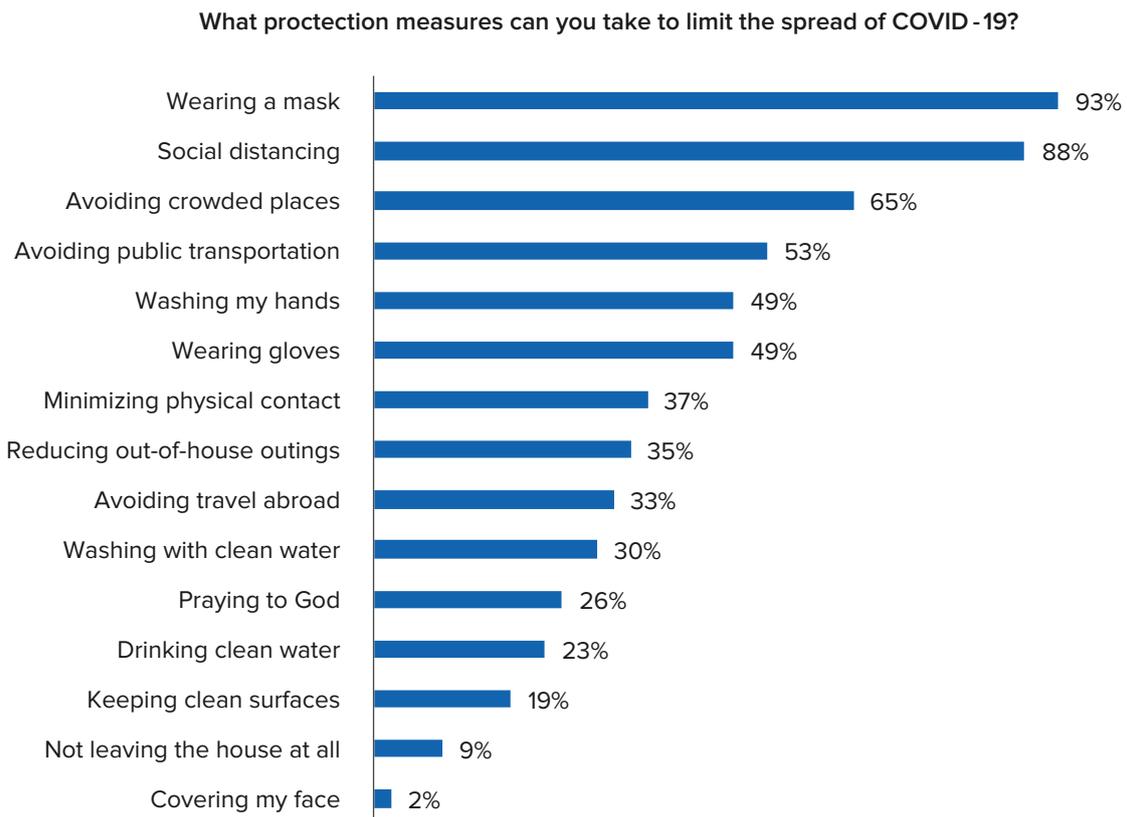
There were more sampled freelancer living in rural areas (73%) than urban ones (27%), with most of the educational levels clustering around technical or professional levels (42.3%) as well as secondary education completed (30.8%). Freelancers fared considerably better in living facilities versus the other vulnerable groups in the sample, with 65% of freelancer households having a toilet inside the house and all are connected to electricity.

Quarantine Status

The majority of the freelancers participating in the survey conducted for the purpose of this report did not have their health directly affected by the coronavirus, nor their family members: only 2% had a COVID-19 case among the household members, while 4% had symptoms but were not tested. Most of the respondents, 94%, did not have any family members in the household with COVID-19 symptoms. There were no reported instances of mandatory isolation and two of voluntary isolation (one aged 44 and one aged 48), both in rural environments.

Freelancers were the most resolute of all groups in believing that preventive measures can be taken to lower the risk of infection – 83%. Also, they had a good understanding of prevention measures, with 93% of them citing the act of wearing a mask as the main prevention measure, along with 88% citing social distancing. Along with returning migrants, 19% of each group also mentioned keeping surfaces clean, more than the other groups.

Figure 186. Freelancer’s view on COVID-19 protection measures, [%], 2020



Source: PwC Vulnerable Groups survey

A large share of the respondents of the survey (87%, highest of all groups) stated that they had sufficient access to information related to COVID-19 in their own language, however 12% considered the information insufficient and 2% declared that they did not have access at all. Of all the vulnerable groups surveyed, freelancers had the most favourable view on the availability of protection equipment (masks, gloves, disinfectants), with 62% considering there had enough protection equipment during the pandemic, while 29% saying they had some but not enough, and only 10% saying they did not have enough. While 62% of freelancers said they have walked more due to the pandemic – 60% also have said to use the car more (highest increase in car usage in the sample).

Employment, Sources of Livelihood and Expenditures

As self-employed, individuals have a different work setup than employees in companies. Some key characteristics of freelancing work that have been proposed¹⁵³ are:

- Payment by task, assignment, or sales. Freelancers are paid for their output – the completion of a project or lot, rather than their input – number of hours worked.
- Short-term relationship with clients. Freelancers perform fixed assignments. They can begin to work immediately without infrastructures, funding, a business plan and often learn business skills as they go.
- Taking on business risk. Freelancers are owners of nano-businesses and take responsibility for their financial, social security and tax duties¹⁵⁴.

In order to evaluate the economic situation of freelancers and self-employed, their income can be benchmarked against other socio-economic groups, in particular employees (which have the overall highest average monthly income of all groups). Thus, in 2019, self-employed in agriculture had overall a -47.4% lower income than employees, while for self-employed individuals outside of agriculture (freelancers and liberal professions) the gap was -18.4%.

The structure of income also reveals that individuals self-employed in agriculture (mostly farmers) also depend more on remittances (11% versus 5.3% for employees) and social benefits (9.3% versus 8.2% employees).

Table 14. Average monthly income per capita by socio-economic status [MDL], 2019

(MDL 2019)	Employees	Self-employed in agriculture (farmers)	vs Employees	Self-employed NON-agriculture (liberal professions and freelancers)	vs Employees
Total	3478.1	1828.2	-47.4%	2837.4	-18.4%
Urban	3998.2	1659.0	-58.5%	3351.0	-16.2%
Rural	2898.3	1838.4	-36.6%	2509.0	-13.4%

Source: NBS

While the self-employed group is quite heterogenous in terms of skills, education, economic activity and business resilience, a common denominator is the relatively small scale of operations of people that are self-employed, with turnover a few orders of magnitude smaller than large companies¹⁵⁵. The size differential means cash-flow is more important for freelancers, given the on and off nature of the work and the lower level of capital and savings set aside.

The micronarrative data confirm the cash-flow concerns, and furthermore articulate the weak bargaining position and the difficulty of enforcing pre-pandemic contracts, for smaller freelancers in relation to larger partners. The snippet below presents the story of a small events business that was not paid the contractual amounts in relation to a larger partner, despite honoring commitments.

¹⁵³ European Forum of Independent Professionals

¹⁵⁴ A recent study commissioned by MSMPs proposed decreasing the income tax from 18% to 12% for self-employed and raising the contributions for health and social protection. The study mainly targeted liberal professions. <https://msmps.gov.md/comunicare/comunicate/contributiile-liber-profesionisti-lor-la-sistemul-de-asigurari-sociale-si-medicale-din-republica-moldova-analizate-in-cadrul-unui-studiu/>

¹⁵⁵ While macro statistics for self-employed are not available, a benchmarking exercise for scale illustration can be made by using the 2019 companies data for the whole Moldovan economy: the average turnover of large companies (more than 250 employees) was 330x that of micro-companies (up to 9 employees), with turnover per employee being 2.94x higher in large companies than micro ones

In the PwC sample, 12% of self-employed freelancers declared losing their job due to the pandemic. Out of those that did not lose their jobs and have worked during the pandemic, 39% declared they had only worked on-site and 24% that they had worked mostly on-site, with the overwhelming majority of those working on site or mostly on-site operating in Agriculture (78.9%).

The most common difficulties encountered by freelancers in relation to the work environment were the fact that the work itself cannot be performed remotely (86%), as well as lack of skills for remote work (46%), lack of devices for remote work (41%). This highlights the relative constraints that freelancers have by the very nature of their work, which may be amplified under COVID-19 if the actual job require exposure to crowded places.

From an income component perspective, the pandemic saw less households citing less income from own business (-2%) and savings or rent income (-2%), while the income from agricultural production was up (+3%). Freelancers had the most spread pattern of income loss, with varying percentages in both urban and rural areas. The most drastic income losses between all and ¾ of income were about equally distributed with 12% in urban areas versus 11% in rural ones, but overall, the rural areas were slightly more affected (with a cumulative 57.9% seeing at least some income declines, compared to urban areas that saw a 57.9% cumulative decline). Consequently, the pattern of income loss validates the assumption of the heterogenous character of freelancers, which sees nuances of vulnerability being driven by individual attributes, rather than group structural issues.

In terms of expenses, transportation was down -22%, consistent with the lower mobility and average travel radius trends. Expenses for clothes, shoes and garments were down -4% for this group, indicating decreases in discretionary spending. Medical expense was up +67% and rent was flat. In line with the general trend, the amount spent on energy and utilities increased +15% for freelancers. There were 40% of freelancer households having an outstanding personal loan or mortgage.

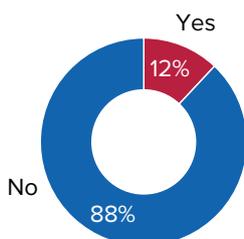
The financial impact of the pandemic on freelancers appears to be pressing, but more gradual than with the other vulnerable groups: when examining the overall coverage of monthly bills from current income and savings, 50% of households in an urban areas and 37% in rural areas said they do not have enough money to cover the current bills. The impact was most dramatic for urban poor households – where not even one that gave an answer declared that they are able to cover the bills not even for at least one month.

No household in the sample declared that their income or savings will last them more than six months, which indicates a limited ability to absorb financial impact for freelancers, especially if they have debt.

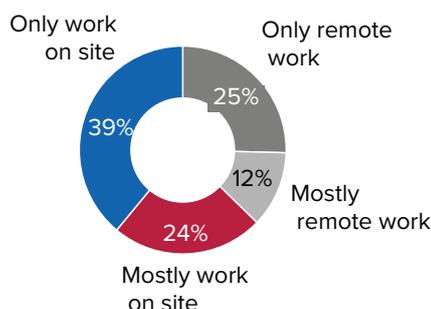
Figure 187. Impact of the pandemic on the employment of freelancers in PwC VG sample

A Employment

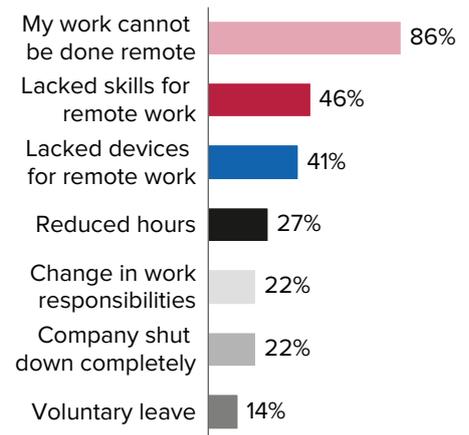
Job loss due to COVID-19



Ways of working during the pandemic



Types of workrelated difficulties experienced

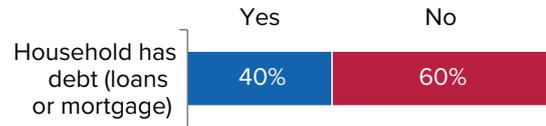


Source: PwC Vulnerable Groups survey

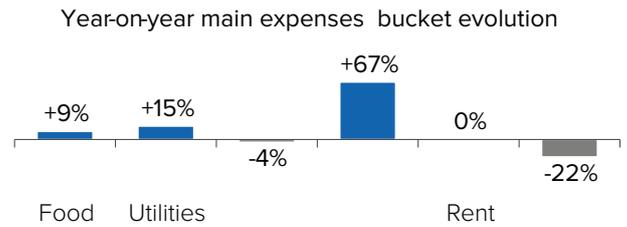
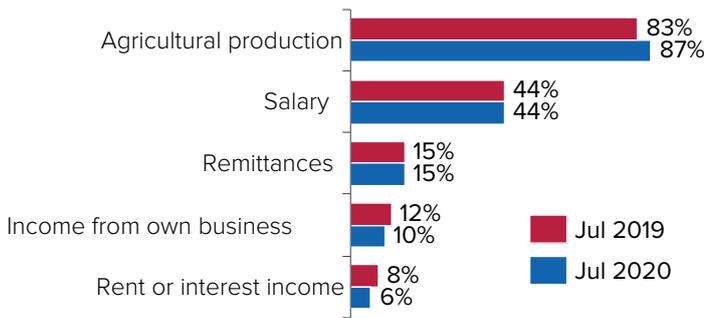
Figure 188. Impact of the pandemic on the income and expenditure of freelancers in PwC VG sample

B Sources of livelihood and expenditures

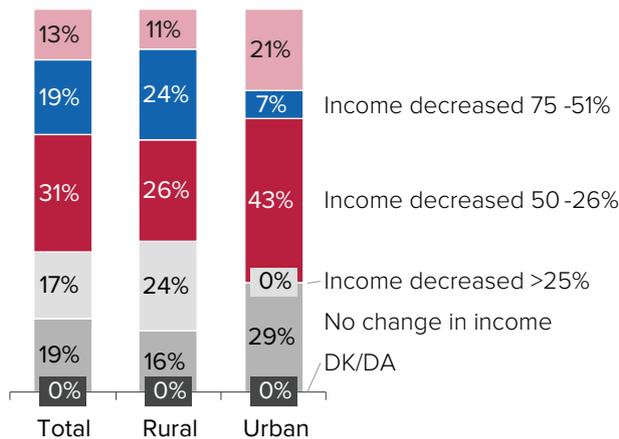
Mean sample income (MDL) **1,717** Median sample income (MDL) **1,667**



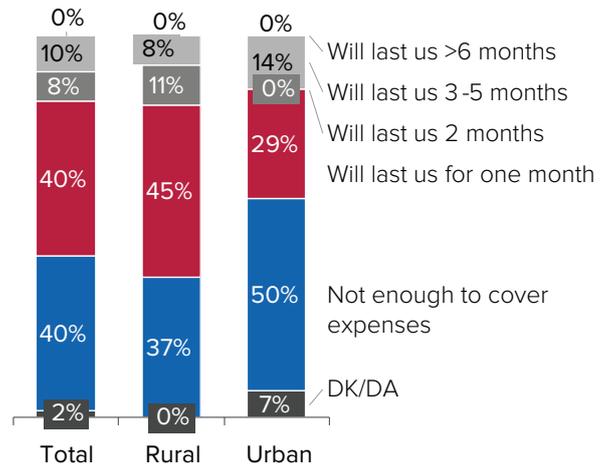
Top 5 income components and their evolution



Scale of income loss by environment



Coverage of monthly bills from income/savings



Source: PwC Vulnerable Groups survey

Freelancers, micronarrative snippet #14

Our not-for-profit organization plans and assembles various events. In March we were supposed to host an event dedicated to women. As the state of emergency was instated just a few days before, we had to cancel the event. One of the partners refused to transfer the payment for the pre-event services delivered, even though they have signed the fiscal invoice.

They argued that since they were not physically present nor promoted at the event, they will not honour their commitments, even though we made everything that was stipulated in the contract, except actually holding the event. While the cancellation of the event did not depend on us, the partner has a disrespectful attitude towards us and prior commitments. The loss amounted to over twelve thousand MDL.

26-35 age group female with a master's degree

Source: UNDP, Cognitive Edge

Particular concerns were raised by individuals close to the HORECA sector, which experienced continued difficulties after the emergency period as they had to adapt to increased expenses and considerably diminished number of clients.

Freelancers, micronarrative snippet #15

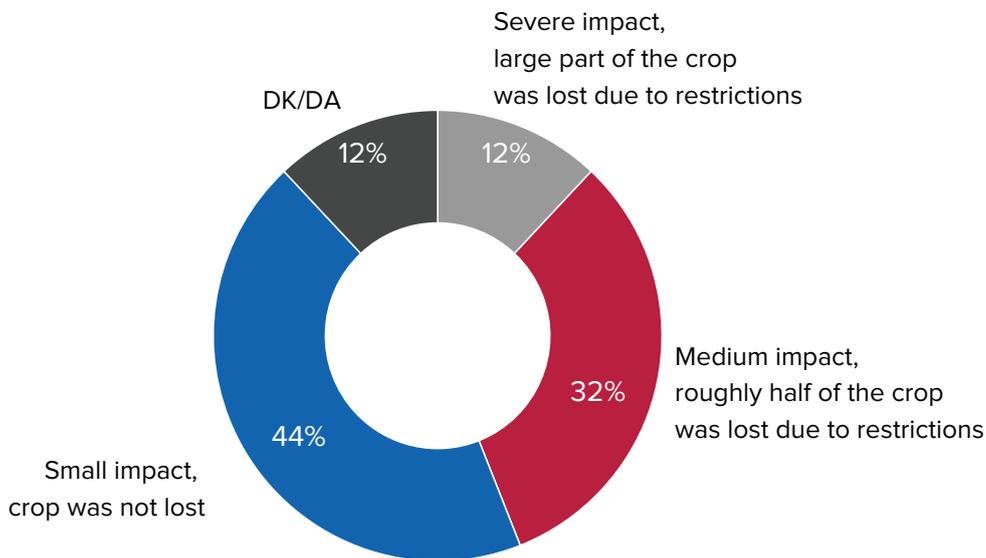
For many families that own a small business, the pandemic period was crucial. The lack of income demotivated many small entrepreneurs. The situation was even more complicated for the entrepreneurs operating in the HORECA sector during the reopening stage - a problem that my family has faced.

The lack of resources for new inventories, for special protection equipment, upgrading the serving areas according to the standards required, equipping personnel accordingly, and non-contact thermometers (which cost on average more than 1200 MDL per unit) - all seemed complicated due to the need to find additional financial resources. Right now, my family goes through a very challenging time: regaining the trust of the clients and convincing them to revisit the restaurants again.

18-25 age group female student

Source: UNDP, Cognitive Edge

Figure 189. The extent to which the pandemic has affected freelancer’s ability to work the fields, [%], 2020



Source: PwC Vulnerable Groups survey

The impact of the restrictions on the ability to work the fields for freelancers in the Agriculture sector was of medium intensity, with 44% saying the impact was small and the crop was not lost, while 32% mentioned a medium impact.

Access to Foods and Basic Services

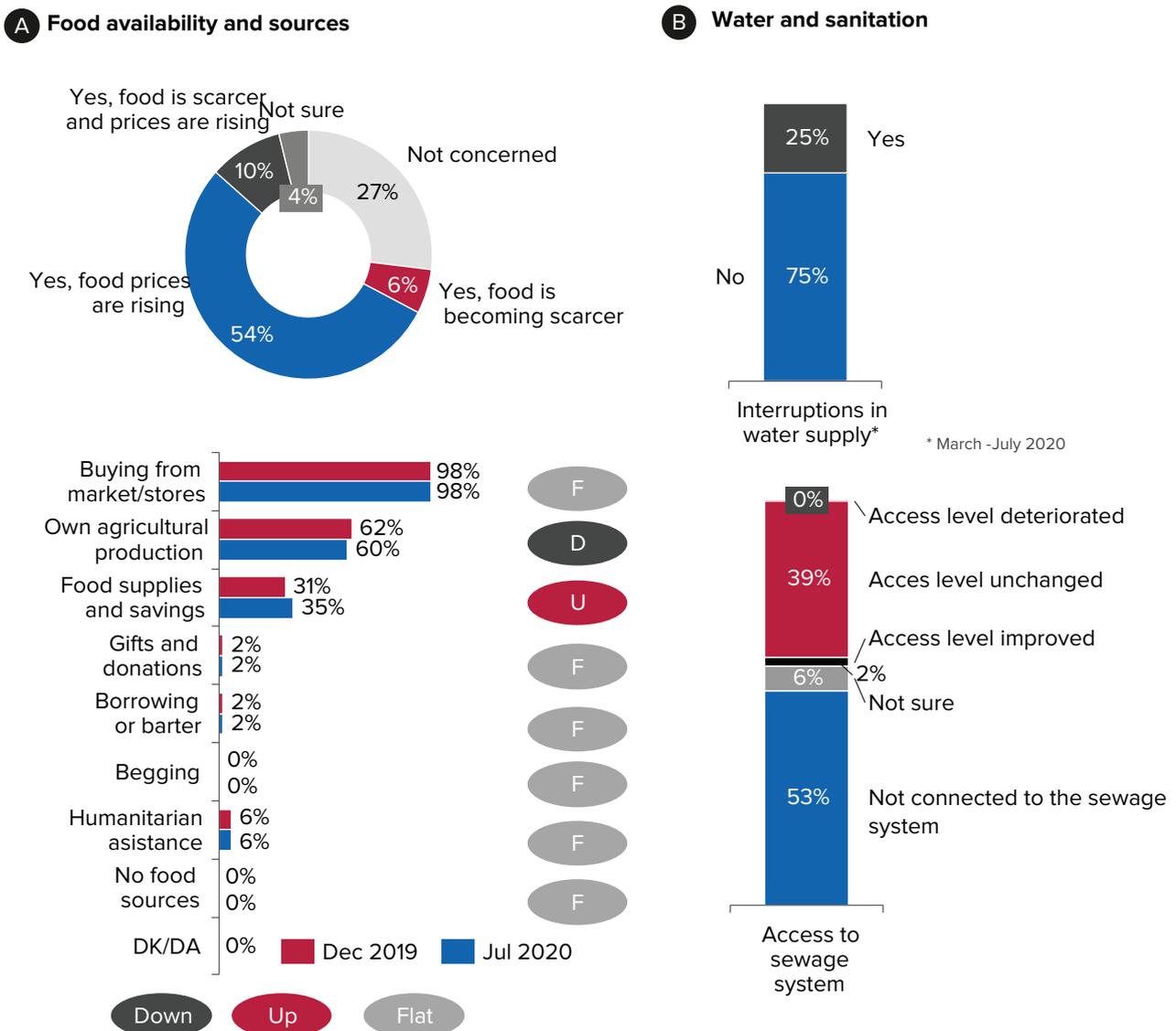
Food and Water

Freelancers were slightly more optimistic about food availability than the other vulnerable groups, with 29% stating they were not concerned at all, while 56% stating that food prices are rising (and a further 13% that believed prices are rising *and* food is becoming scarcer).

From a food source perspective, the largest sources remained buying (which was flat year-on-year 2020 vs 2019) and own agricultural production (which was down -2%). There was a notable increase in using food supplies and stocks saved (+4%). The make-up of food sources of the freelancers a fairly conventional approach to food procurement, with 6% citing humanitarian assistance, but no instances of begging or foregoing meals, and low occurrences of gifts and donations or borrowing and barter.

There were 25% reported interruptions of availability in main water supply by freelancers between March and July 2020. The largest part of households reported using relying on a centralized supply- 65%, and 42% private wells in their own courtyard, with 8% citing public fountains. More than half of households (53%) were not connected to a sewage system, and from those that were, 39% reported that the access level was unchanged and 2% claiming the level of access has improved. The remaining 6% did not know.

Figure 190. Impact of the pandemic on access to food and water of freelancers in PwC VG sample



Source: PwC Vulnerable Groups survey

Health and Hygiene

A baseline view on the access to medical services of freelancers can be obtained by analysing the indicator the “Expenses per healthcare”, which shows that freelancers spend less than employees (both as absolute amount and percentage of the total budget). For example, while in 2019 employees spent monthly 147.2 MDL on health-care (4.5% of total expenses), freelancers working in agriculture spent 93.3 MDL (corresponding to 4.5% of total expenses), and freelancers not working in agriculture 106.5 MDL (4.0% of total expenses). While this is not an extreme vulnerability, it can perpetuate a higher level of unmet medical needs during a crisis.

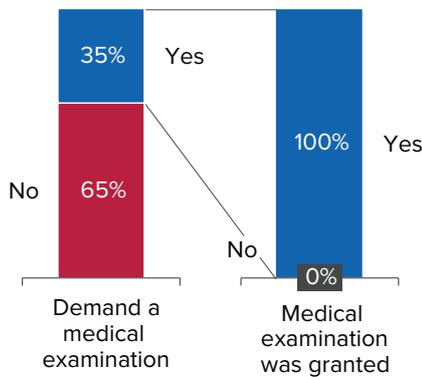
An important expression of the access to healthcare is having health insurance coverage. Almost four fifths of sample freelancers (82.7%) had health insurance.

From the freelancer households 35% demanded a medical examination during the pandemic, and all were granted. Still, the opinion on access to healthcare varied, with more than half (60%) believing access was increasingly difficult, though 13% felt the access was normal. Almost three quarters (73%) mentioned they did not encounter any difficulties in obtaining protective equipment, with 19% citing difficulties in obtaining face masks and 17% hand disinfectant.

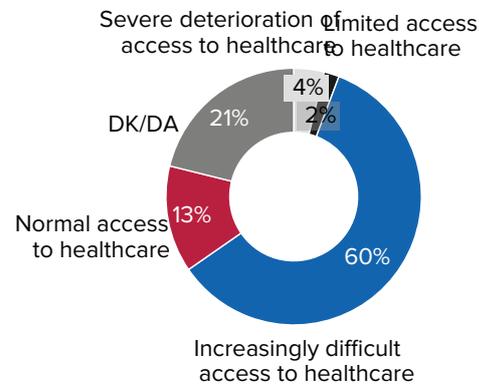
The highest number of difficulties encountered in accessing medical services was for Non-Contagious diseases and Paediatrics – both at 17%.

Figure 191. Impact of the pandemic on access to health and hygiene of freelancers in PwC VG sam

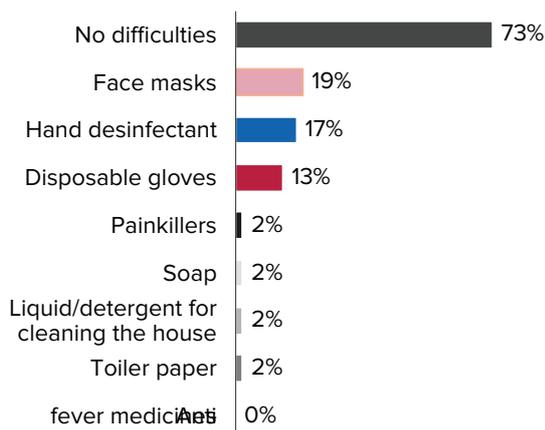
C Health and Hygiene



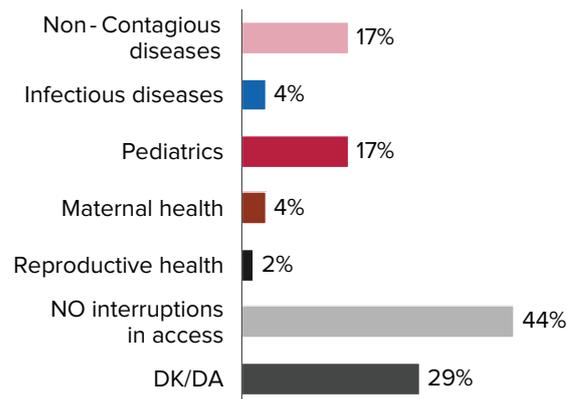
Perceived change in availability of medical services



Household difficulties in obtaining protective equipment



Household difficulties in obtaining access to health services



Source: PwC Vulnerable Groups survey

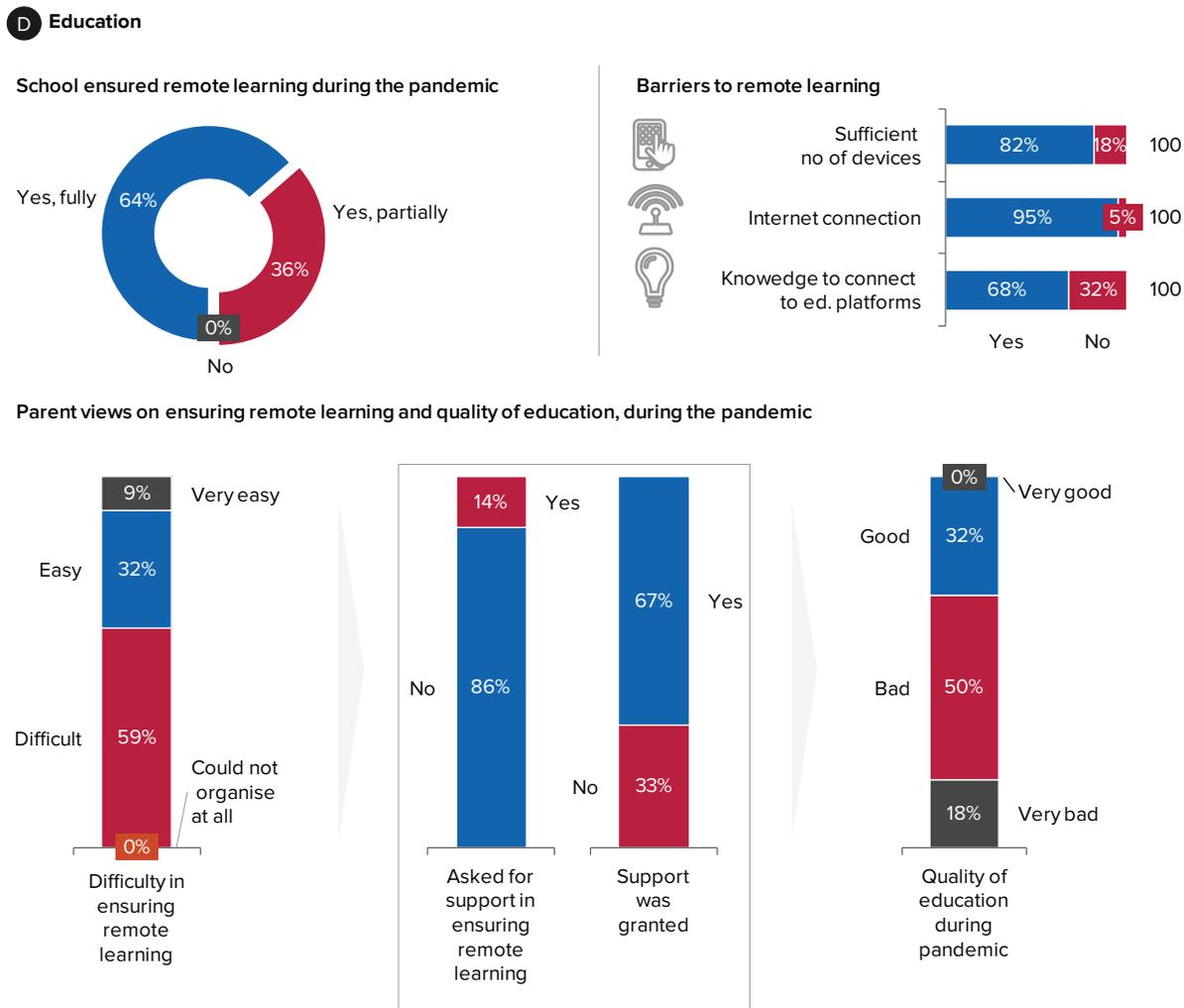
Education

In the PwC sample, there were no freelancers to declare that their schools did not manage to ensure remote learning during the pandemic. Still, 36% mentioned ensuring the learning process only partially. There were no instances of parents that were not able to organise remote learning at all in freelancer households, with 9% in fact claiming it was very easy to do so (the only vulnerable group to record this answer, but all respondents were in the fourth income quartile of the sample). On the other hand, there were spread difficulties nevertheless, with 59% finding it difficult to organise.

There were 14% of parents asking for remote learning support, but out of these one third did not received it. Thus, given the mixed levels of support, the view on the quality of the education during the pandemic was also mixed, with a cumulative of 68% thinking it was bad or very bad, but 32% finding it good. Lower barriers were encountered versus other groups: only 5% of households did not have a reliable internet connection, and 95% did not have enough devices. Knowledge to operate the platforms was missing in 32% of cases.

Thus, the more heterogenous educational and professional profile of freelancers appears to have aided to the ability to organise the process of remote learning. On the other hands, in terms of achieving good educational outcomes via remote learning, common pitfalls were encountered, with 41% for example reporting lack of pupil focus due to lack of social contact, and 64% reporting problems connecting to platforms provided.

Figure 192. Impact of the pandemic on access to health and hygiene of freelancers in PwC VG sample



Source: PwC Vulnerable Groups survey

Coping Strategies

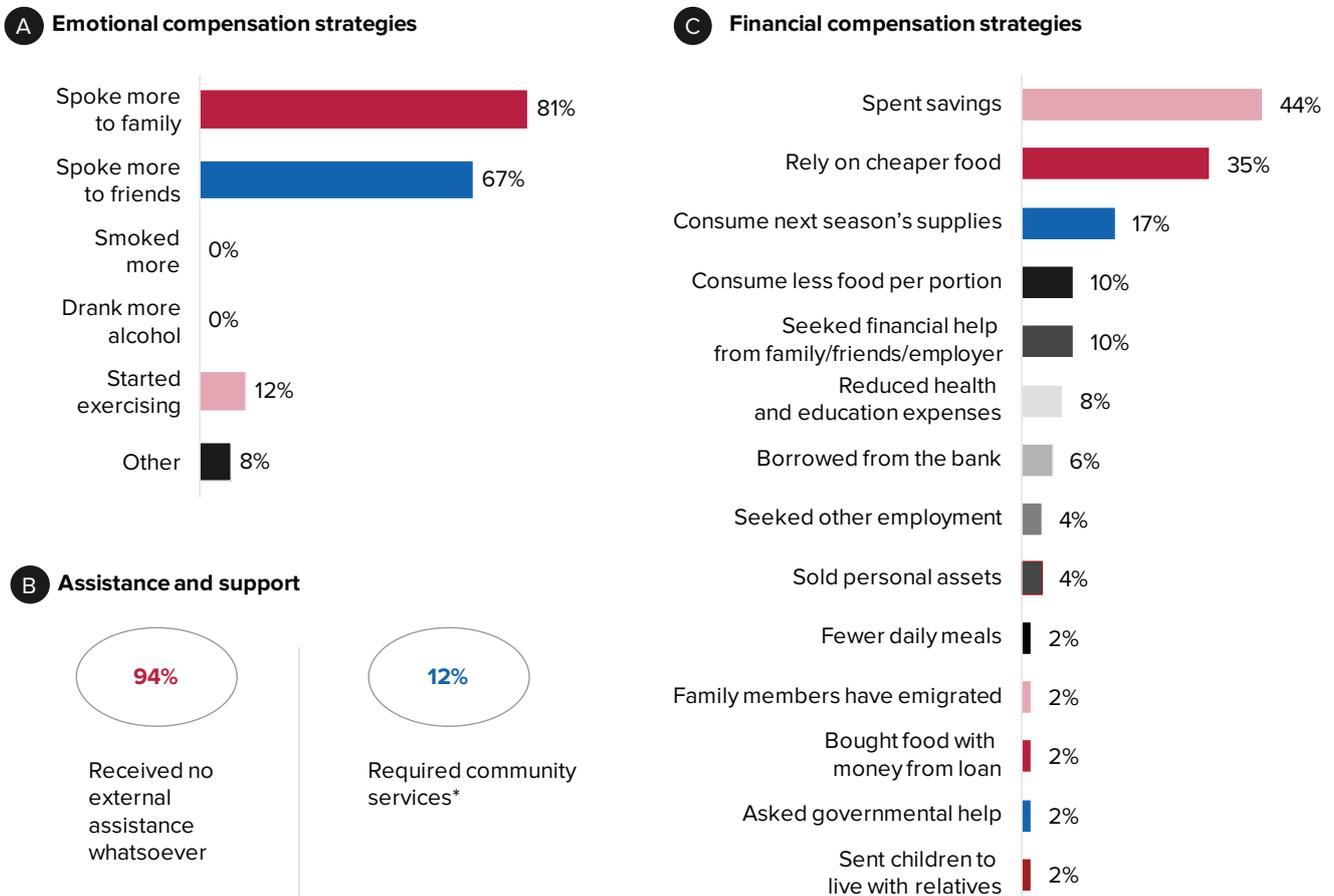
The main emotional compensation strategy for freelancers in the PwC sample was speaking more with family members (81%), and increased conversations with friends (67%). There were no reported cases of unhealthy coping through increasing alcohol and tobacco consumption, with 12% mentioning starting exercising. Put into perspective, overall freelancers displayed good levels of emotional resilience.

Only 6% of freelancer households received direct support or assistance during the pandemic period. A share of 12% declared they required community services (social worker, social canteen, help with food delivery, etc) during the pandemic period.

Financially, freelancers relied on the two primary coping mechanisms that were prevalent with other groups as well: first, spending savings (44%) and relying on cheaper food (35%). Also, consuming next season’s supply was mentioned by 17% of respondents and consuming less food per portion by 10%.

Other notable financial strategies included the willingness to seek financial help from family, friends or employer (10%). Some 6% of freelancers also borrowed from the bank, the highest number of all groups, while seeking other employment was cited by only 4%. Overall, both the coping mechanisms and the assistance requirements of freelancers most likely reflect the heterogeneity of the group, as well as the common denominator – self-reliance and the valuation of own’s resources, both material and work-related. Therefore, even as the PwC sample was skewed slightly towards freelancers working in Agriculture (and keeping in mind that 12% stated that their crop was lost), freelancers appeared somewhat more resilient.

Figure 193. Coping mechanisms of freelancers in PwC VG sample



Source: PwC Vulnerable Groups survey

Prospects and Recovery Needs

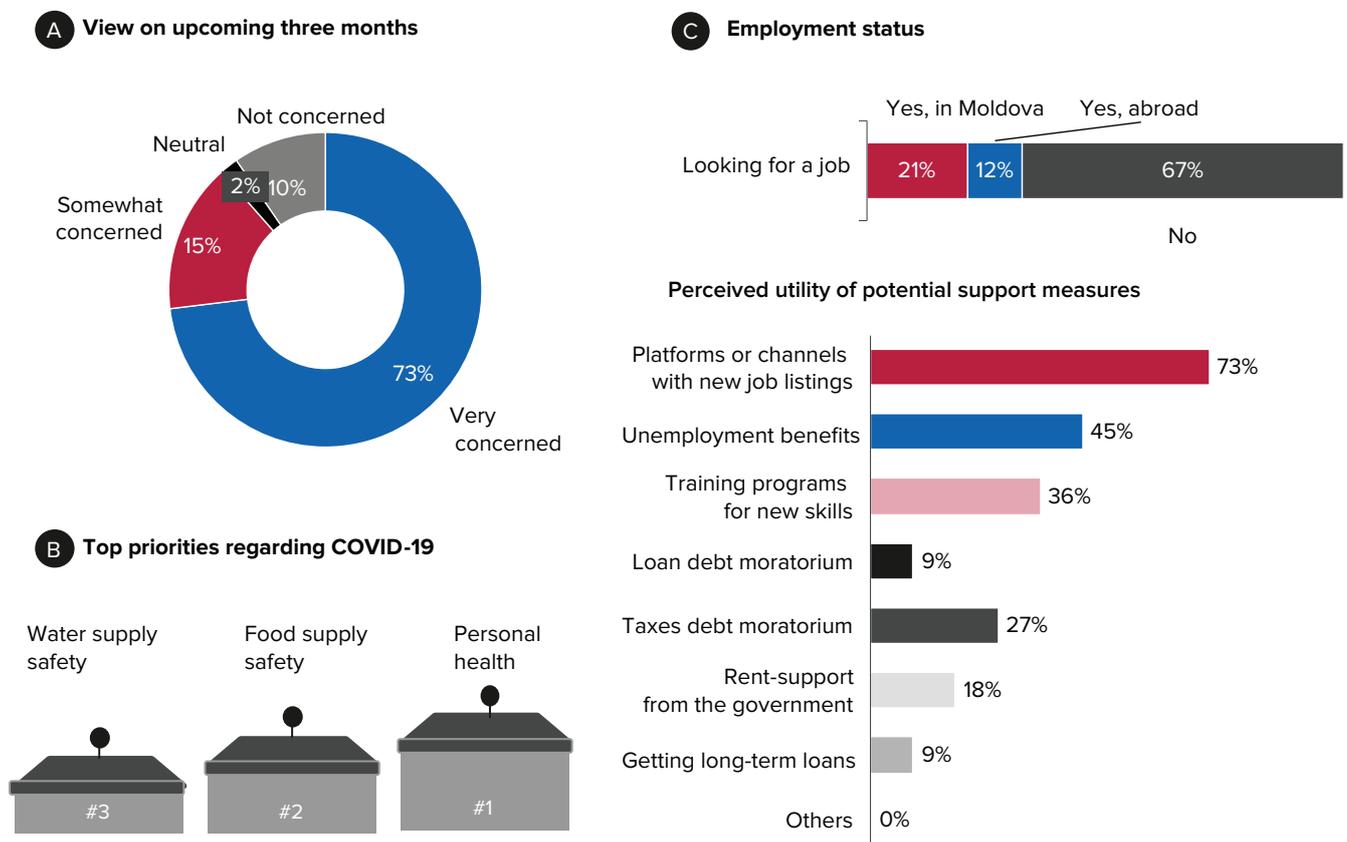
Despite showing good resilience in terms of coping with the pandemic so far, **freelancers showed the strongest level of concerns for the next three months**, with 73% being very concerned (more than even vulnerable women) and 15% somewhat concerned. Similar to other vulnerable groups, the list of priorities regarding COVID-19 was straightforwardly topped by the need to safeguard personal health and emerge sheltered out of the pandemic. Secondly, safeguarding the food supply was deemed to be important. Thirdly, freelancers mentioned water supply security and access to drinking water.

From an employment perspective, 21% of households stated they are looking for a job in Moldova and 12% abroad. From the rest that were not looking for a job, a good majority (43%) were doing housework or caring for the family, with 6% that gave up looking after unsuccessful attempts of finding a job in the recent past (an elevated number versus the other vulnerable groups).

The fact that the most cited measure by far was building platforms or channels with new job listings (73%) reflects the fact that the core underlying anxiety of freelancers is employment related. Being self-employed requires often searching for new clients, which can be both stressful and costly in the COVID-19 pandemic, as a lot of external demand is suppressed.

The other measures listed reflect the same theme, with 45% of freelancers citing unemployment benefits as the most useful support measure, 36% citing for training programs for new skills, as well as and 27% mentioning tax debt moratorium (versus 11% sample average citing this measure). A further 18% citing the need for rent-support from the government may further confirm the extent of responsibilities that come with being self-employed (freelancers were also the most indebted vulnerable group in the sample).

Figure 194. Prospects and recovery needs of freelancers in PwC VG sample



Source: PwC Vulnerable Groups survey

4 Impact of COVID-19 pandemic crisis on the selected economic sectors

General aspects

The objective of this section is to evaluate the impact on the most affected economic sectors by the COVID-19 pandemic in the Republic of Moldova.

The COVID-19 pandemic impacted, both negatively and positively, many industries in Moldova. Some economic sectors were highly exposed to COVID-19 pandemic, as most services are reliant on interaction, trade and free movement of people, only service offerings judged as being “essential” remaining active during the lockdown period. On the other hand, sectors related to internet and online services benefited from this crisis, but their offsetting effect on the overall industry was limited.

SMEs (Micro, Small, Medium-Size enterprises) are playing an important role in Moldova’s economy (Table 15), providing more than 60% of employment.

Table 15. Evolution of SMEs indicators

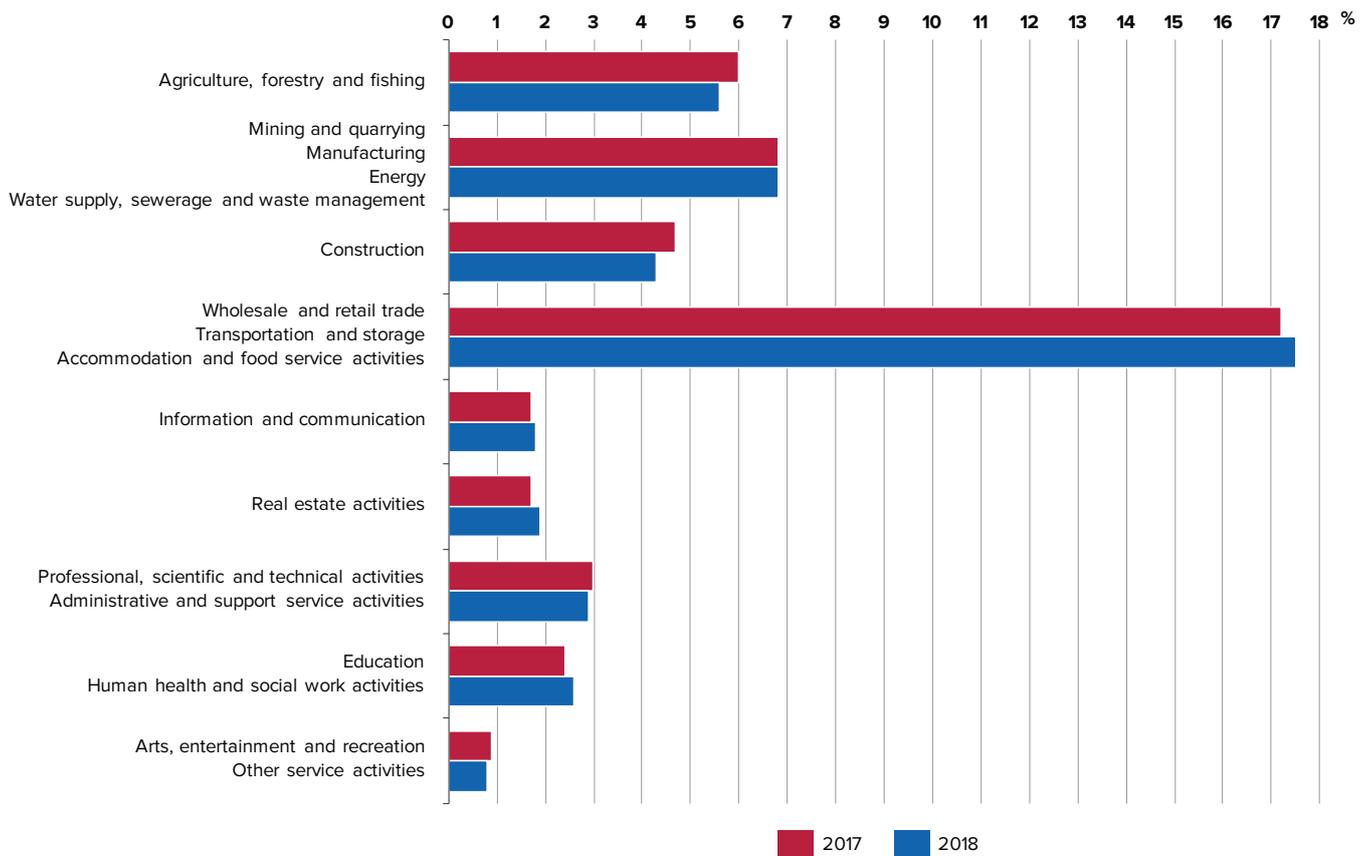
Enterprises by size	Number of Enterprises		Average number of employees		Number of enterprises with profit	
	2018	2019	2018	2019	2018	2019
Micro	48.032	48.056	111.677	114.413	20.930	22.326
Small	6.374	6.487	117.030	118.662	4.608	4.885
Medium-Size	1.299	1.375	99.311	102.984	967	1.054
Big	758	796	212.259	216.054	638	688
Total	56.463	56.714	540.277	552.113	27.143	28.953

Note: Big enterprises: >249 employees and turnover >50 Mil MDL; Medium enterprises: <249 employees and turnover <50 Mil LEI, except small and micro enterprises; Small enterprises: <49 employees and turnover <25 Mil MDL, except micro enterprises; Micro enterprises: <9 employees and turnover <9 Mil MDL;

Source: NBS

In terms of GDP weight, active SMEs from Wholesale and Retail Trade, Transportation and Storage and Hospitality sectors have the biggest shared contribution, across economic sectors, to the overall Moldovan’ economy (Figure 195). These sectors were strongly affected by the COVID-19 pandemic.

Figure 195. SMEs shared contribution to GDP for total economy



Source: NBS, latest data available are for 2018¹⁵⁶

According to the National Bureau of Statistics, during the period of **January to June 2020, the overall industrial production (gross series) in Republic of Moldova decreased with 7% compared to the similar period of 2019** due to the contraction of the industrial production for the following industries: extractive industry (-7.4%), manufacturing (-7%) and production and electricity, gas, steam and air conditioning supply (-7.2%). Moreover, comparing the first semester of 2020 with the similar period of 2019, **the total exports of the Republic of Moldova decreased with 14%** and total imports maintained same trend decreasing with 14.8%.

In July 2020, compared with similar month of 2019, the overall exports decreased with 5% while the overall import registered a contraction of only 0.5%. Comparing with previous month of 2020 (June), the overall exports and imports registered a significant growth as follows: 10.3% for exports and 20.2% for imports.

Table 16. Export-import evolution for EU-27 and Independent State Community - 1st Semester of 2020 vs. 2019

	EU-27	CSI (Independent State Community)
Export of goods	-13%	-4.2%
Import of goods	-18.7%	-16%

Source: NBS

¹⁵⁶ starting with 2019, the information is not available at this level of details

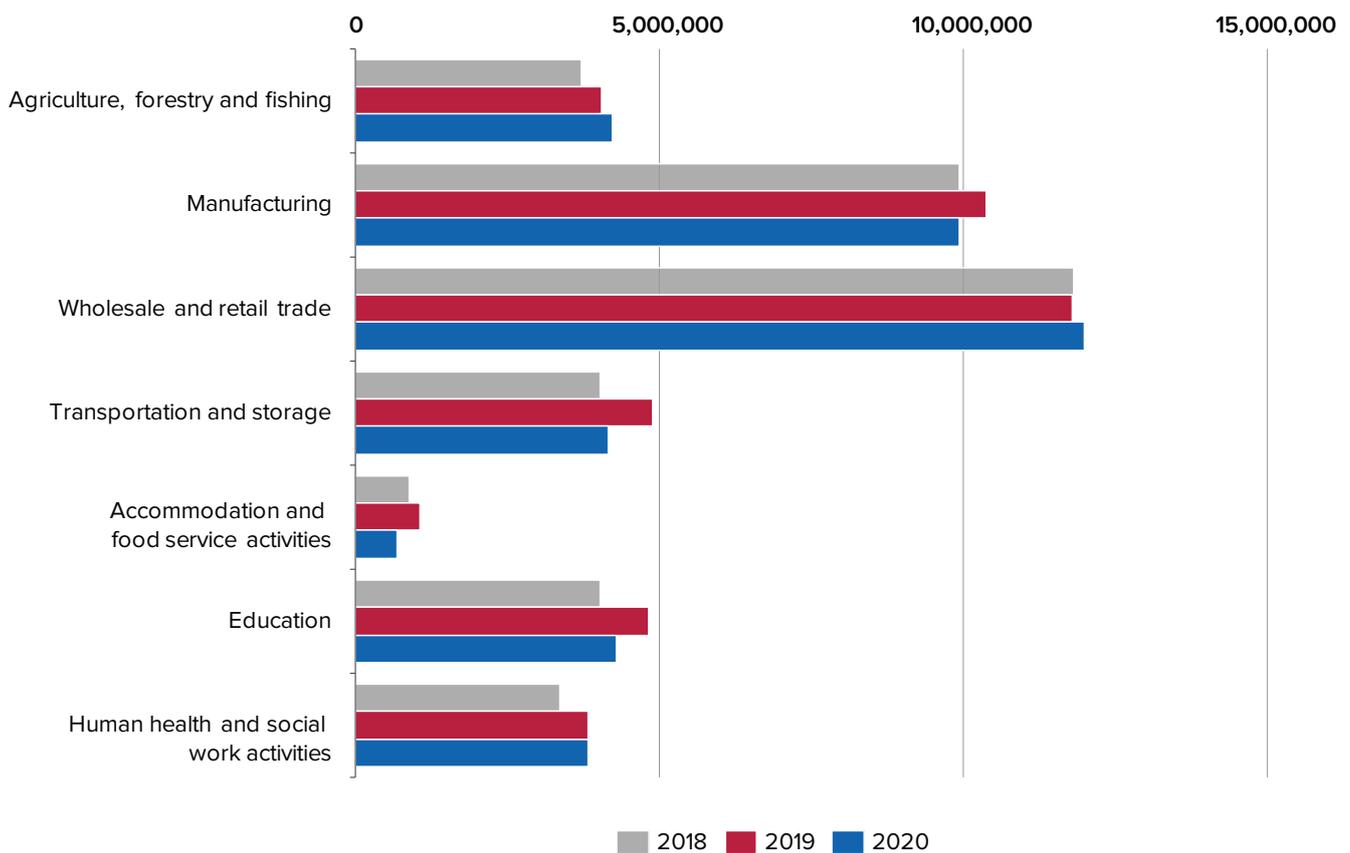
Analysed economic sectors

The evolution of main industries across Moldovan economy shows that the economic sectors were not negatively impacted for the 1st quarter, most probably due to the fact that the COVID-19 pandemic started by mid of March and the impact was not yet visible.

In the 2nd quarter of 2020, as the pandemic unfolded and drastic containment measures were applied in order to control the spread of coronavirus disease, **the evolution of GVA shows that most of the analysed economic sectors were dramatically affected** except Agriculture for which the GVA increased by 6.3% (compared to similar period of 2019). By far, the worst affected industry during the 2nd quarter of 2020, comparing with same period of 2019, was Hospitality registering a decrease of more than 60%. Transportation and storage decreased by 26%, Manufacturing contracted with more than 10% and Wholesale and retail trade with a decrease of 8%, suggesting the decline in economic activity as a result of ongoing restrictions.

The closure of schools and lower levels of non-urgent activities of healthcare led GVA in the education to fall by 11%, while healthcare remained constant mainly due to financial support generated by Covid-19 crisis.

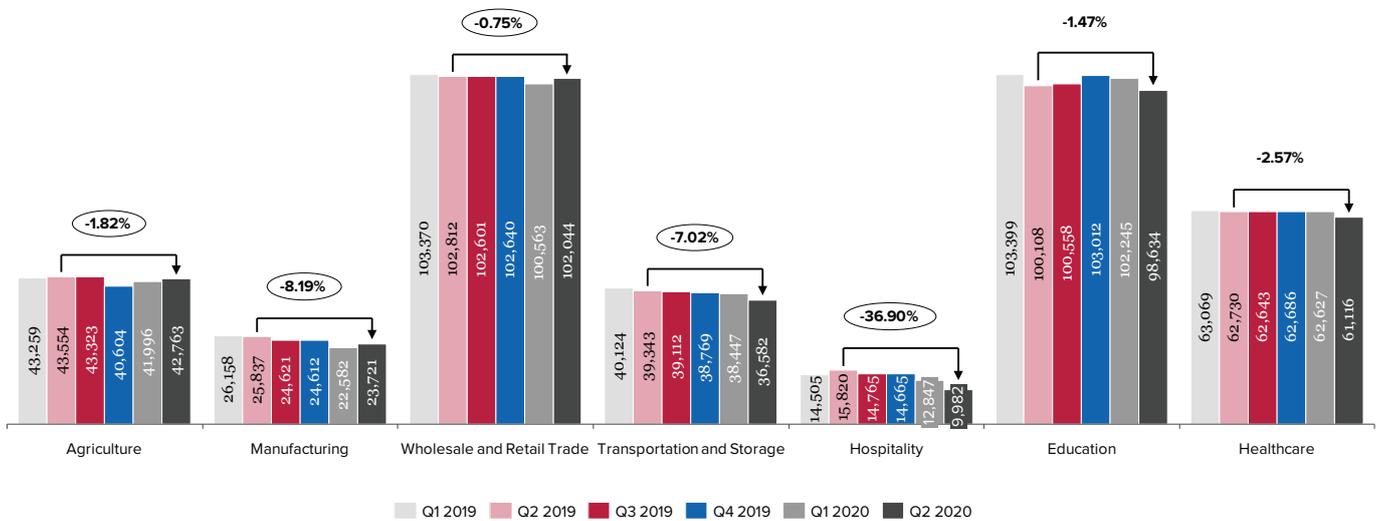
Figure 196. GVA evolution – thousand MDL (on 1st semester in the overall economy by economic sector (2018-2020))



Source: NBS

The labor market remains under pressure, but there are early signs of decline slowing. The number of employees is on a descendant trend 2020 vs. 2019, with Hospitality sector having the biggest decrease by approximately 37% (Figure 197). Also, as of December 2019, the number of women employees in Manufacturing (light industry) sector as well as social sectors (Education and Healthcare) represents more than ¾ of the total employees number in respective sectors, while only in Agriculture and Transportation, the number of men employees is higher than women (Figure 198)

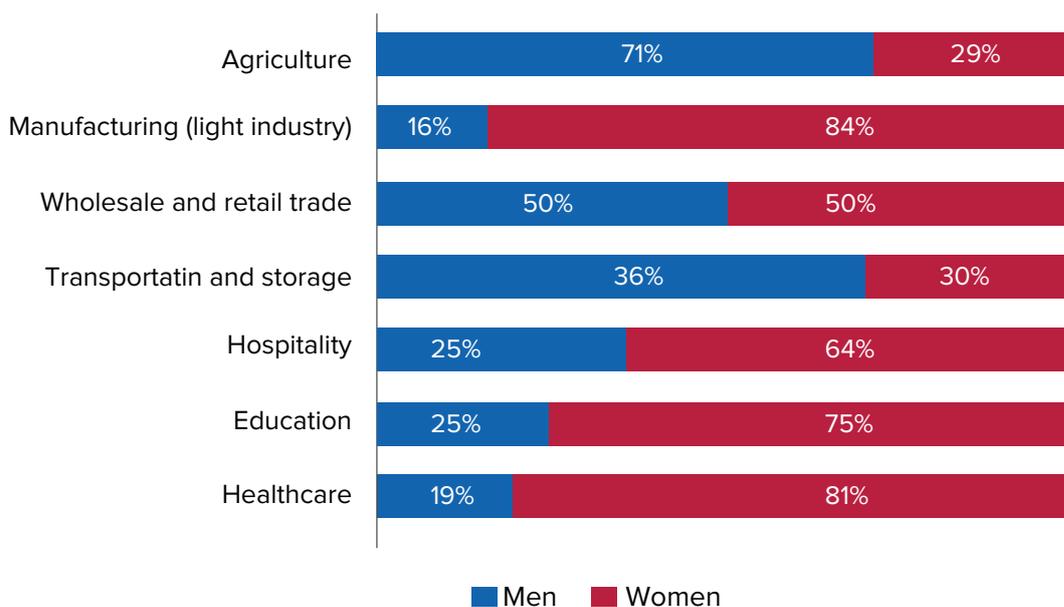
Figure 197. Quarterly evolution of number of employees at the end of the quarter (excluding employees with suspended work contract) for some economic sectors (persons, %, 2019 vs. 2020)



Note: For Manufacturing sector, in the above graphic is reflected only the in-scope sub-sectors: Manufacture of textiles, Manufacture of wearing apparel and Manufacture of leather and related products. For the overall sector the numbers are the following: Q1 2019 – 97,683 employees, Q2 2019 – 97,365 employees, Q3 2019 – 97,029 employees, Q4 2019 – 96,961 employees, Q1 2020 – 93,051 employees, Q2 2020 – 93,899 employees; For Hospitality sector, in the above graphic is not included the sub-sector of “Travel agency, tour operator and other reservation service and related activities” part of the Administrative and Support Service Activities sector (not in the scope). The numbers for the above-mentioned sub-sector are: Q1 2019 – 778 employees, Q2 2019 – 804 employees, Q3 2019 – 790 employees, Q4 2019 – 767 employees, Q1 2020 – 529 employees, Q2 2020 – 585 employees. The data include economic units (real sector) with 4 or more employees and all budgetary institutions, regardless of the number of employees. The distribution by economic activities was carried out according to the homogeneous activity of the units (the information related to the secondary activities is included, each, to the economic activities according to the corresponding CAEM)

Source: NBS

Figure 198. Weight of women in total number of employees by economic sector (31st of December 2019)

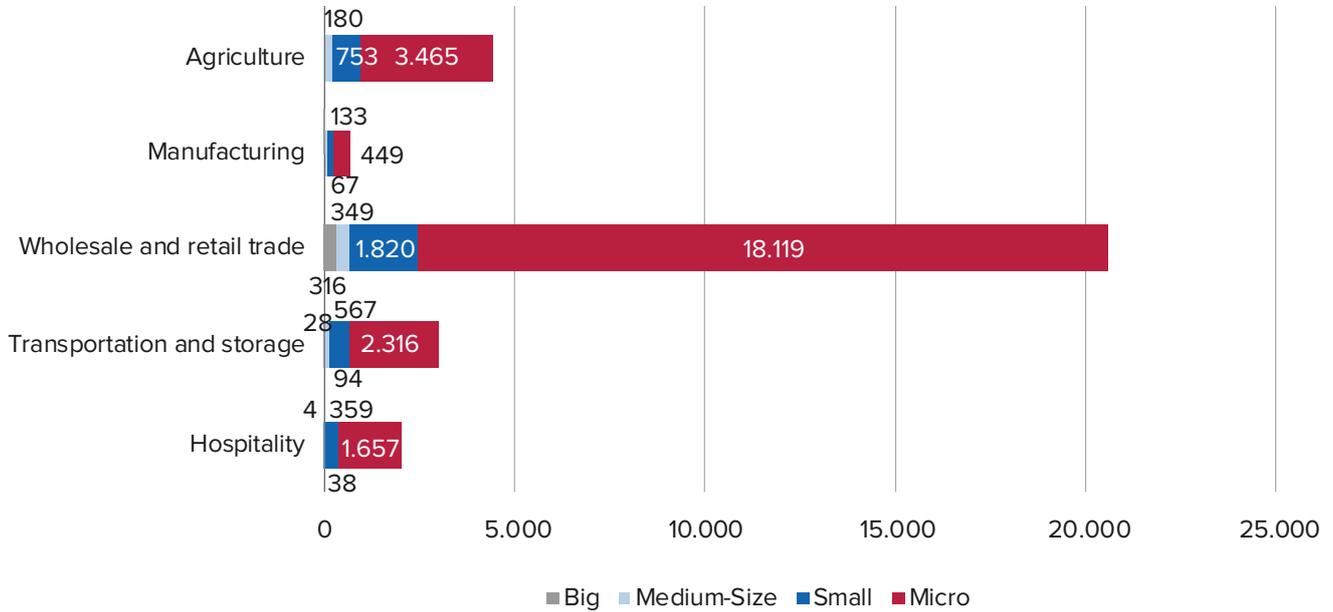


Source: NBS

However, quarterly data suggests the decline in job markets is slowing as economic activity picked up in the second quarter, especially for Agriculture, Manufacturing and Wholesale and Retail Trade with increasing for employees, and a decline in the number of people in Hospitality, Transportation, Education and Healthcare.

Referring strictly to SMEs we can see that the number of micro enterprises occupies the biggest share in total enterprises activating within the industries in scope with almost 40% of them being profitable (please see Figure 199, Figure 200 and Figure 201).

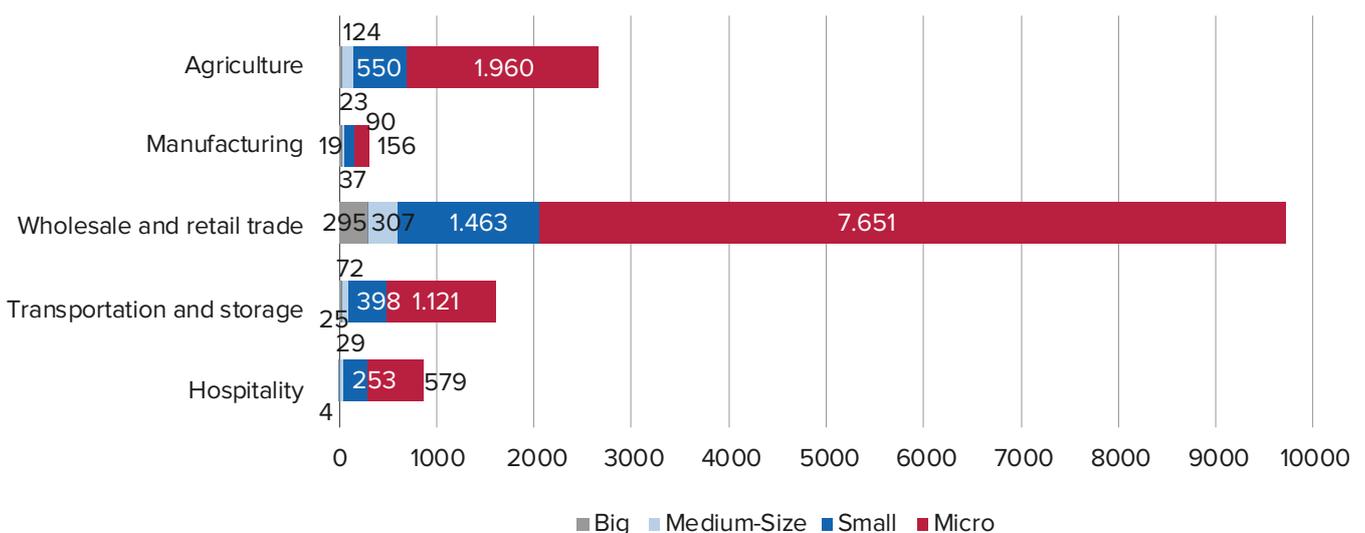
Figure 199. Number of enterprises by economic sector and size (2019)



Note: For Manufacturing sector, in the above graphic is reflected only the in-scope sub-sectors: Manufacture of textiles, Manufacture of wearing apparel and Manufacture of leather and related products. For the overall sector the numbers are the following: Big – 187 enterprises, Medium-size – 236 enterprises, Small – 808 enterprises, Micro – 3,678 enterprises; For Hospitality sector, in the above graphic is not included the sub-sector of “Travel agency, tour operator and other reservation service and related activities” part of the Administrative and Support Service Activities sector (not in the scope). The numbers for the above-mentioned sub-sector are: Big – 1 enterprise, Medium-size – 2 enterprises, Small – 22 enterprises, Micro – 486 enterprises.

Source: NBS

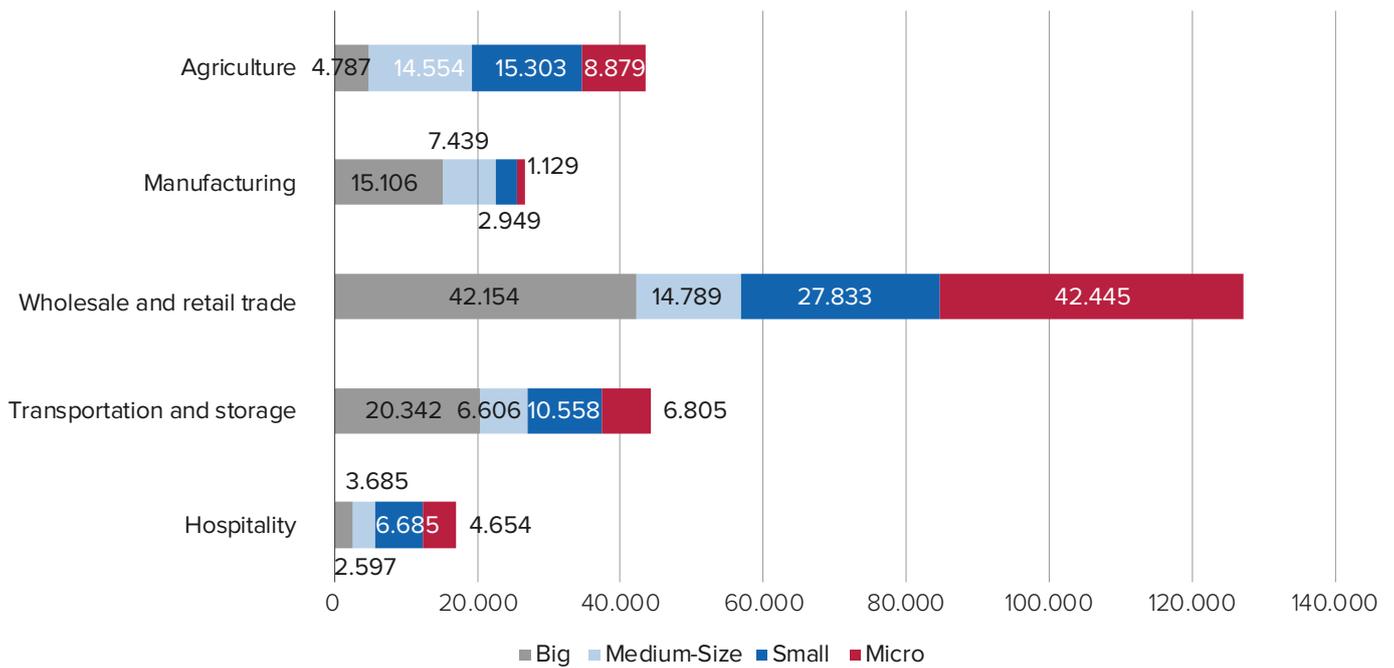
Figure 200. Number of enterprises with profit by economic sector and size (2019)



Note: For Manufacturing sector, in the above graphic is reflected only the in-scope sub-sectors: Manufacture of textiles, Manufacture of wearing apparel and Manufacture of leather and related products. For the overall sector the numbers are the following: Big – 154 enterprises, Medium-size – 176 enterprises, Small – 586 enterprises, Micro – 1,494 enterprises; For Hospitality sector, in the above graphic is not included the sub-sector of “Travel agency, tour operator and other reservation service and related activities” part of the Administrative and Support Service Activities sector (not in the scope). The numbers for the above-mentioned sub-sector are: Big – 1 enterprise, Medium-size – 2 enterprises, Small – 19 enterprises, Micro – 234 enterprises.

Source: NBS

Figure 201. Average number of employees by economic sector and size (2019)



Note: For Manufacturing sector, in the above graphic is reflected only the in-scope sub-sectors: Manufacture of textiles, Manufacture of wearing apparel and Manufacture of leather and related products. For the overall sector the numbers are the following: Big – 63,061 employees, Medium-size – 19,217 employees, Small – 16,314 employees, Micro – 9,777 employees; For Hospitality sector, in the above graphic is not included the sub-sector of “Travel agency, tour operator and other reservation service and related activities” part of the Administrative and Support Service Activities sector (not in the scope). The numbers for the above-mentioned sub-sector are: Big – 76 employees, Medium-size – 20 employees, Small – 441 employees, Micro – 1,058 employees.

Source: NBS

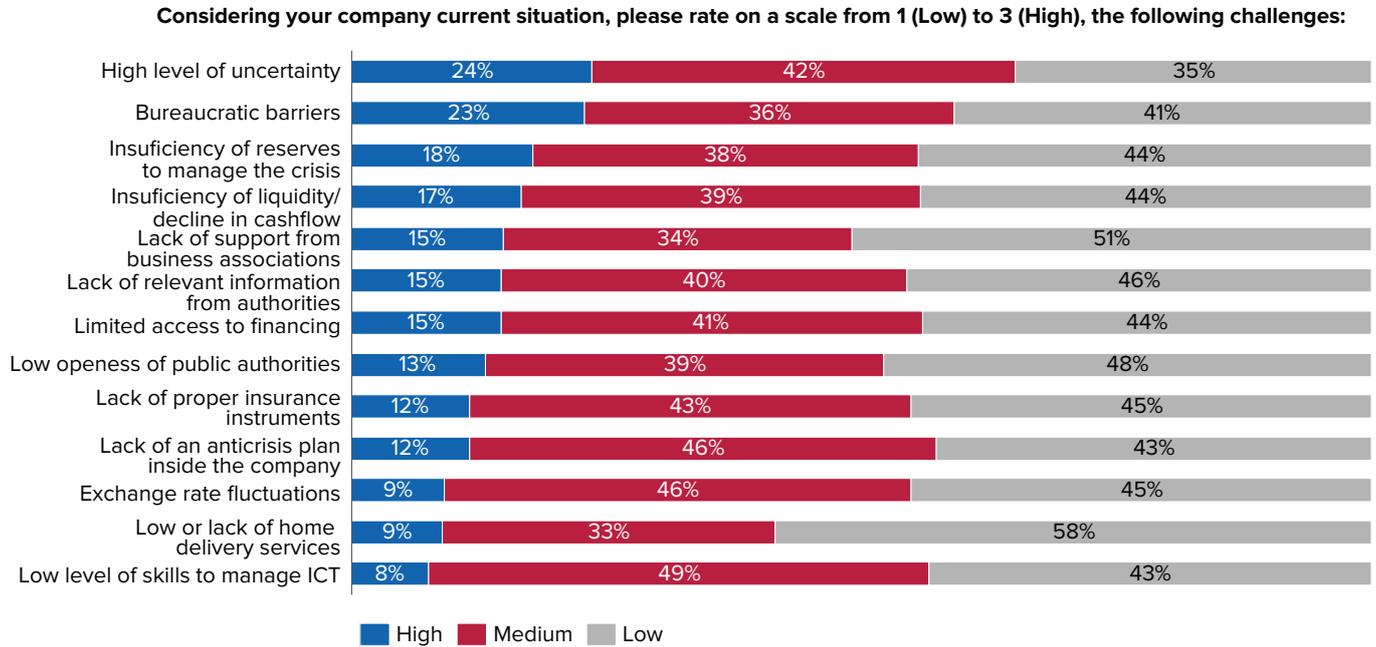
According to the survey conducted by Magenta Consulting, relevant aspects underlined by statistical data from NBS and discussions with key stakeholders across all in-scope industries, were confirmed:

450 respondents



According to the survey, **the main challenges** faced by the interviewed companies (Figure 202) are related to **the economic environment uncertainty, relation with public authorities and liquidity shortage**.

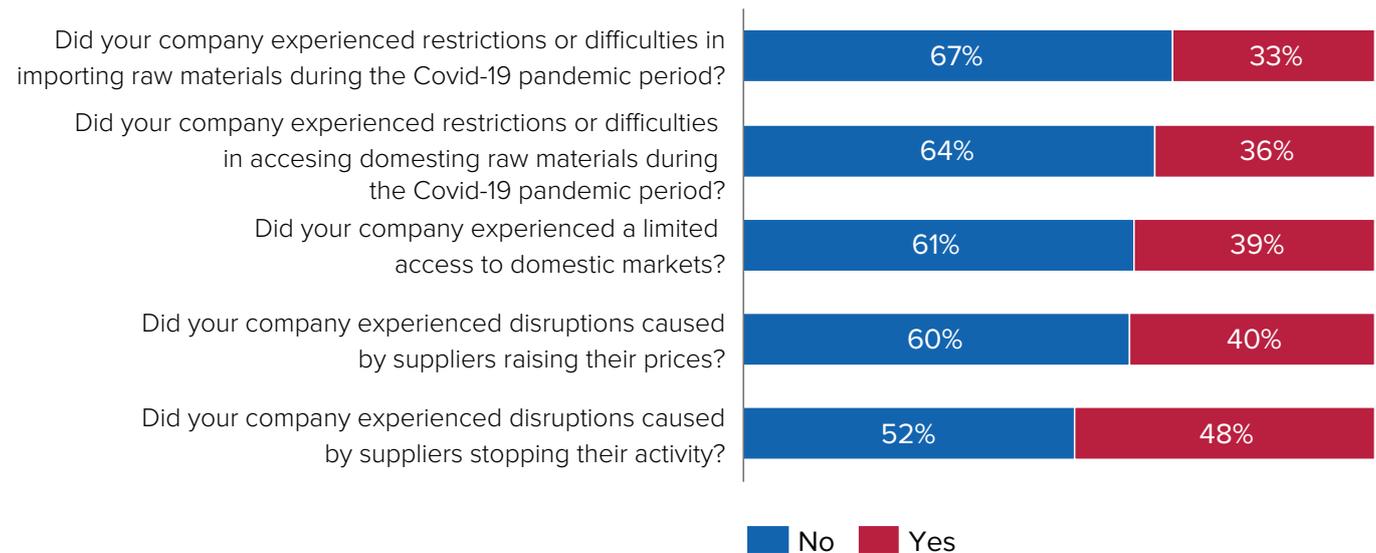
Figure 202. Challenges faced by companies from all in-scope industries



Source: PwC B2B survey

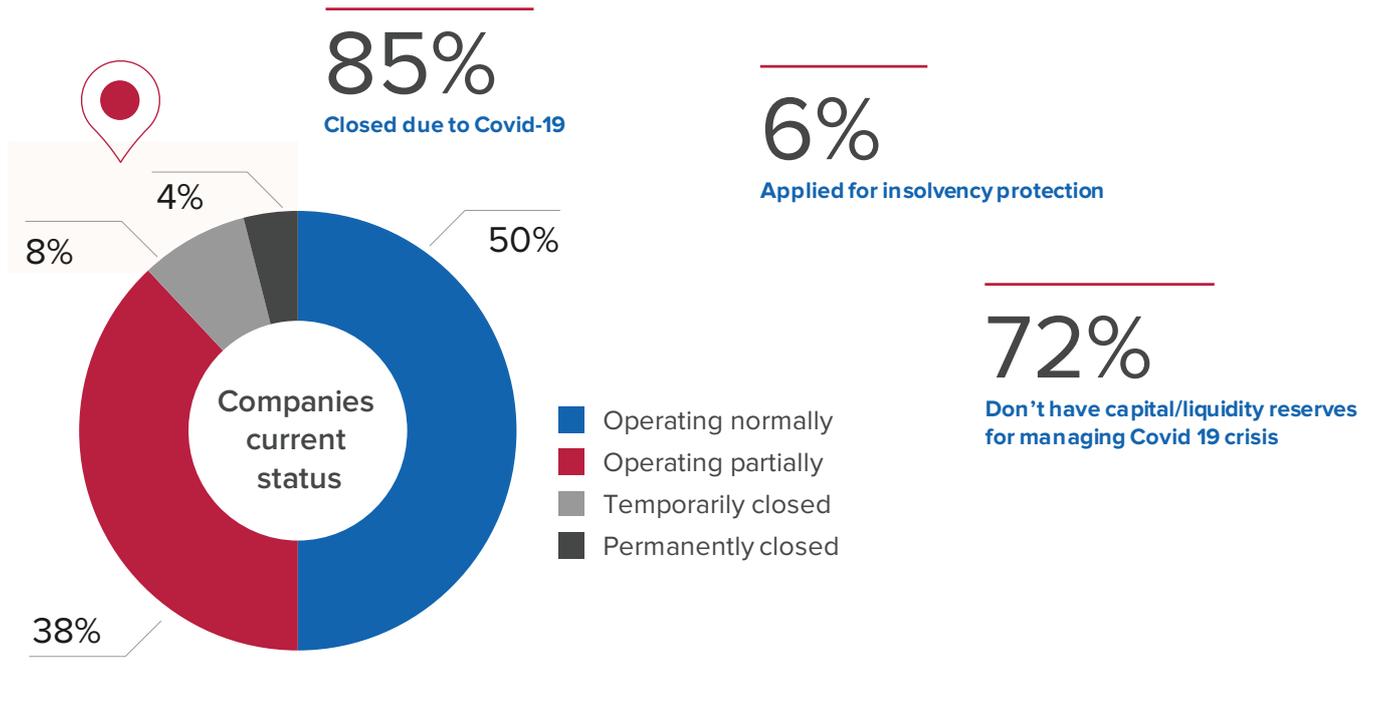
The survey shows that most of the interviewed companies were not severely affected by Covid-19 pandemic in terms of supply chain as well as in access to domestic markets.

Figure 203. The impact of the Covid-19 pandemic on the business activity for all in-scope industries



Source: PwC B2B survey

The **majority of respondents are facing liquidity shortage**, the main source of financing being personal savings or contributions from family, equity finance and loans from commercial banks.



For the next three months, some of the respondents are expecting no changes in sales volumes (43.6%) while almost 38% are more pessimistic expecting an overall decline. Comparing to the outcome of a similar evaluation performed in June by Expert Group¹⁵⁷, when the business sentiment was very low (more than 70% of the respondents expected a decrease in sales volume), it looks like the companies are starting to recover and are more optimistic about their future businesses.

In terms of products/services prices, 60% answered that they expect a flat dynamic of the level of prices.

When questioned about the possibility of switching to online sales, the companies seems to change their perception compared to the beginning of the Covid-19 crisis (March-April) when one third of the companies were considering the online alternative as a main choice for mitigating the decrease in sales¹⁵⁸. Six months later, according to the survey conducted by Magenta Consulting, **only 24% of companies are considering online sales as an option**, while only 12.7% used online channels.

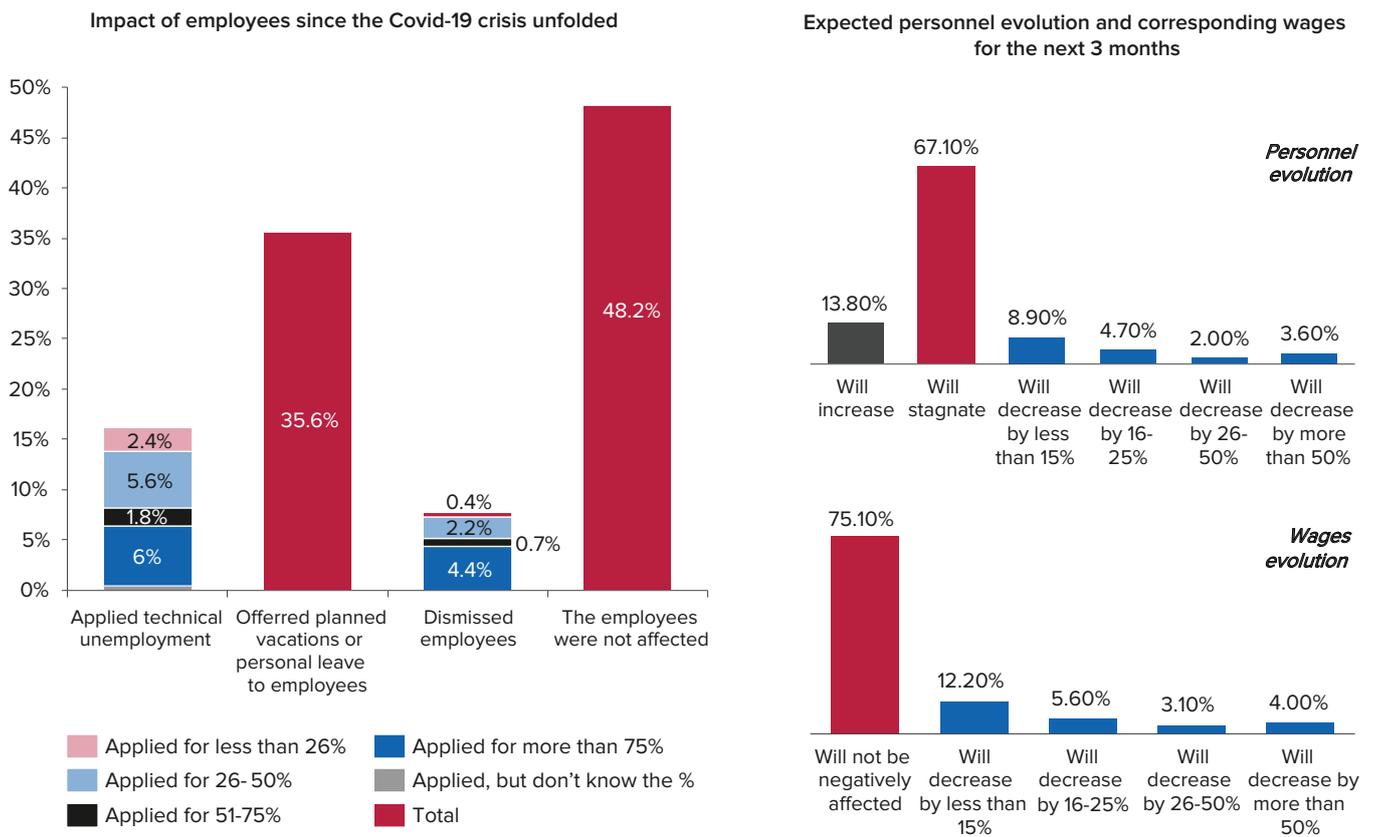
When referring to the employees' productivity, 1 out of 2 companies answered that the productivity was not affected, while 64% of the respondents that indicated a decrease in productivity said that the overall percentage was less than 50%.

In terms of number of employees and salaries, the companies are not expecting a significant change in the next three months. At the same time, **24% of the interviewed companies answered that their employees were affected**, while 36% applied for planned holidays or personal leaves:

157 Quick Evaluation of Covid-19 Impact on UNDP Growth Cluster Projects, 2020 June

158 AmCham Covid-19 impact survey, 30th of March – 6th of April 2020

Figure 204. Impact on employees (historical and expected) for all in-scope industries



Source: PwC B2B survey

When it comes to **medical waste generation and recycling**, most of the respondents are **not using the selective waste collection system**. As per the pre-COVID era data (2019) there is approximately 15 kt of medical waste produced annually in Moldova by medical centers, hospitals, pharmacies, ambulances, stomatology centers etc. About 70-90% of the medical waste has similar properties as the household waste (paper, plastic, food etc.). Remaining 10-30% is composed of hazardous and infectious and requires specific treatment due to its properties.

According to Waste Management Strategy in the Republic of Moldova, there is annually produced 2,75 kt of infectious and 0,314 kt of hazardous waste. These data are higher currently, as medical waste production increased during COVID-19 period and considering also the imported quantities of masks, face sheets, gloves, COVID-19 tests, etc.

According to UNDP study on potentially harmful substances management in selected healthcare facilities (2018, 2019) in Chişinău, there is insufficient medical waste management as in the rest of the country. The non-hazardous waste is disposed by external company which collects all the waste and dispose it at Țintăreni landfill. Many healthcare facilities treat infectious waste by themselves or handle these services to specialized authorized companies. However here is no evidence, how the infectious waste is finally disposed. At most of hospitals infectious waste produced by microbiology laboratories is sterilized directly at the place of production in autoclaves. Sometimes, the infectious waste is mixed with municipal solid waste (after autoclaving) and landfilled in the Țintăreni landfill. Such a disposal of the medical waste is unsatisfactory and contaminates the environment especially that waste storage facilities are not operated properly.

Most of the medical waste is landfilled or used as a fuel in the heating system of each individual hospital.

This comes to confirm that although healthcare waste management legal framework in the Republic of Moldova complies with EU standards, enforcement of actions is still necessary. All the procedures related to medical

waste treatment and final disposal are described within the Sanitary Regulation on Medical Waste Management No 696/2018. Implementation of Regulation provisions is particularly relevant for management of the waste linked with COVID-19 prevention and control measures.

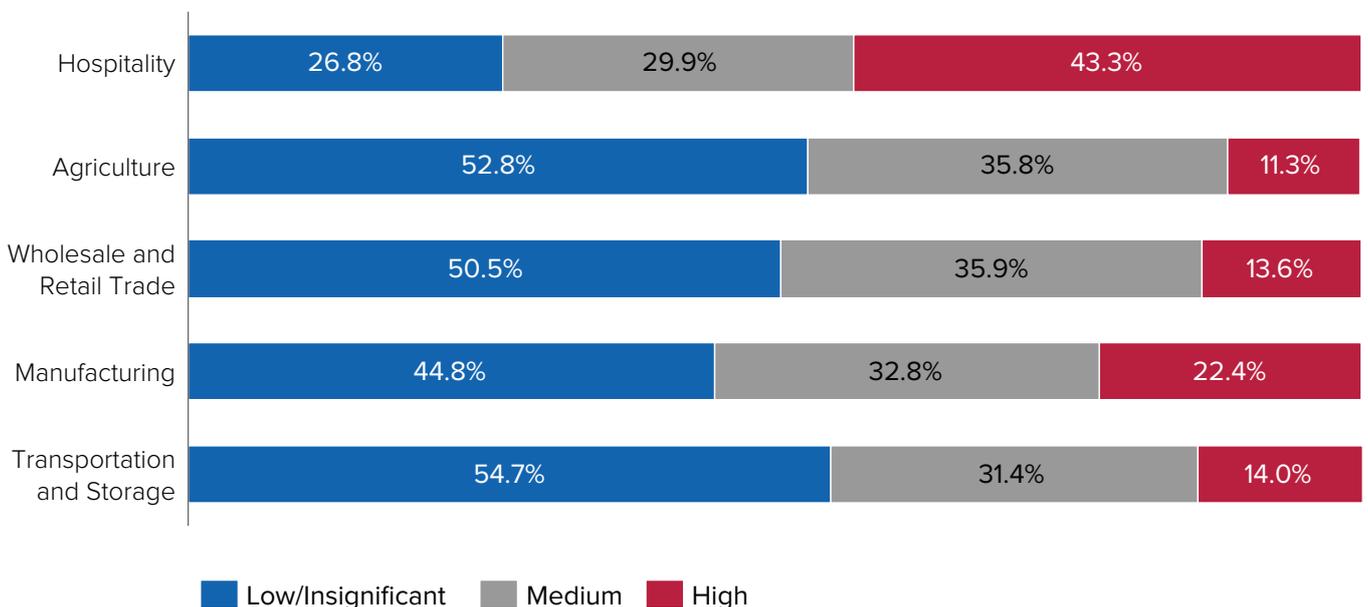
According to the same study, the principles of sustainable procurement in the healthcare sector in the Republic of Moldova are not fully implemented and respectively their application in this regard is not well established. The procurement decisions (especially for products/equipment containing chemicals and other compounds) are still based on price-only criteria and less on product life-cycle impacts, including on human health and environment – from sourcing to manufacturing, product delivery and end-of-life management.

Medical waste recycling



Furthermore, when asked about the impact on environment that their business had during the state of emergency compared to similar period of previous year, the perception of almost 1 out of 2 companies is that no or insignificant impact was registered:

Figure 205. Impact on environment during Covid-19 pandemic state of emergency compared to similar period of 2019



Source: PwC B2B survey

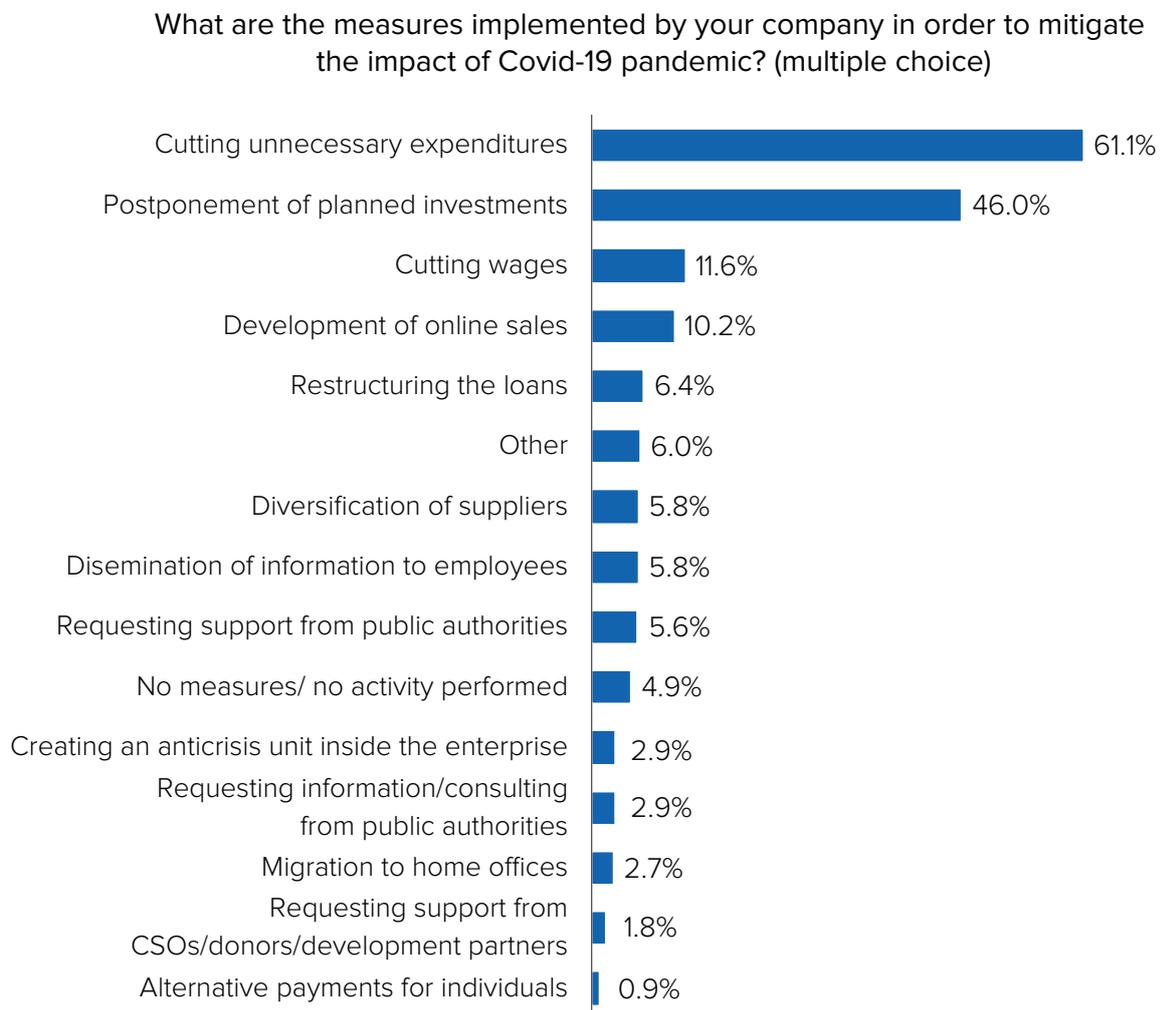
It is worth noting that the Hospitality sector acknowledges highest impact on environment. It comes to confirm that, among other impacts, the COVID-19 pandemic has caused significant changes in the production and consumption in this sector. More specifically the lockdown measures have had a substantial effect on the consumption of single-use plastic packaging and products. As most restaurants were closed for on-site dining, many shifted to offering take-away and delivery services using single-use plastic containers. In addition, online shopping has seen a rush in demand, with many delivered products packed in single-use plastic.

While disposable plastic products have played an important role in preventing the spread of COVID-19, in a short-term perspective the increased production, consumption and disposal of single-use plastics will have greater pressure on the environment and climate, causing increased waste generation, air pollution and greenhouse gas emissions. On the other hand, if a policy supporting recycling and plastic materials recovery, as well as use of recycled packaging materials is promoted, the challenge could be turned into a long-term opportunity to curb plastic pollution and move towards a more sustainable and circular plastics system. In addition, this could create new business opportunities and generate additional (green) jobs.

During the Covid-19 pandemic period, almost **36% of the respondents answered that they stopped their activity**, while 33% continued their activity at maximum capacity and 27% performed their activity with reduced number of employees.

The survey shows that the companies' first choices for **mitigating the negative Covid-19 pandemic impact** are related to **cost reduction or planned investments postponement**:

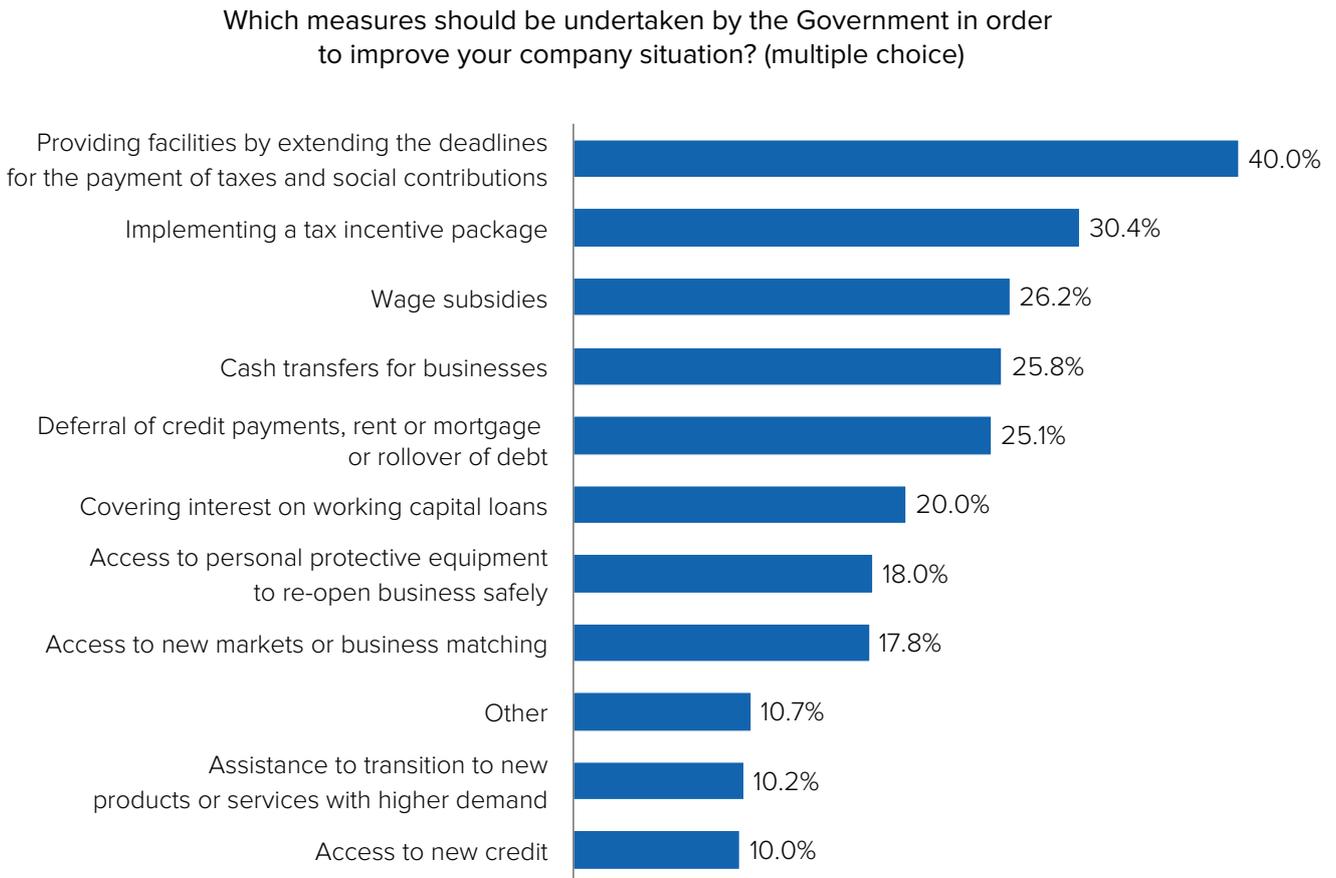
Figure 206. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic



Despite the series of measures released by the Government, meant to help the economic sector, especially small and medium enterprises, **91% of respondents** answered that during state of emergency and state of public health emergency generated by Covid-19 pandemic they **did not receive any government support** while only 3.6% said that the postponement of credit interest rate, rent or mortgages helped them to continue the activity.

When asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal facilities would help them overcome the crisis:

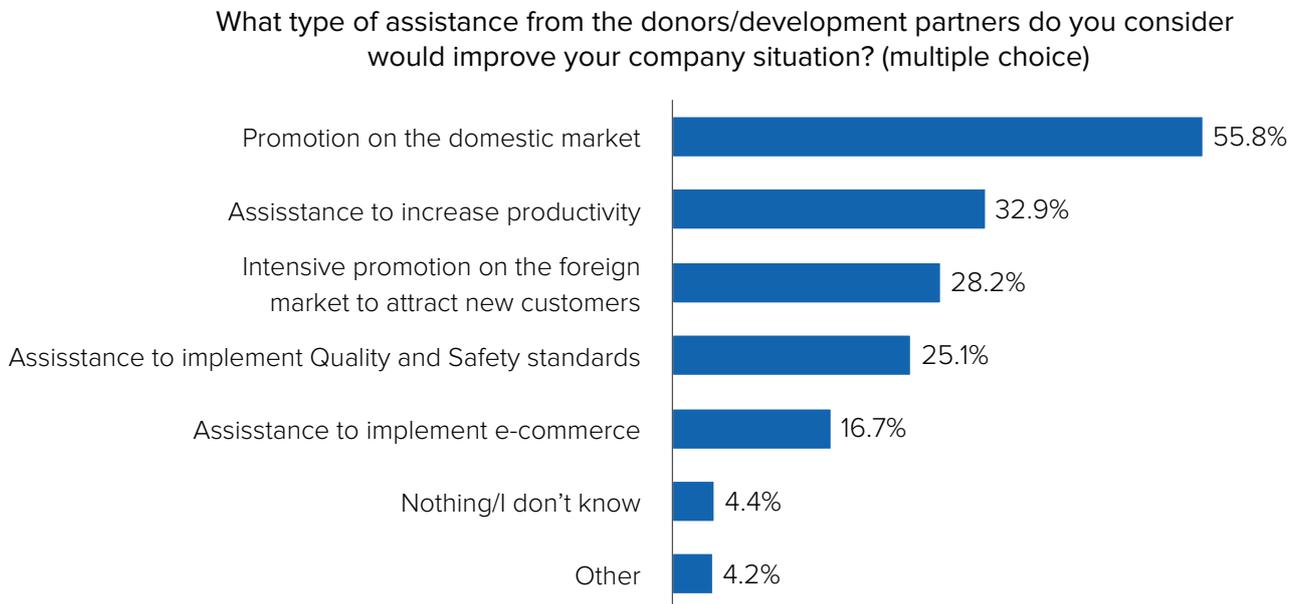
Figure 207. Measures that should be implemented by the Government in order to improve the companies' situation



Source: PwC B2B survey

The highest weight of the respondents believes that donors support should be in the form of commercial promotion on the domestic market, as well as assistance to increase productivity:

Figure 208. Assistance from the donors/development partners that could improve the companies' situation



Source: PwC B2B survey

The answers in the survey confirm the general trend and the figures from National Bureau of Statistics. Triangulating all available information, we have created an economic model with 3 scenarios highlighting the trend for the next period.

Our scenarios are based on a gradual recovery later this year and in 2021, although a stabilization plateau in Q3 could hold back the speed of the recovery in Moldova after the initial bounce from leaving lockdown. The expectation is that economic activity is likely to improve slightly in July and August as more non-essential businesses opened, as well as other services resumed their activity.

Demand for workers is likely to **decline** in tandem with falling economic activity. The forecasted decline in demand for workers means in the absence of further support, the currently furloughed workers may be surplus to business requirements, and at risk of redundancies. Workers in the hospitality services and private education sectors are likely to be most affected.

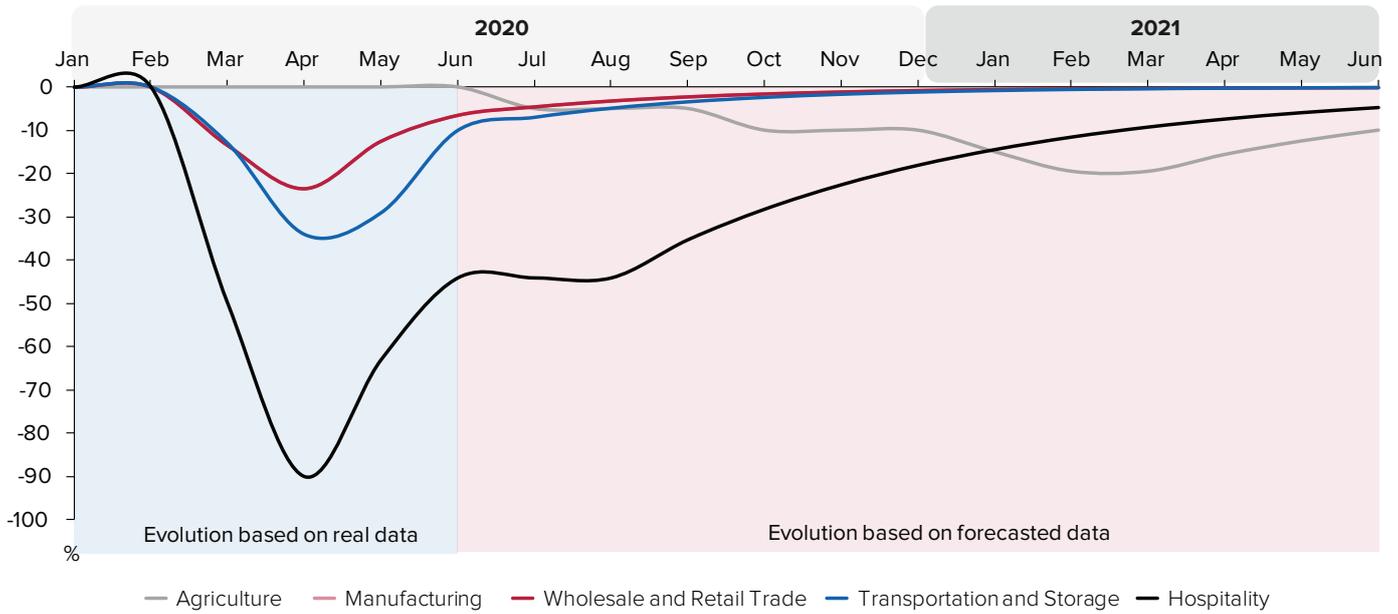
The National Bank of Moldova underlined that unemployment may rise due to Covid-19 pandemic¹⁵⁹. The actual unemployment will be driven by individual business decisions and any mitigating actions to retain workers, such as reducing pay or hours to reduce wage costs (one of the first choices when companies were asked about measures to mitigate the Covid-19 impact together with cuts of unnecessary expenditures and postponement of planned investments).

The fiscal packages need to prevent unemployment rise by stimulating demand in the economy and providing direct support to employers to create and safeguard jobs, as well as additional support for workers. In the longer-term, a closer focus on helping workers adapt to fast-growing sectors through retraining and upskilling, is essential to creating a workforce fit for the future.

Based on the designed economic model, the evolution of the in-scope economic sectors is forecasted through three scenarios, recovering at 2019 level for three industries starting with December 2020 (Figure 209, Figure 210 and Figure 211):

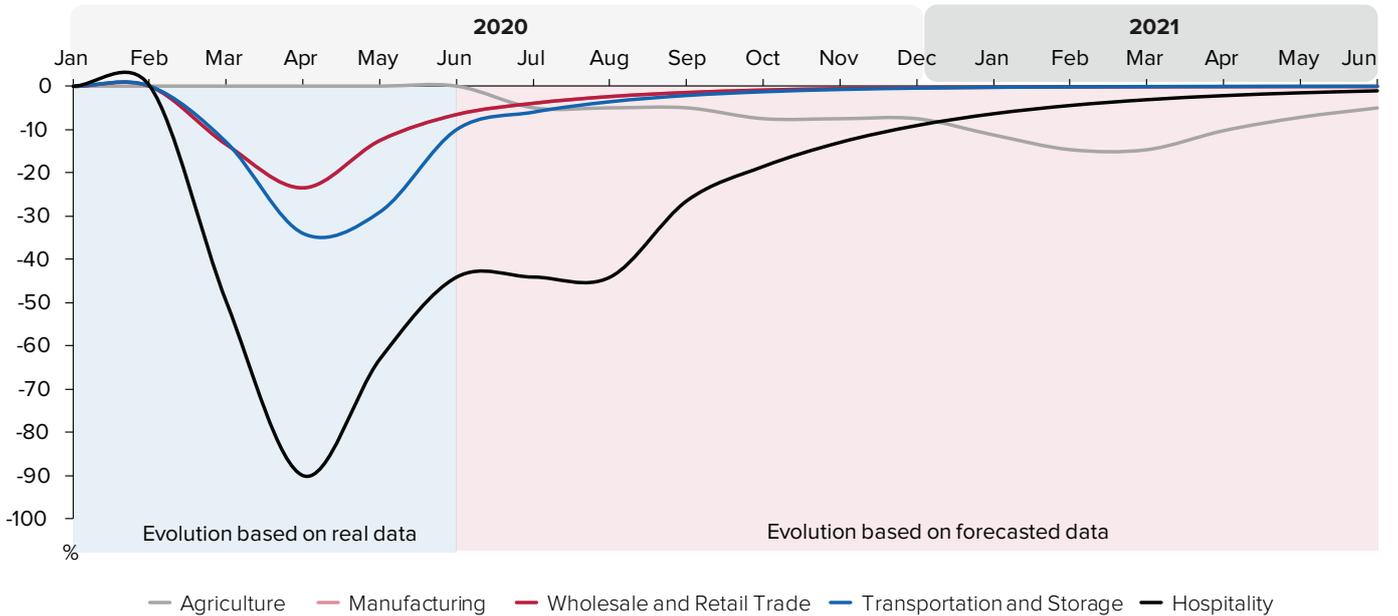
159 National Bank of Moldova, Inflation report no.2, May 2020

Figure 209. Realistic scenario for all in scope economic sectors



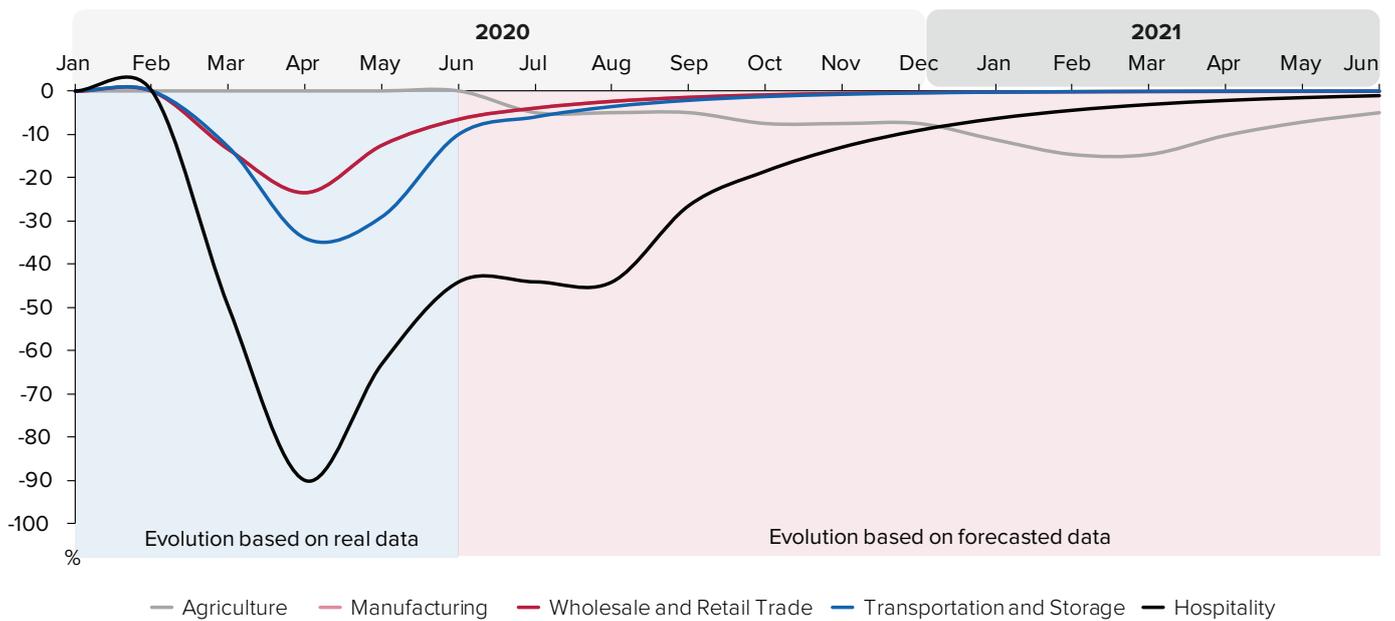
Source: NBS, PwC analysis

Figure 210. Optimistic scenario for all in scope economic sectors



Source: NBS, PwC analysis

Figure 211. Pessimistic scenario for all in scope economic sectors



Source: NBS, PwC analysis

The duration of Covid-19 pandemic and recovery profile of the economic curve remain unknown which is likely to result in continued uncertainty for some economic sectors as Hospitality, Transportation (especially passengers flights).

On a more global scale, the impact of the crisis is likely to sharpen the focus on following **key trends of the business development in the future.**



Affordability

- Changing business models for challenged assets (e.g. airports)
- Contractor risk allocation asymmetry. Re-assessment of risk sharing - burden of macroeconomic risks more equitably divided between stakeholders
- Budget constraints seeing focus on project prioritisation in capex
- Increased private sector role in financing vs national domestic agenda (X-border projects)
- Further application of ‘innovative’ financing – (e.g. blended finance)



Operational Resilience

- Redesign of supply chains to build in as much resilience to global shocks and disruptions as possible, such as a shift away from sole-supplier relationships
- The increased use of tools and technologies to develop predictive models for proactive scheduling and dynamic planning that account for uncertainties and risks.
- New project delivery and maintenance approaches, e.g. the disruption to onsite staff operations could also accelerate new types of project workflows, such as modular and offsite production, standardised designs, streamlined processes and automated production techniques that incorporate technologies.



Technology

- Increasing adoption of 'smart' across sector – grids, metering, mobility (green), cities
- Digitization causing shift in all sectors ecosystem from fragmented / project specific to standardized / product-based processes (more akin to manufacturing)
- Modular off-site construction – with impact on transportation and storage
- Alliancing / Joint Venture / acquisition – tech companies
- People upskilling – tech, cybersecurity



Sustainability and resilience

- Embedding of sustainability criteria in project lifecycle (procurement, investment / financing, design and build) in order to ensure environment and climate resilient and low carbon development in all economic sectors
- Introduce green fiscal recovery packages to help decouple post-pandemic economic growth from environmental and climate impacts and reduce existing welfare inequalities
- Acceleration of 'green' technologies and materials, including eco-innovations, in all economic sectors
- Supply chains optimized for sustainability as well as resilience
- Prioritization of digital infrastructure in public and private services
- Strengthen healthcare resilience, including through improved medical waste management and adaptation to climate change

These trends are likely to advance slowly but certainly in the Moldovan economy, integrated in the regional economy, with more prominent changes in adaptiveness of business models, prioritization in capex, digitization and adoption of smart technologies and upskilling.

4.1 Wholesale and retail trade (non-food)

Sector overview

Wholesale and retail trade¹⁶⁰ (non-food) were **severely impacted during lockdown**, due to demand decrease, supply issues and decrease in production and non-food goods consumption.

The key insights characterizing the evolution of this economic sector are:

- Non-food retail, especially apparel, was severely hit during lockdown due to a significantly decrease in demand; additionally, supply chain disruptions (esp. sourcing from other countries) occurred; online retail, although exhibiting an increased trend, could only partially compensate for the general tendency;
- Demand for soap, detergents, cleaning and personal care products was stable, showing a slight increase, as classical sales channels (supermarkets, drugstores) remained open during the crisis, but this had no significant impact on the overall sector performance due to relatively low share of these products;

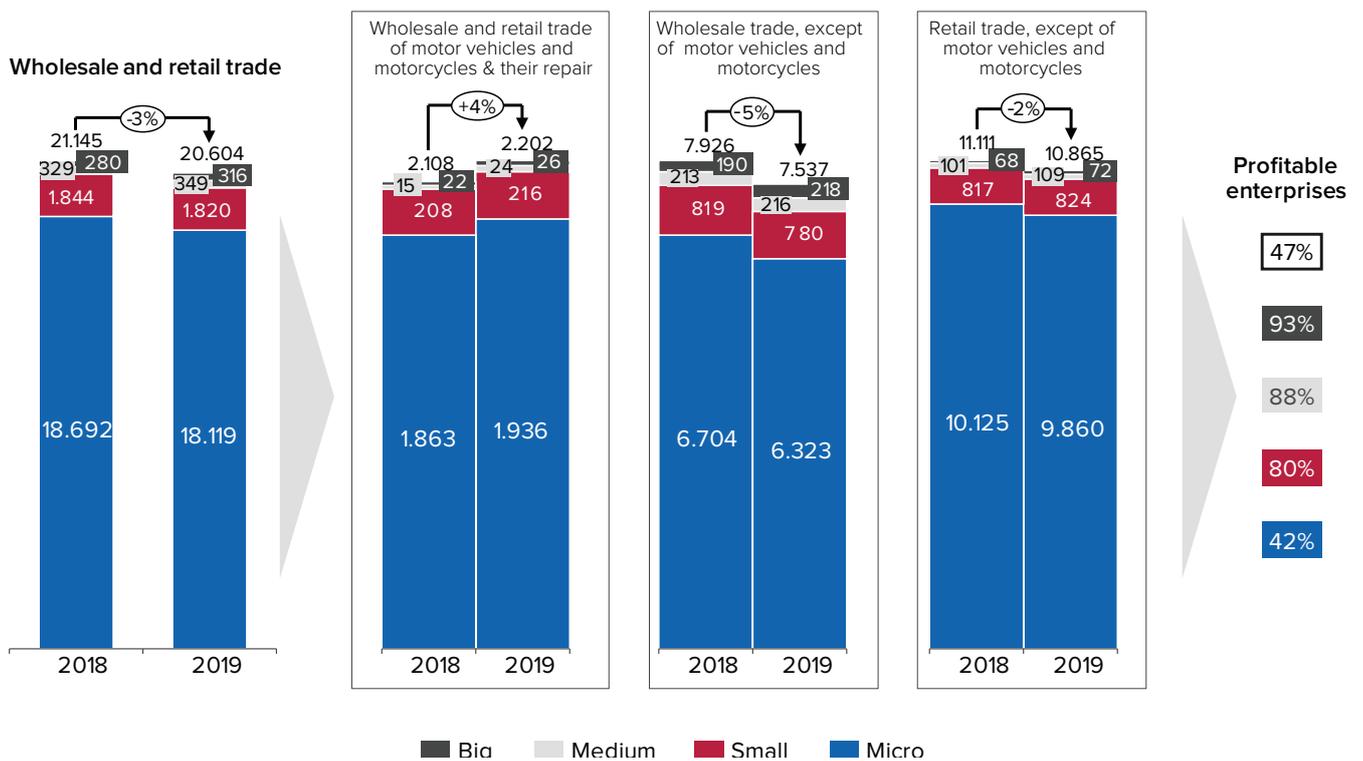
¹⁶⁰ Retail trade for non-food goods (incl. online retail); Furniture, electronics, appliances, building material, apparel, etc. producers; Personal care producers and beauty stores

- The possibility of **adapting** to the COVID-19 situation and moving part of the trade activity **towards the online channels was limited** due to rather reduced internet penetration in the country and due to the reduced pre-COVID-19 digitalization level of companies. However, some businesses pushed the shift further to digital commerce activity. Small businesses were scrambling to set up digital presence through social media/online platforms/marketplace. More businesses are expected to set-up their direct-to customer commerce platforms that will give them better control of customer experience than third party platforms.

As of 2019, the contribution of Wholesale and Retail Trade to the total GVA in Republic of Moldova was the highest among all the economic sectors, with 18% and an evolution of +13% YoY. **In S1 2020**, this sector maintained **the highest contribution to the total GVA with 16%** and an evolution of only +1.7% compared to the similar period of 2019.

Based on latest NBS available data, the total number of enterprises within Wholesale and retail trade sector decreased by 3% YoY (2018-2019).

Figure 212. Evolution of the total number of enterprises within Wholesale and retail trade sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)



Source: NBS

According to the National Bureau of Statistics (NBS), **during S1 2020, the turnover in all Wholesale and retail trade sub-sectors decreased** compared to the similar period of 2019 as following:

- Wholesale and retail trade of motor vehicles and motorcycles decreased with 22.3%
- Wholesale trade (except of motor vehicles and motorcycles) decreased with 9.3%
- Retail trade (except of motor vehicles and motorcycles) decreased with 1.4%

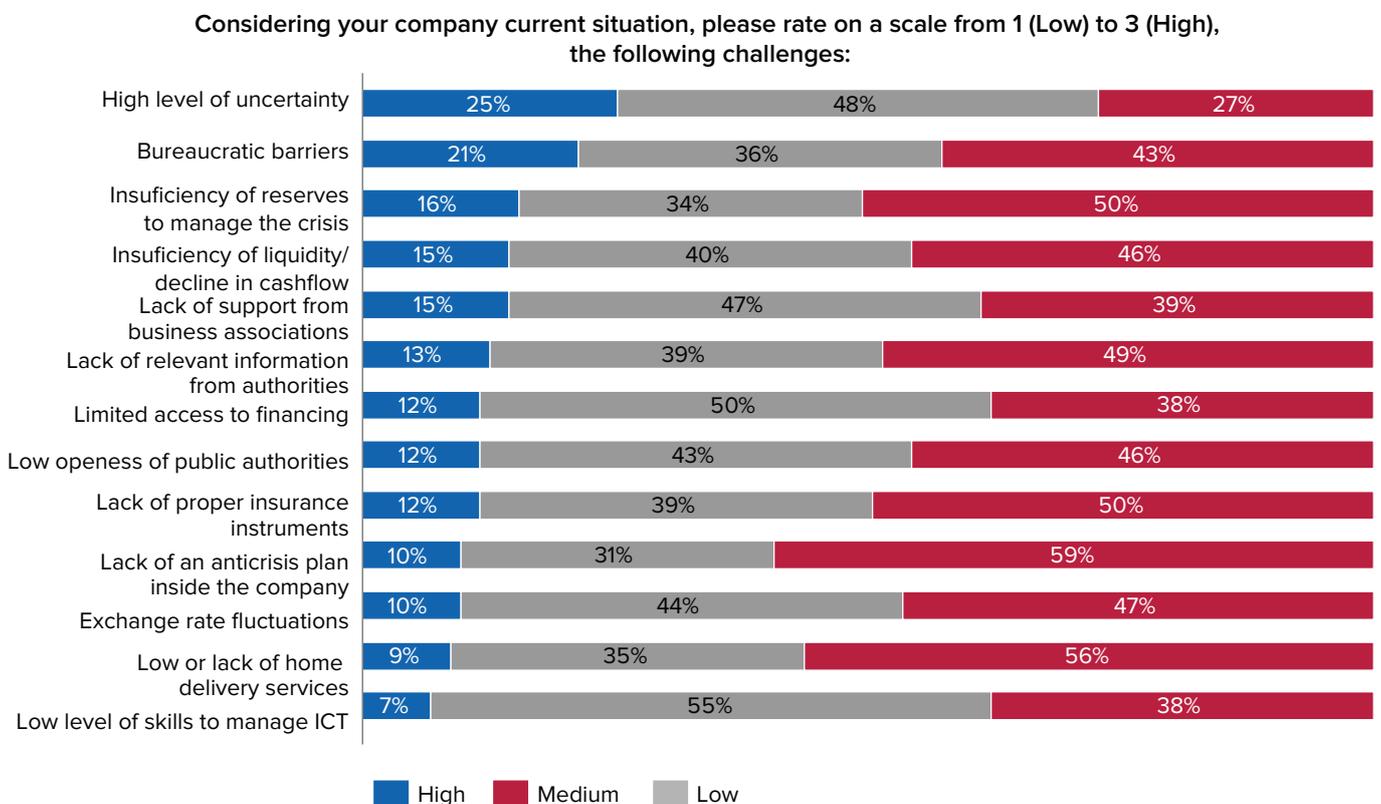
Survey outcome

According to the survey conducted by Magenta Consulting, out of 103 companies performing in the Wholesale and Retail Trade (non-food) sector responding to the questionnaire, 73% are active for more than 10 years. **98%** of the interviewed companies are Micro (60%), Small (33%) and Medium-sized (5%) enterprises. Only 10% of them are exporting their products and goods.

From the total number of respondents, only 7% answered that their activity is currently either fully or temporarily closed, 57% of them indicating as the main reason being COVID-19 pandemic. At the same time, almost **7% of the respondents have applied for insolvency protection.**

According to the survey, the main challenges faced by the interviewed companies (Figure 213) are related to the economic environment uncertainties, lack of support from public authorities and access to finance.

Figure 213. Challenges faced by Wholesale and Retail Trade companies

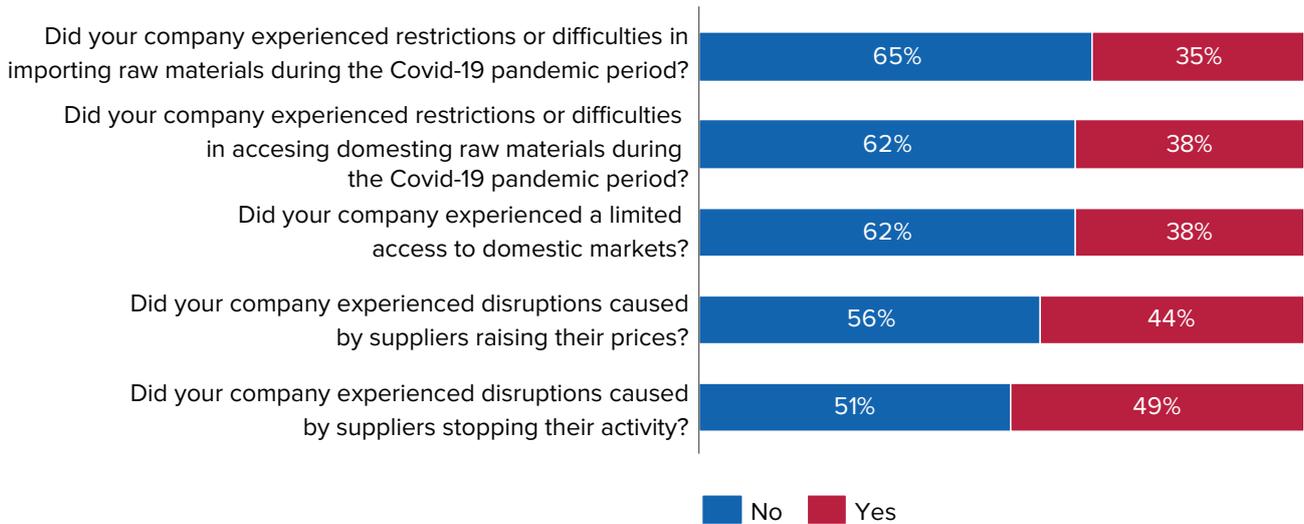


Source: PwC B2B survey

The survey indicates that more than **60% of companies have a low level of process automation** (less than 30% of processes are automated/digital). 34% admitted that they did take into consideration the alternative of online sales, out of which only **49% experienced online channels** for selling their products. More than 82% of companies do not consider changing the area of business activity due to Covid-19 pandemic impact.

The survey also shows that most of the interviewed companies in this sector were not drastically affected by Covid-19 pandemic in terms of supply chain as well as in access to domestic markets.

Figure 214. The impact of the Covid-19 pandemic on the business activity for Wholesale and Retail Trade companies



Source: PwC B2B survey

About 73% of respondents face liquidity shortage, the main source of financing being personal savings or contributions from family and equity finance.

For Q4 2020, the respondents are expecting an overall decline in sales volumes (45.6%) while almost 39% are optimistic expecting no changes. In terms of products/services prices, 64% answered that the level of prices is expected to remain at same. Referring to profitability, more than 83% of companies answered that comparing to previous year, a significant decrease was registered during the Covid-19 pandemic period:

Table 17. Profitability evolution during Covid-19 pandemic

Profitability evolution during Covid-19 pandemic:

Decrease – 83.5%						Increase – 16.5%				
0%	<26%	26-50%	51-75%	>75%	Don't know	0%	<26%	26-50%	51-75%	>75%
0%	24.3%	31.1%	6.8%	18.4%	2.9%	3.9%	6.8%	3.9%	1.0%	1.0%

Source: PwC B2B survey

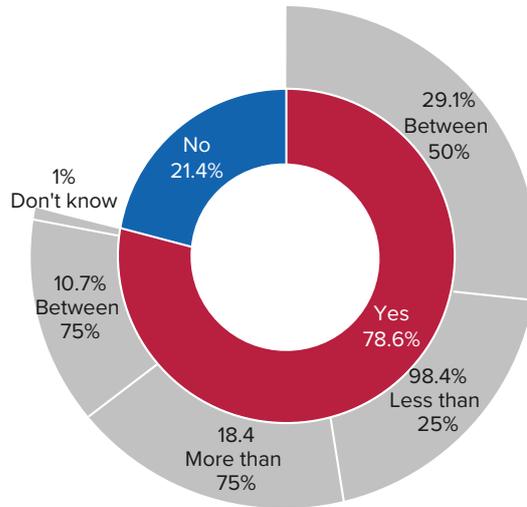
When referring to the employees’ productivity, 1 out of 2 companies answered that the productivity was not affected, while 72% of the respondents that indicated a decrease in productivity said that the overall percentage was less than 50%. In terms of number of employees (65%) and level of wages and benefits (74%), the companies are not expecting a significant change in Q4 2020.

In terms of **medical waste**, 36% of companies applied a selective waste collection, while more than **62%** opted for a **common collection of waste** (mixed with household waste). More than that, **91% of the respondents do not plan to change their business in order to contribute to a greener economy.**

Strictly related to Covid-19 pandemic, only 1 out of 5 respondents did not registered a negative turnover fluctuation.

Figure 215. Sales evolution due to administrative restrictions

Did your company experienced a decline in sales because of administrative restrictions? If yes, please indicate a percentage:



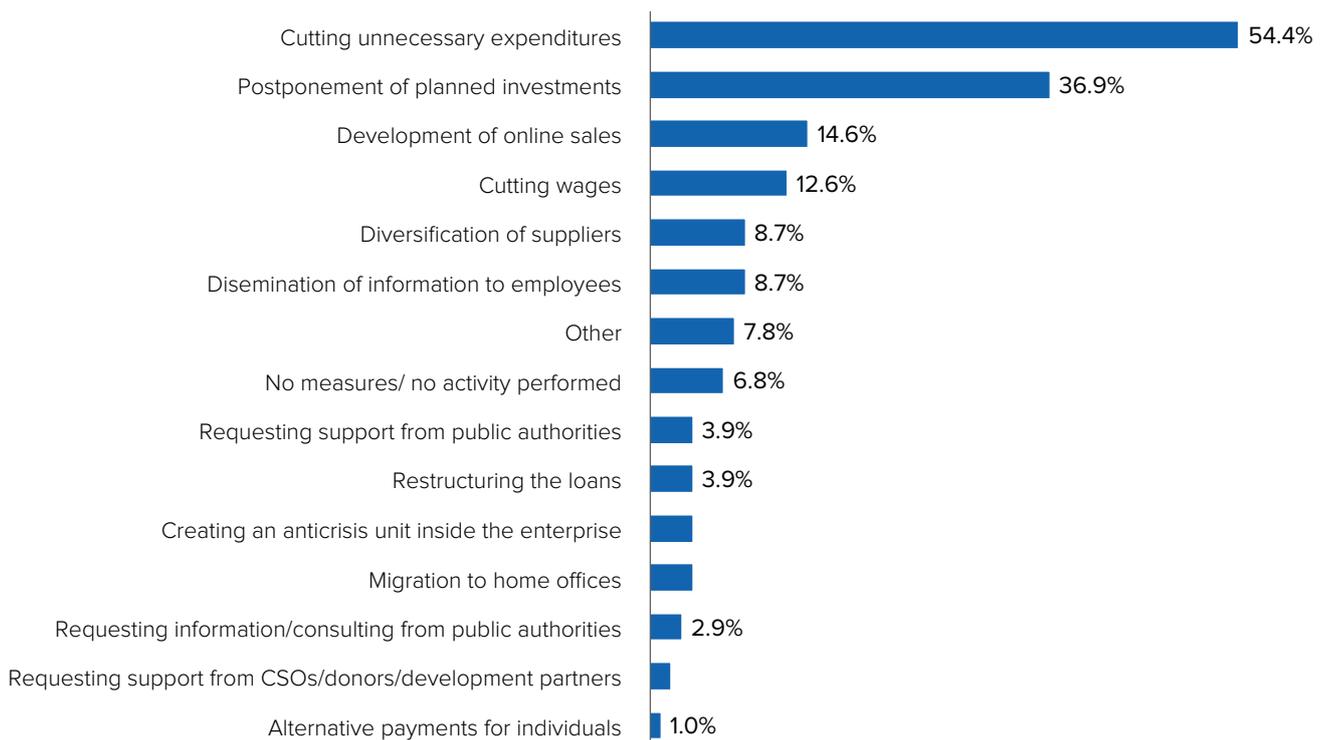
Source: PwC B2B survey

During the Covid-19 pandemic period, almost 36% of the respondents answered that the activity continued to be performed at maximum capacity, while only 34% stopped their activity and 28% performed their activity with reduced number of employees. At the same time, their employees were not affected in proportion of 50.5%, while 37% applied for planned holidays or personal leaves.

The survey shows that the companies first choices for mitigating the negative Covid-19 pandemic impact are related to cost reduction or planned investments postponement:

Figure 216. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic

Which measures should be undertaken by the Government in order to improve your company situation?

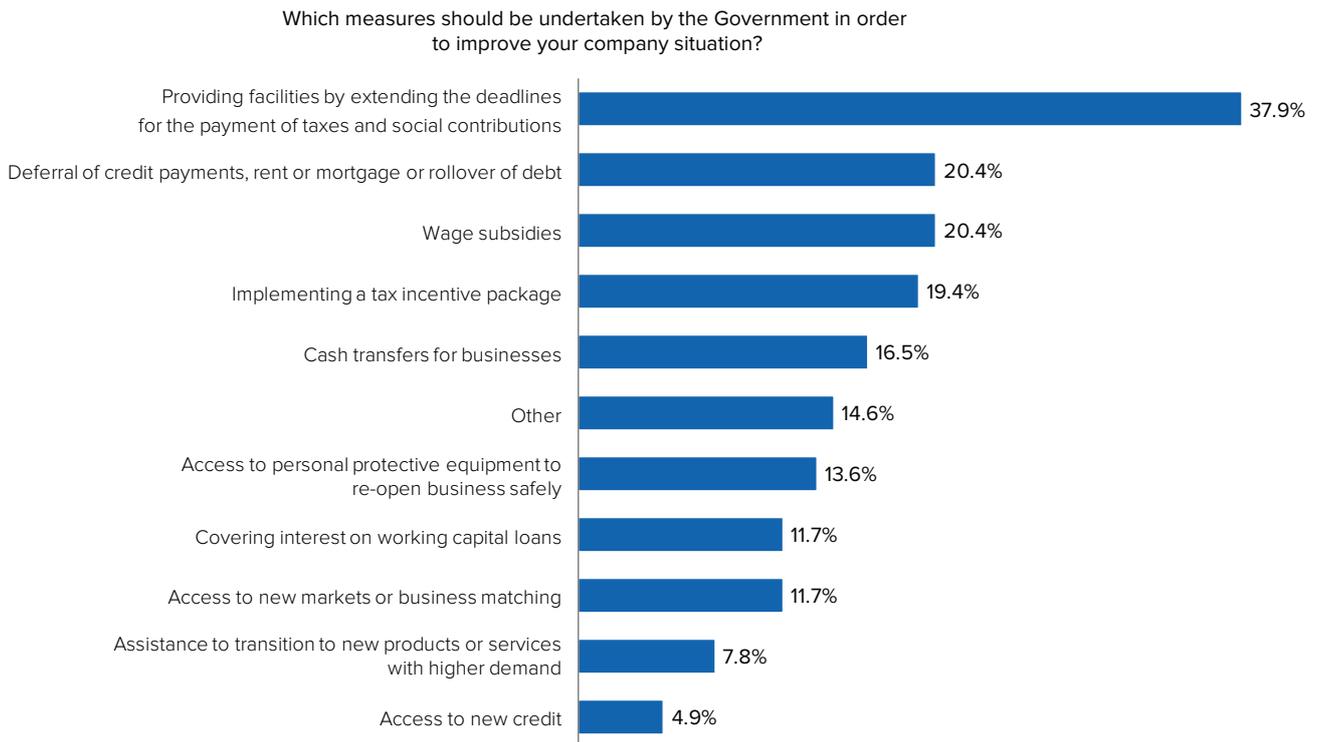


Source: PwC B2B survey

Despite the fact that the Government released a series of measures meant to help the economic sector, especially small and medium enterprises, **88% of respondents from Wholesale and Retail Trade (non-food) sector** answered that during state of emergency and state of medical emergency generated by Covid-19 pandemic they **did not receive any government support** while only 6% said that the postponement of credit interest rate, rent or mortgages helped them to continue the activity.

Being asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal and financial incentives related to already existing loans and debts would help them overcome the crisis:

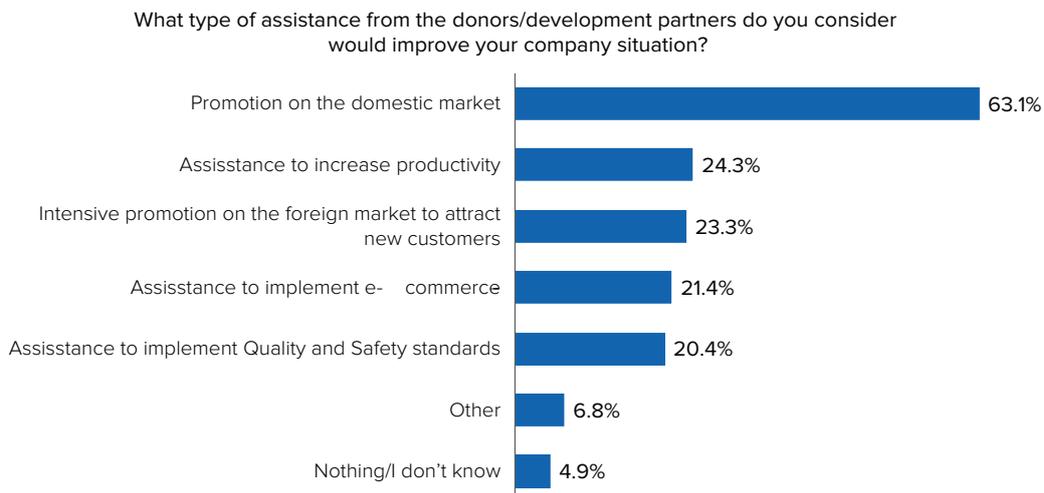
Figure 217. Measures that should be implemented by the Government in order to improve the companies' situation



Source: PwC B2B survey

Most respondents believe that donors support should be in the form of commercial promotion on the domestic market, as well as assistance to increase productivity:

Figure 218. Assistance from the donors/development partners that could improve the companies' situation

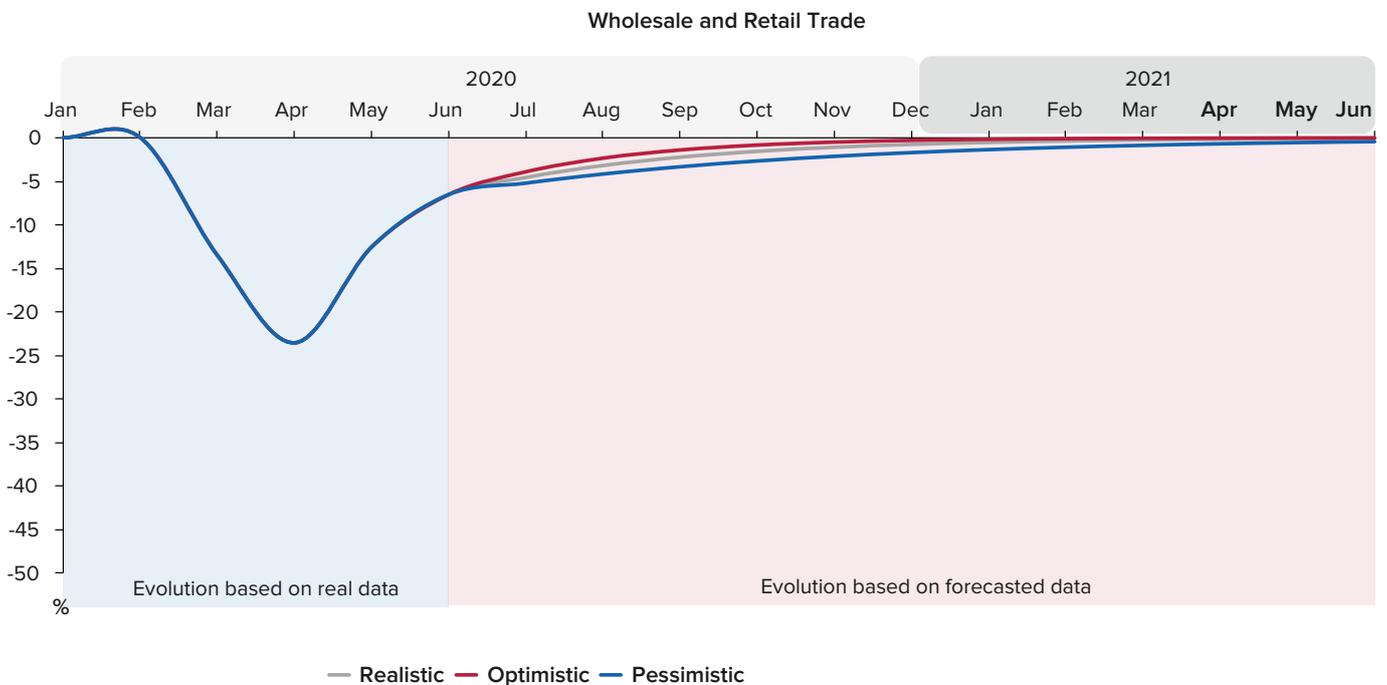


Source: PwC B2B survey

Forecasted evolution

Based on the designed economic model, the evolution of Wholesale and retail trade sector is forecasted through three scenarios, fully recovering in the realistic scenario starting with February 2021:

Figure 219. Evolution of overall Wholesale and retail trade sector until June 2021



Source: NBS, PwC analysis

4.2 Transportation and storage

Sector overview

Transportation and storage were also subject to **massive dropdown both in transported passengers and goods** (Figure 221 and Figure 222), especially **due to lockdown movements restrictions**:

- In July 2020, by comparison to July 2019, the passenger traffic was reduced by almost 49% during the emergency state period. The coach stations nationwide, apart from the ones in Chişinău, were closed. International passenger travel, by plane, train or cars, was prohibited. Due to the severe decrease in exports, international freight transportation also faced significant decrease. On the other hand, the internal freight transportation increased, triggered by the 9.9% increase in internal goods trade.
- The average **number of employees** within this sector **decreased in the 2nd quarter of 2020** (compared with the similar period of 2019) **with 15.7%**. Moreover, the average monthly income for the employees within this sector decreased with 10% compared to the 1st quarter of 2020, registering only 77% of the average monthly income at country level¹⁶¹. Even worse, regular drivers are paid according to the number of hours spent driving, but given that the number of races has decreased, their salaries have contracted more.¹⁶²

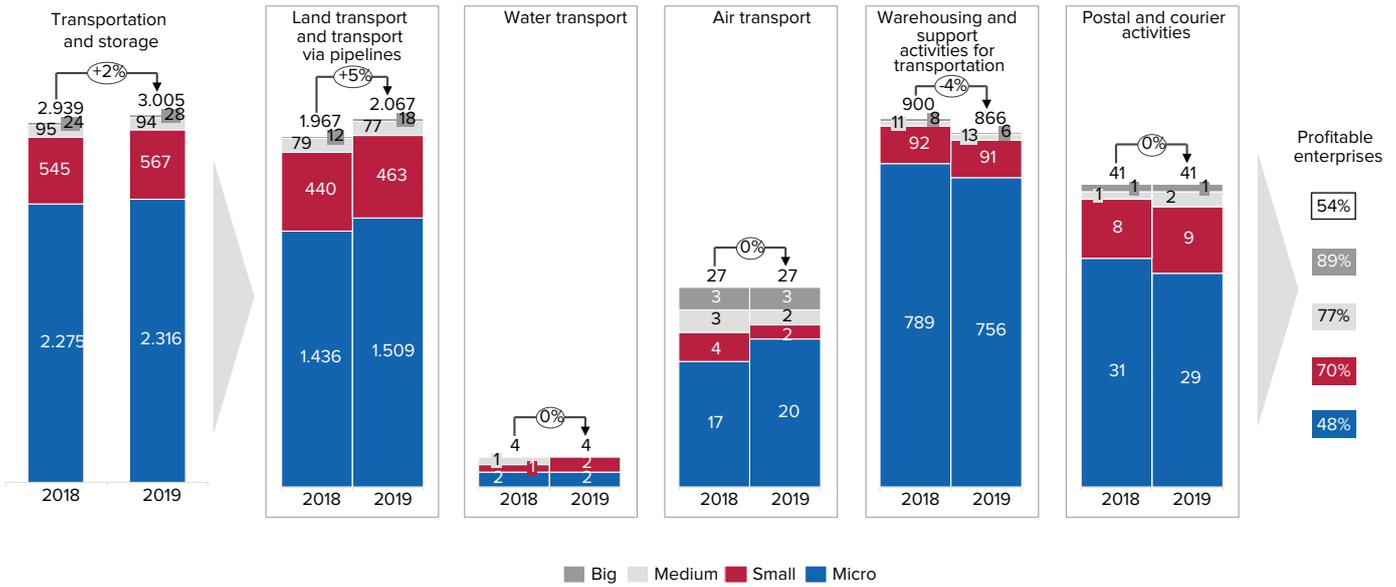
As of 2019, the contribution of Transportation and storage sector covers 5.6% of total GVA and an evolution of +19.5% YoY. In the **1st semester of 2020**, this sector contributed to the total GVA with 5.4% and a significant **decrease of 14.8%** compared to the similar period of 2019.

Based on latest NBS available data, the total number of enterprises within Transportation and storage sector increased by 2% YoY.

¹⁶¹ NBS, Average monthly earnings in the second quarter of 2020

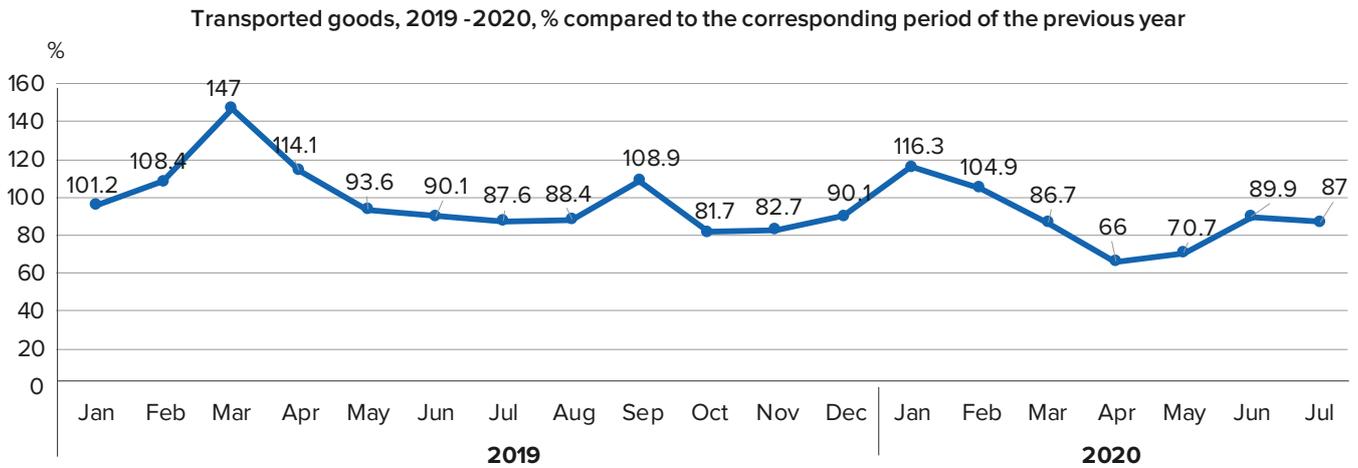
¹⁶² Covid-19 Matrix, Study prepared by the Economic Council of the Prime Minister

Figure 220. Evolution of the total number of enterprises within Transportation and storage sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)



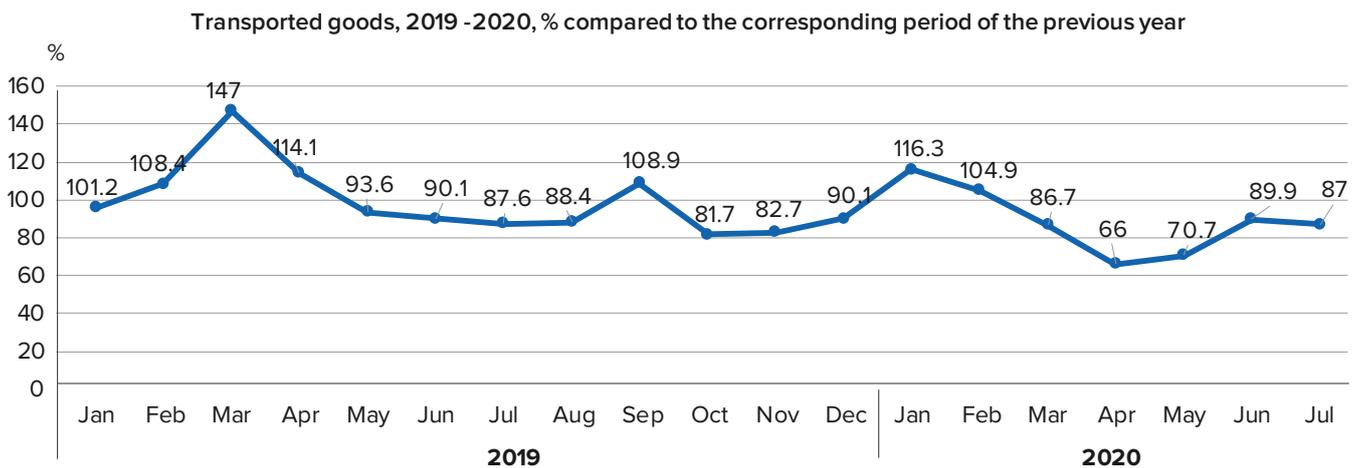
Source: NBS

Figure 221. Transported goods, 2019-2020, % compared to the corresponding period of the previous year



Source: NBS

Figure 222. Transported passengers, 2019-2020, % compared to the corresponding period of the previous year

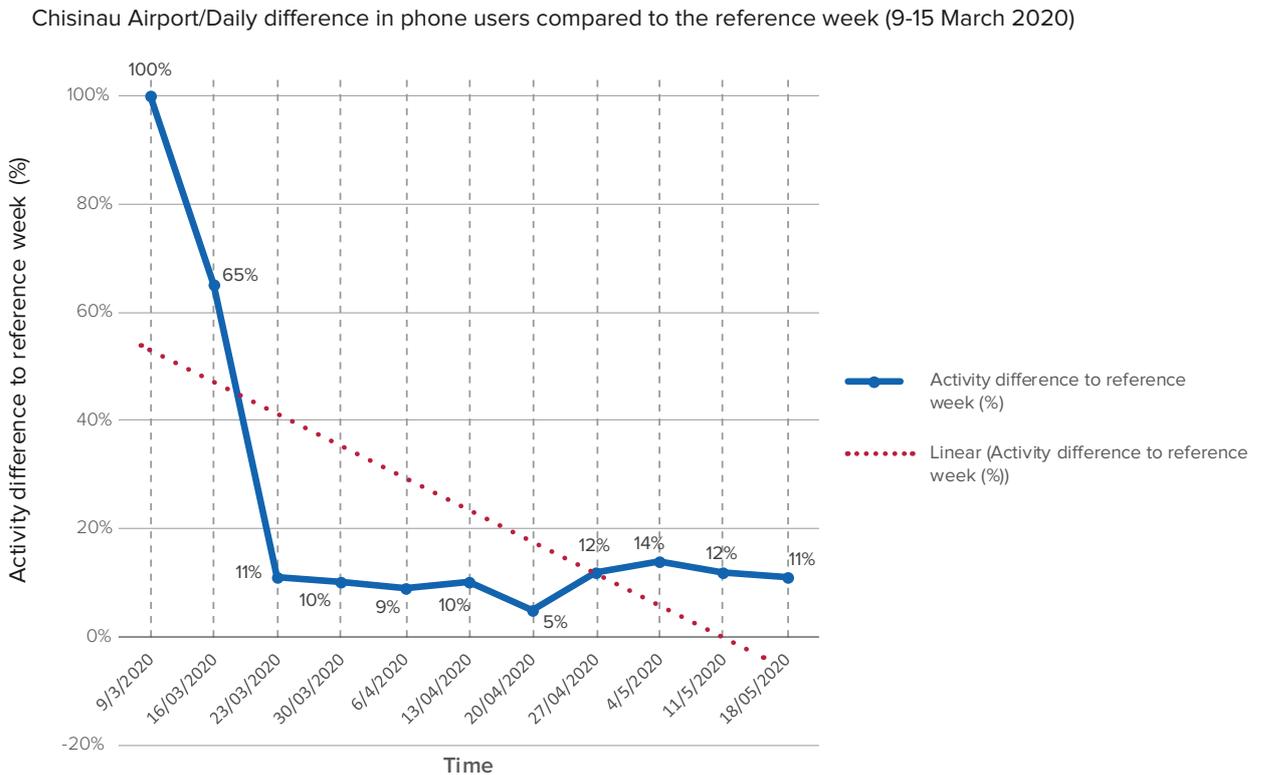


Source: NBS

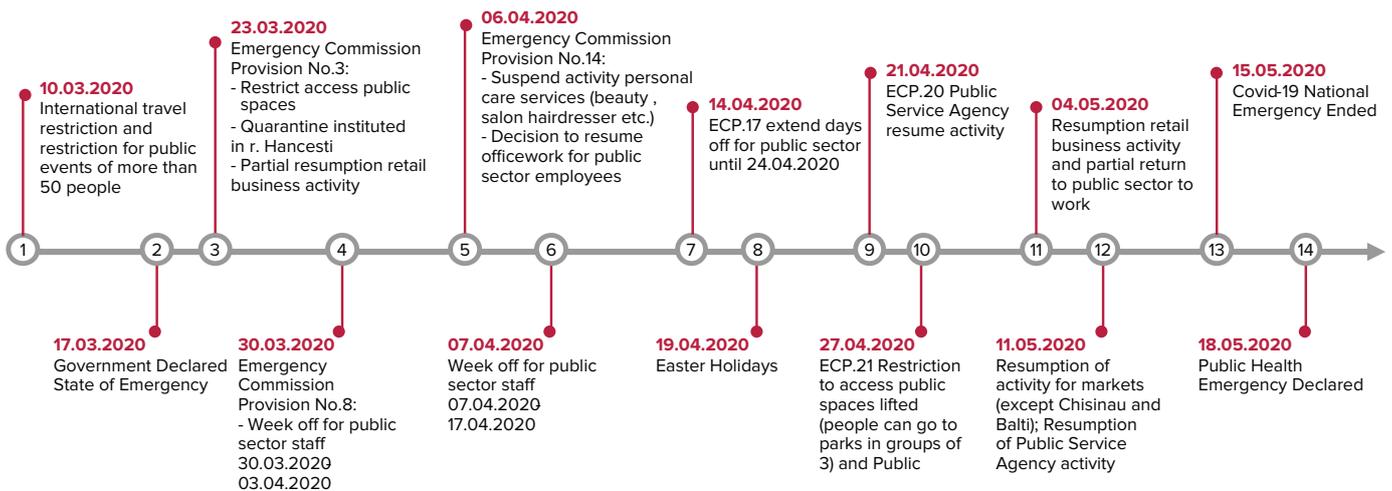
A high dropdown was registered in 2020 during the emergency state from 94.6% in February to 10.7% in April. Once the containment measures were relaxed, the passengers' traffic registered a slight increase, up to 24.6% in May.

Moreover, the registered dropdown of the airline transportation during the Covid-19 lockdown can be clearly observed in the mobility analysis, when the mobility in the Chişinău Airport area has drastically reduced as a follow-up of international traveling restrictions:

Figure 223. Telecom activity and comparative mobility analysis to pre-lockdown week (9-15th of March 2020)



Note: the fourteen events from the above graphic are presented below:



Source: Mobility analysis during the Covid-19

According to the latest data released by NBS¹⁶³ for this industry, **during S1 2020, passenger transport decreased compared to the same period previous year, as follows: air - 69.3%, road -48.7% and rail -46.4%**. The volume of goods transported during January and June 2020 by railway, road, river and air is lower with 14.2 % than the one registered in the similar period of 2019.

163 Communication released in August 2020, Passenger and freight transport in Moldova in January-June 2020

In July 2020, the total volume of transported goods has decreased with 12.7% compared to similar period of 2019, while the transported passengers registered a contraction of 48.3%.

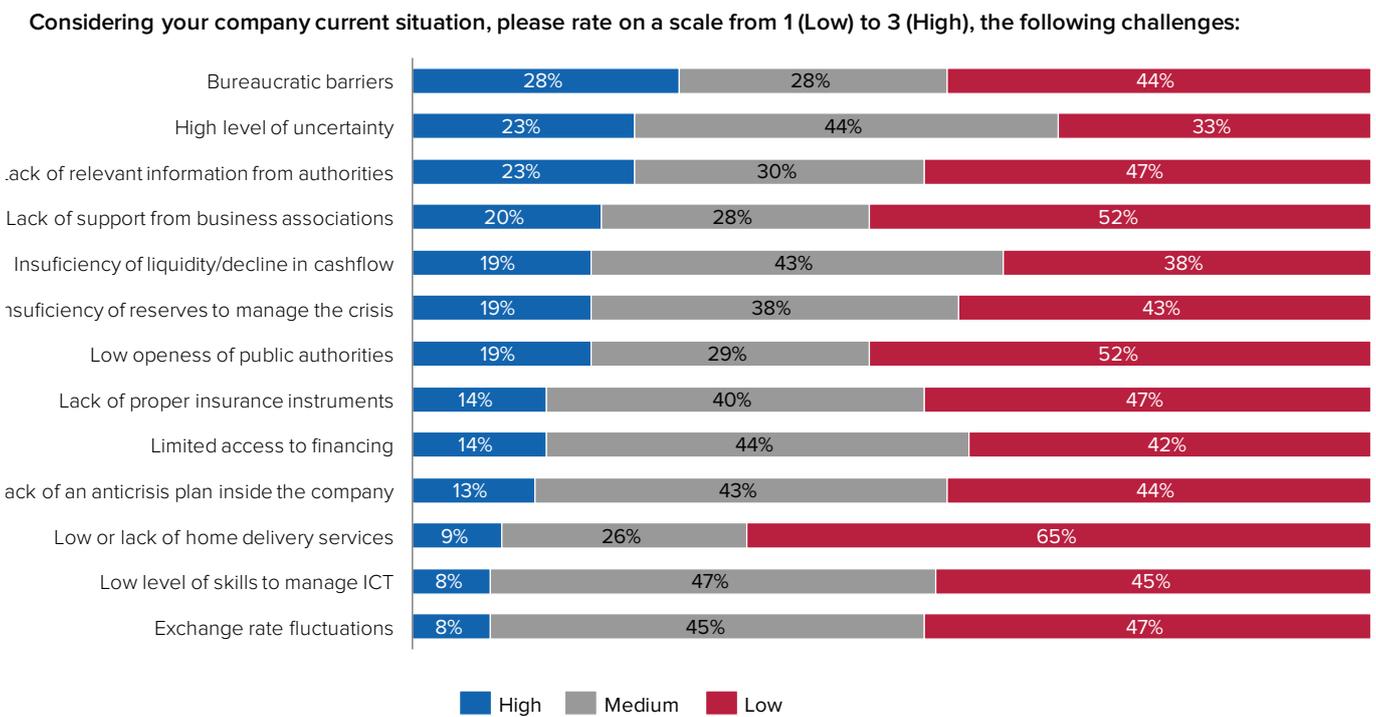
Survey outcome

According to the survey conducted by Magenta Consulting, out of 86 companies performing in the Transportation and Storage sector responding to the questionnaire, 64% are active for more than 10 years. 98% of the interviewed companies are Micro (70%), Small (26%) and Medium-sized (2%) enterprises. 1 out of 2 of respondents are relying on export activities.

From the total number of respondents, more than 10% answered that their activity is currently either fully or temporarily closed, 56% of them indicating as the main reason being COVID-19 pandemic. At the same time, 2% of the respondents have applied for insolvency protection.

According to the survey, the main challenges faced by the interviewed companies (Figure 224) are related to the lack of support from public authorities and economic environment uncertainties.

Figure 224. Challenges faced by Transportation and Storage companies

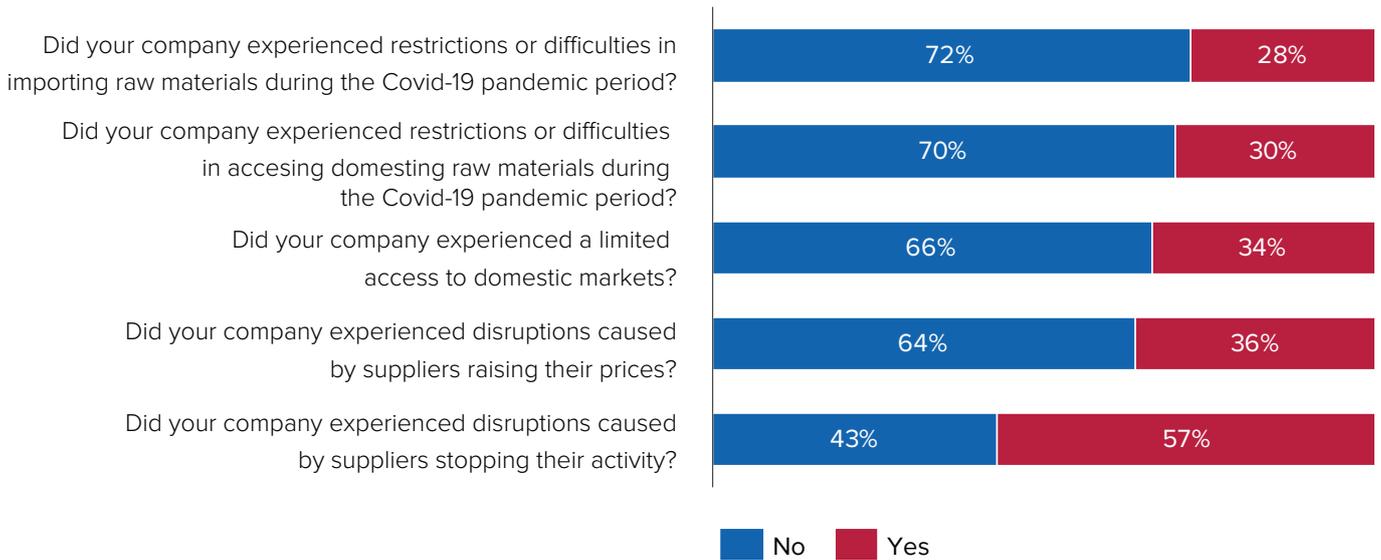


Source: PwC B2B survey

The survey indicates that **64% of companies have a low level of process automation** (less than 30% of processes are automated/digital). Less than 15% admitted that they did take into consideration the alternative of online sales, out of which 58% engaged with online channels for selling their products. More than 80% of companies do not consider changing the area of business activity due to Covid-19 pandemic impact.

The survey shows that most of the interviewed companies in this sector were not affected by Covid-19 pandemic in terms of procuring necessary materials for performing their day-to-day businesses or accessing the domestic markets.

Figure 225. The impact of the Covid-19 pandemic on the business activity for Transportation and Storage companies



Source: PwC B2B survey

About **65% of respondents face liquidity shortage**, the main source of financing being equity finance and personal savings or contributions from family.

For Q4 2020, the respondents are expecting no changes in sales volumes (51.2%) while 36% are rather pessimistic expecting an overall decline. In terms of products/services prices, 65% answered that the level of prices is expected to remain at same level. Referring to profitability, more than 95% of companies answered that comparing to previous year, a significant decrease was registered during the Covid-19 pandemic period:

Table 18. Profitability evolution during Covid-19 pandemic

Profitability evolution during Covid-19 pandemic:

Decrease – 95.3%						Increase – 4.7%				
0%	<26%	26-50%	51-75%	>75%	Don't know	0%	<26%	26-50%	51-75%	>75%
3.5%	20.9%	40.7%	10.5%	15.1%	4.7%	0%	2.3%	1.2%	1.2%	0%

Source: PwC B2B survey

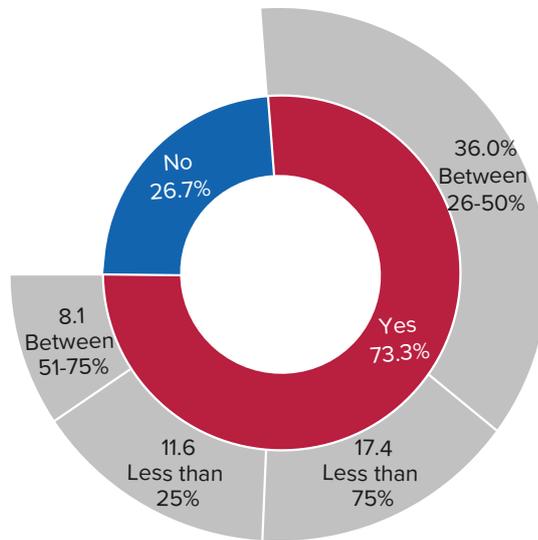
When referring to the employees’ productivity, 1 out of 2 companies answered that the productivity was not affected, while almost 64% of the respondents that indicated a decrease in productivity said that the overall percentage was less than 50%. In terms of the number of employees (71%) and wages and benefits (77%), the companies are not expecting a significant change in Q4 2020.

In terms of **medical waste**, 42% of companies applied a selective waste collection, while more than **53% opted for a common collection of waste** (mixed with household waste). More than that, **88% of the respondents do not plan to change their business in order to contribute to a greener economy**.

Strictly related to Covid-19 pandemic, only 1 out of 4 respondents has not registered a negative turnover fluctuation:

Figure 226. Sales evolution due to administrative restrictions

Did your company experienced a decline in sales because of administrative restrictions? If yes, please indicate a percentage:



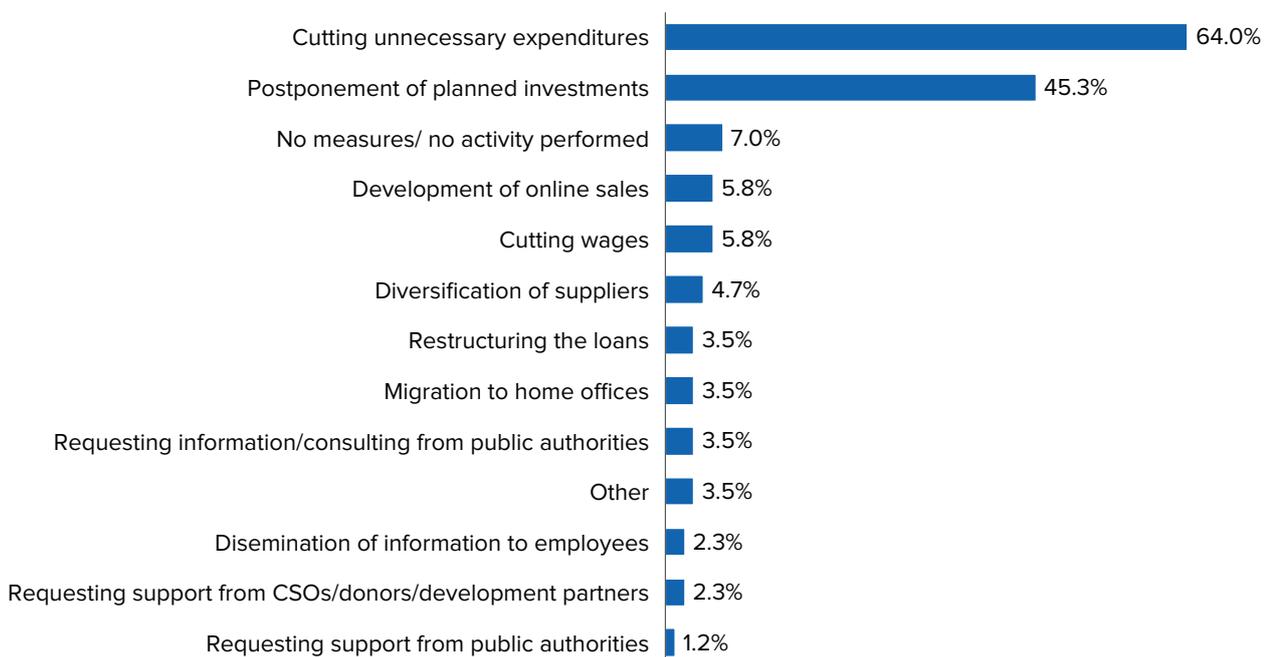
Source: PwC B2B survey

During the Covid-19 pandemic period, almost 33% of the respondents (including people and goods transporters) answered that the activity continued to be performed at maximum capacity, while **21% stopped their activity** and 43% performed their activity with reduced number of employees. At the same time, their employees were not affected in proportion of 51%, while 36% applied for planned holidays or personal leaves.

The survey shows that the companies first choices for mitigating the negative Covid-19 pandemic impact was related to cost reduction or planned investments postponement:

Figure 227. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic

What are the measures implemented by your company in order to mitigate the impact of Covid-19 pandemic? (multiple choice)

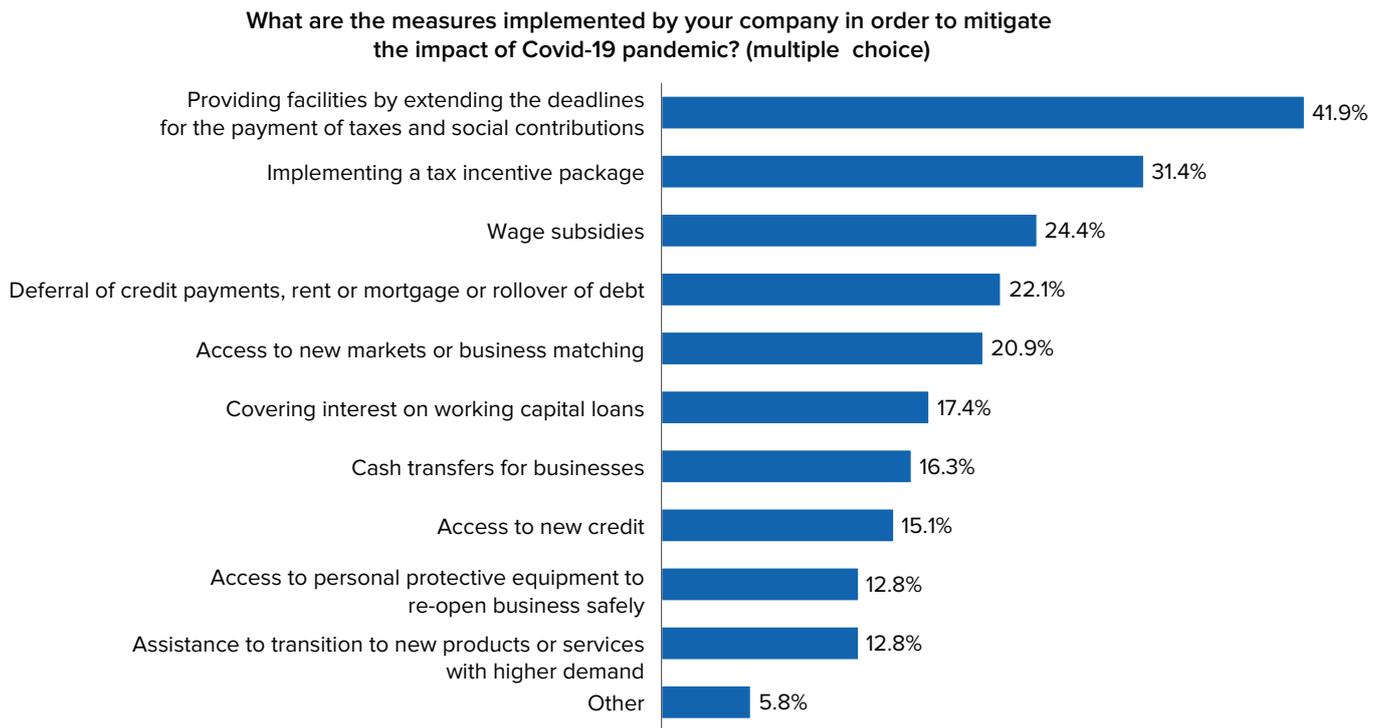


Source: PwC B2B survey

Despite the series of measures released by the Government, meant to help the economic sector, especially small and medium enterprises, **92% of respondents** from Transportation and Storage sector answered that during the state of emergency and state of medical emergency, established due to Covid-19 pandemic they **did not receive any government support** while only 7% said that the postponement of credit interest rate, rent or mortgages helped them to continue the activity.

When asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal incentives would help them overcome the crisis:

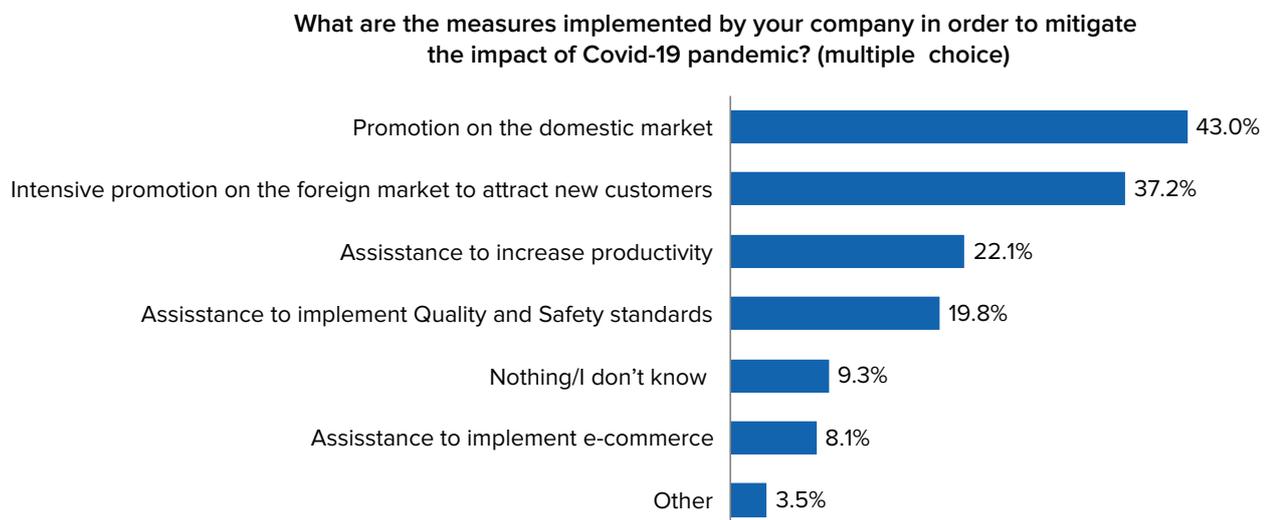
Figure 228. Measures that should be implemented by the Government in order to improve the companies' situation



Source: PwC B2B survey

The largest number of the respondents believes that donors support should be in the form of commercial promotion on the domestic and foreign markets:

Figure 229. Assistance from the donors/development partners that could improve the companies' situation

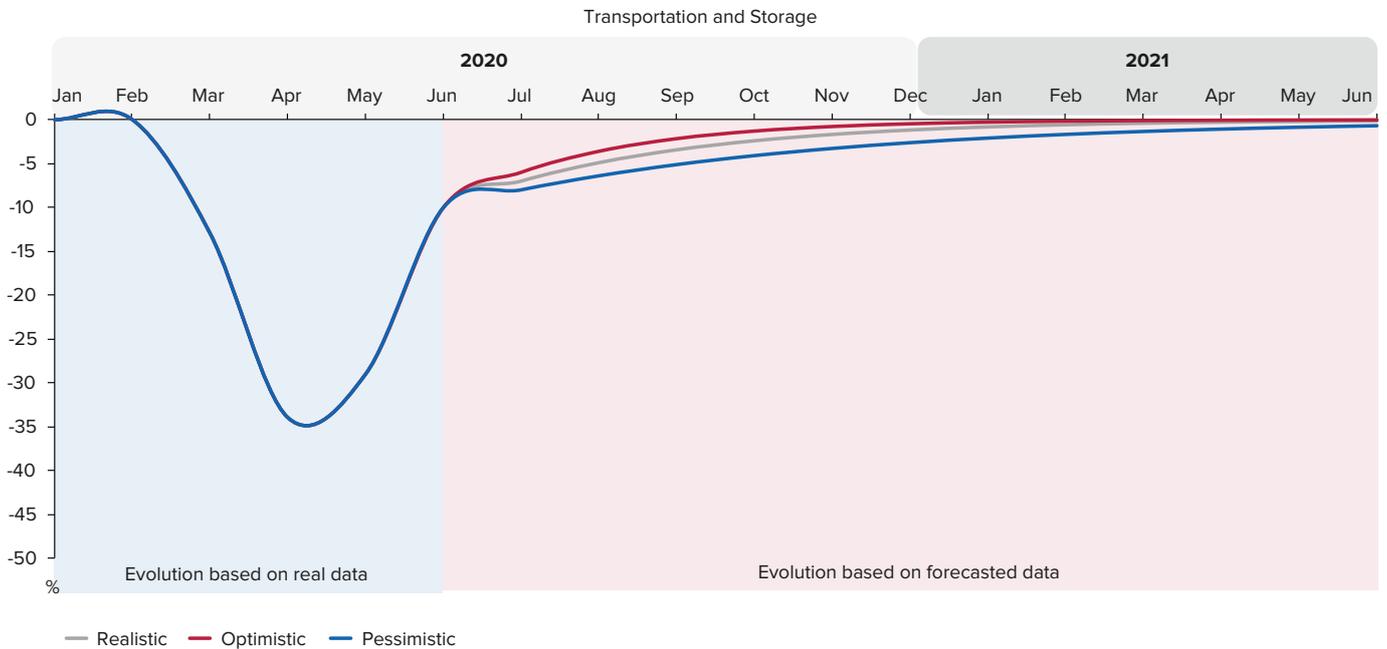


Source: PwC B2B survey

Forecasted evolution

Based on the designed economic model, the evolution of Transportation and storage sector is forecasted through three scenarios, fully recovering in the realistic scenario starting with March 2021:

Figure 230. Evolution of overall Transportation and storage sector until June 2021



Source: NBS, PwC analysis

4.3 Hospitality

Sector overview

The hospitality sector, including hotels, restaurants, travel agencies and tour operators, was also severely affected:

- According to NBS, in the **1st quarter of 2020**, the tourism agencies **revenues declined with 21.2%** compared to the same period of 2019. This decline in overall touristic activity was primarily due to reduction in the number of tourists visiting Moldova by nearly a half (-45.4%) and by almost one third decline in Moldovan tourists travelling abroad (-29.4%), while internal tourism declined by roughly 22.4% (compared to the 1st quarter of 2019);
- The decrease is significantly more severe in **the 2nd quarter of 2020**, when most of the emergency state took place: a **decrease of almost 100% in Moldovan tourists travelling abroad and internal tourism of 66%**;
- At the same time, for the 2nd quarter of 2020, compared to the similar period of 2019, the number of tourists visiting Moldova decreased with only 14% (versus 45.4% in the 1st quarter).
- In terms of **accommodation**, in the 1st semester of 2020, **the number of total tourists** registered a **decrease of 74%**, whilst the number of **total overnights of accommodation** a total **decrease of 70%**, compared to the similar period of 2019.
- Hospitality employees were among the most affected in the overall economy especially the ones working in the urban areas. The average **number of employees decreased in the 2nd quarter**

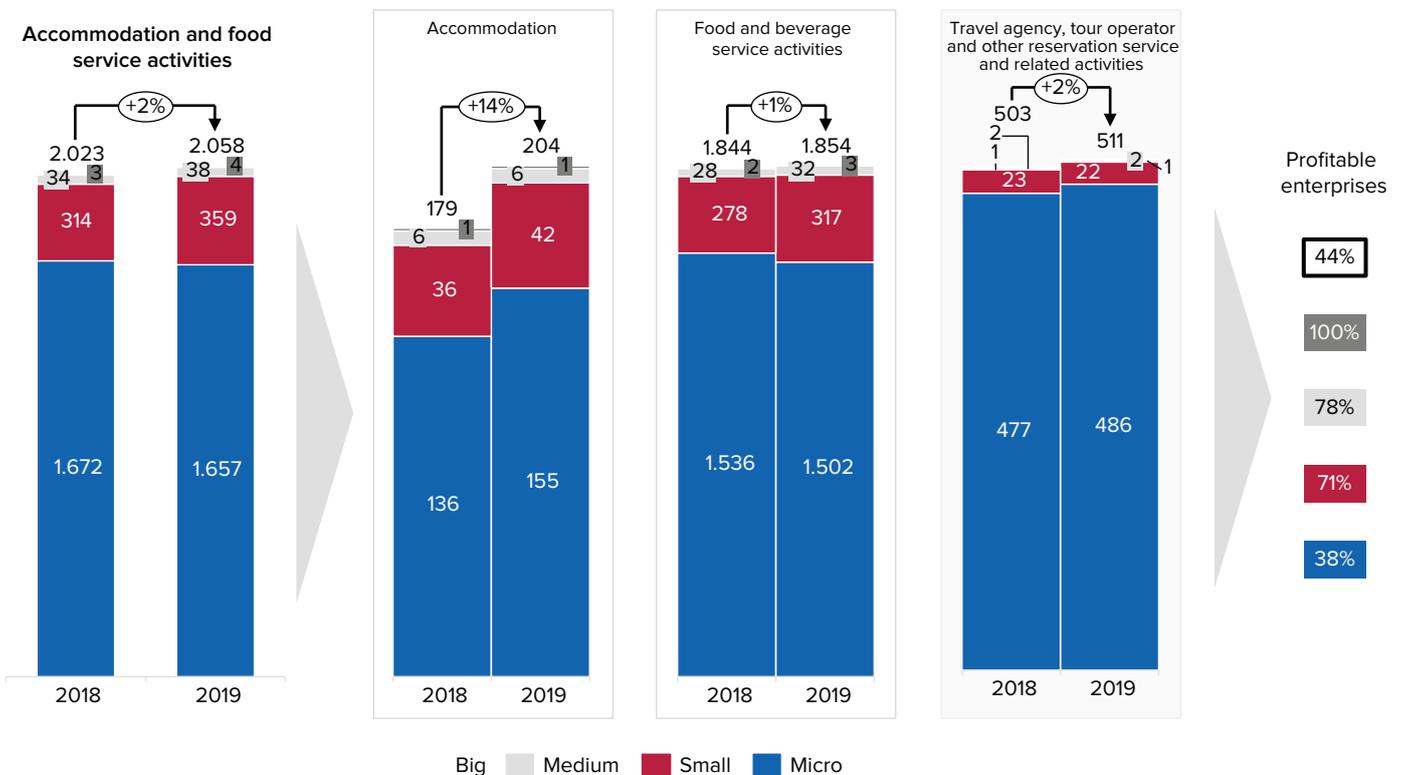
of 2020 (compared with the similar period of 2019) with more than 60%. Moreover, the average monthly income for the employees within this sector decreased with 4% compared to the 1st quarter of 2020, with only 63% of the average monthly income at country level¹⁶⁴. Due to bureaucratic qualification procedures, none of the applications for unemployment benefits during the state of emergency received a positive resolution. Also, the subsidization of payroll taxes did not have the expected effect due to lack of cash the employer couldn't pay for technical unemployment and laid off employees¹⁶⁵.

- Some businesses managed to quickly adapt, providing catering services to economic sectors with rising demand (for example, healthcare facilities) and to vulnerable people (subsidized by local authorities). Other restaurants and coffee shops took online and phone orders and provided products either via in-store pick-up or home delivery.
- It is estimated that in the spring of next year, no more than 1/3 of the bars, cafes and restaurants that exist today will remain¹⁶⁶.

As of 2019, the contribution of Hospitality sector to the total GVA in Moldova was around 1% but on an ascending trend with an evolution of +20% YoY. In the 1st semester of 2020, the Hospitality sector contributed to the total GVA with 0.9% and the highest decrease among all the in-scope economic sectors, of 34.8% compared to the similar period of 2019.

Based on latest NBS available data, the total number of enterprises within the Hospitality sector increased by 2% YoY.

Figure 231. Evolution of the total number of enterprises within the Hospitality sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)



Source: NBS

164 NBS, Average monthly earnings in the second quarter of 2020

165 Covid-19 Matrix, Study prepared by Economic Council of the Prime Minister

166 Covid-19 Matrix, Study prepared by Economic Council of the Prime Minister

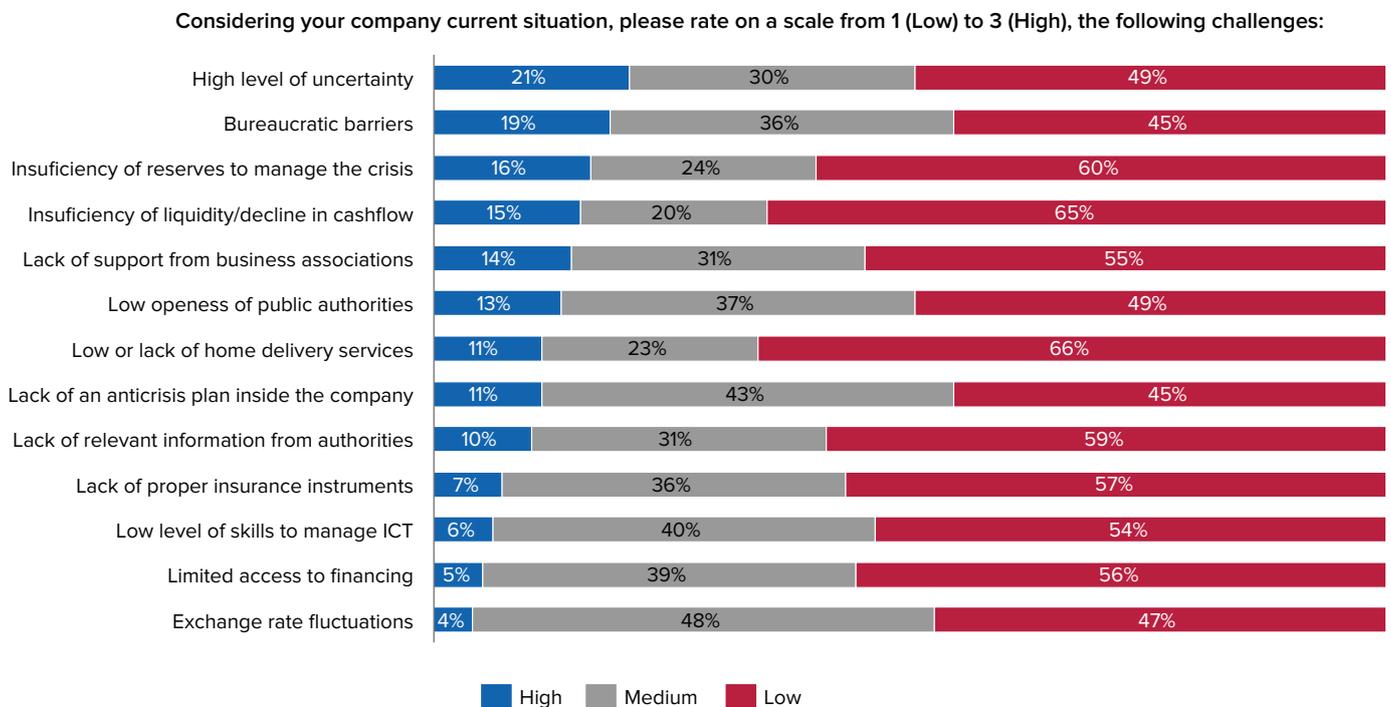
Survey outcome

According to the survey conducted by Magenta Consulting, out of 97 companies performing in the Hospitality sector responding to the questionnaire, 57% are active for more than 10 years. 99% of the interviewed companies are Micro (59%), Small (36%) and Medium-sized (4%) enterprises. Also, only 2% of them are exporting their products and goods.

From the total number of respondents, almost **25%** answered that their activity is currently either **fully or temporarily closed due to COVID-19 pandemic**. At the same time, **6% of the respondents have applied for insolvency protection**.

According to the survey, the main challenges faced by the interviewed companies (Figure 232) are related to the economic environment uncertainties, lack of support from public authorities and liquidity shortage.

Figure 232. Challenges faced by Hospitality companies

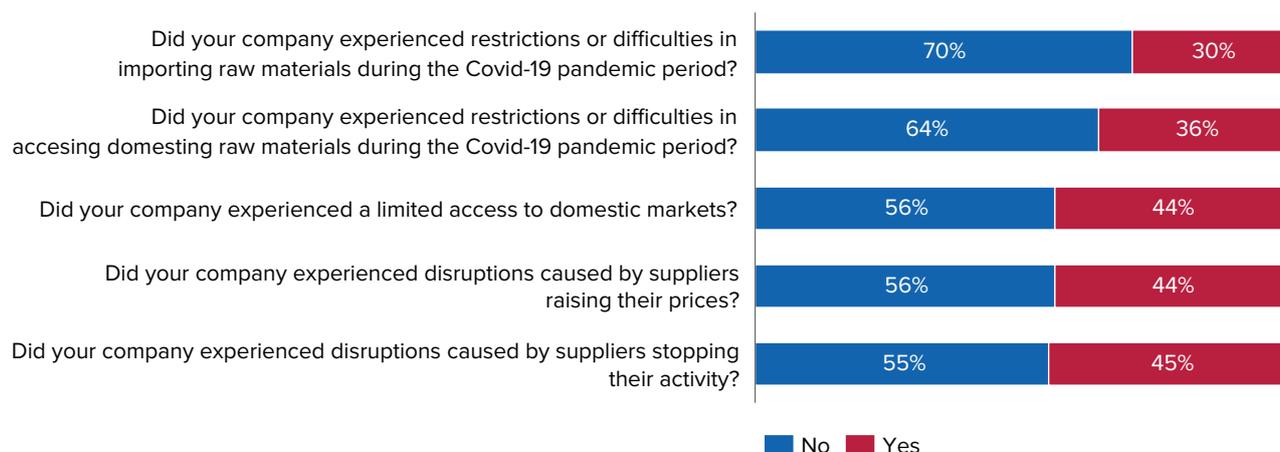


Source: PwC B2B survey

The survey indicates that **66% of companies have a low level of process automation** (less than 30% of processes are automated/digital). Less than 27% admitted that they did take into consideration the alternative of online sells, out of which **54% experienced online channels** for selling their products. 80% of companies do not consider changing the area of business activity due to Covid-19 pandemic impact.

The survey shows that most of the interviewed companies in this sector were not affected by Covid-19 pandemic in terms of supply chain as well as in access to domestic markets.

Figure 233. The impact of the Covid-19 pandemic on the business activity for Hospitality companies



Source: PwC B2B survey

About 77% of respondents face liquidity shortage, the main source of financing being personal savings or contributions from family and equity finance.

For Q4 2020, the respondents are expecting no changes in sales volumes (46.4%) while **35% are pessimistic expecting an overall decline**. In terms of products/services prices, 63% answered that the level of prices is expected to remain at same level. Referring to profitability, almost 98% of companies answered that comparing to previous year, a significant decrease was registered during the Covid-19 pandemic period:

Table 19. Profitability evolution during Covid-19 pandemic

Decrease – 97.9%						Increase – 2.1%				
0%	<26%	26-50%	51-75%	>75%	Don't know	0%	<26%	26-50%	51-75%	>75%
1%	7.2%	36.1%	15.5%	35.1%	3.1%	0%	1%	0%	1%	0%

Source: PwC B2B survey

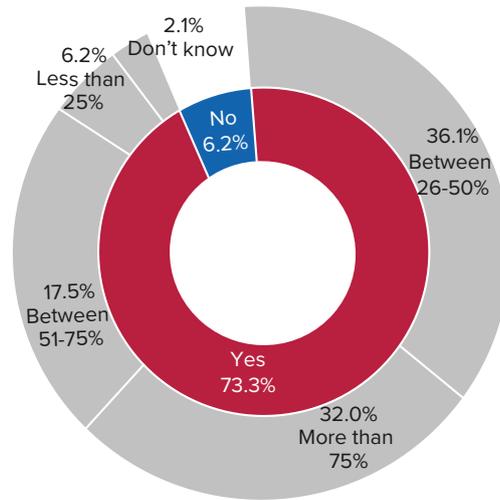
When referring to the employees' productivity, almost 69% of companies answered that the productivity was affected, almost 42% of them saying that the overall decrease was more than 50%. In terms of number of employees (68%) and level of wages and benefits (72%), the companies are not expecting a significant change in Q4 2020.

In terms of **medical waste**, 52.6% of companies applied a selective waste collection, while more than **43% opted for a common collection of waste** (mixed with household waste). More than that, almost **90% of the respondents do not plan to change their business in order to contribute to a greener economy**.

Strictly related to Covid-19 pandemic, almost 94% of respondents registered a negative turnover fluctuation.

Figure 234. Sales evolution due to administrative restrictions

Did your company experienced a decline in sales because of administrative restrictions? If yes, please indicate a percentage:



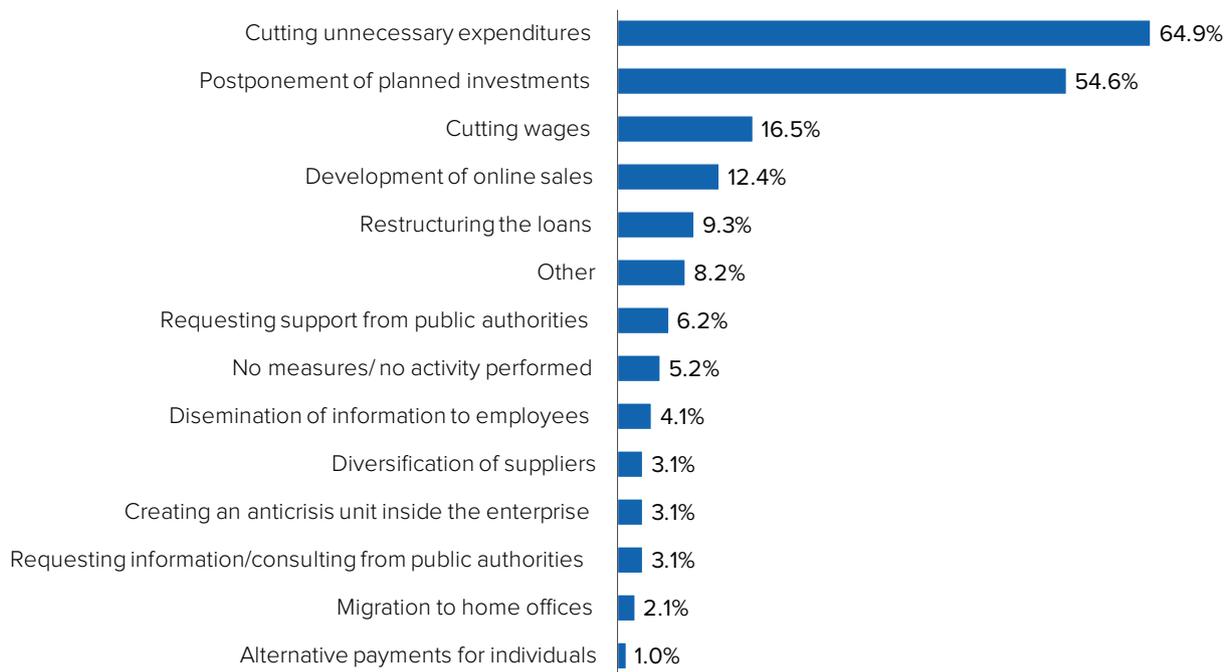
Source: PwC B2B survey

During the Covid-19 pandemic period, **68% of the respondents** answered that they **stopped their activity**, while 20% performed their activity with reduced number of employees and only 11% continued at maximum capacity. At the same time, **the affected companies choose for their employees to either apply for technical unemployment (27.8%) or dismiss them (20.6%), while 48.5% offered planned vacations or personal leaves.**

The survey shows that the companies first choices for mitigating the negative Covid-19 pandemic impact are related to cost reduction or planned investments postponement (Figure 235). The most popular actions undertaken by the companies in Hospitality sector in order to manage the crisis, deriving from the Magenta survey are also in line with the results of the survey conducted by Expert Group in June 2020¹⁶⁷.

Figure 235. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic

What are the measures implemented by your company in order to mitigate the impact of Covid-19 pandemic? (multiple choice)

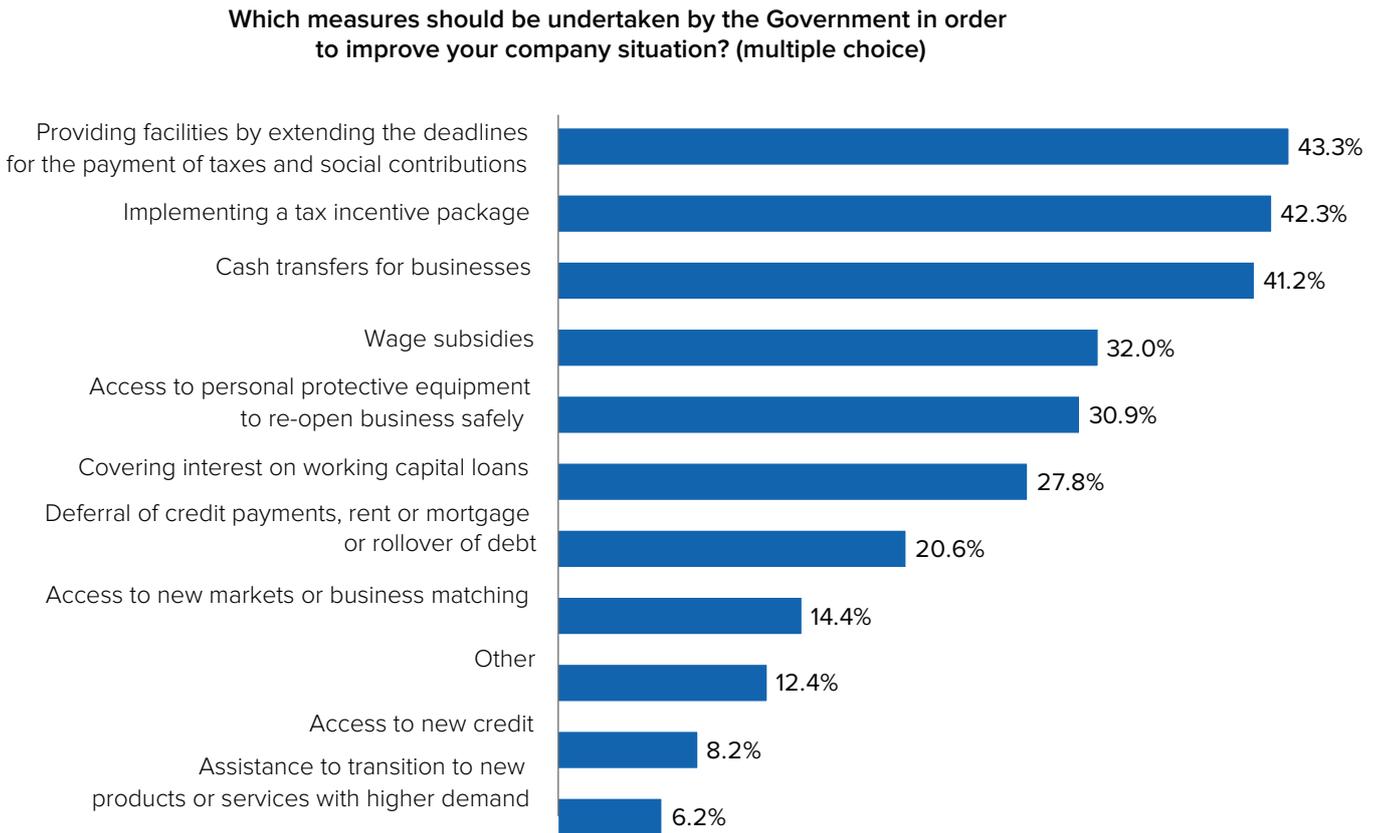


Source: PwC B2B survey

Despite the series of measures released by the Government, meant to help the economic sector, especially small and medium enterprises, **92% of respondents from Hospitality sector** answered that during the state of emergency and state of medical emergency generated by Covid-19 pandemic they **did not receive any government support** while only 6% said that the fiscal exemptions or reductions helped them to continue the activity.

When asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal incentives would help them overcome the crisis:

Figure 236. Measures that should be implemented by the Government in order to improve the companies' situation

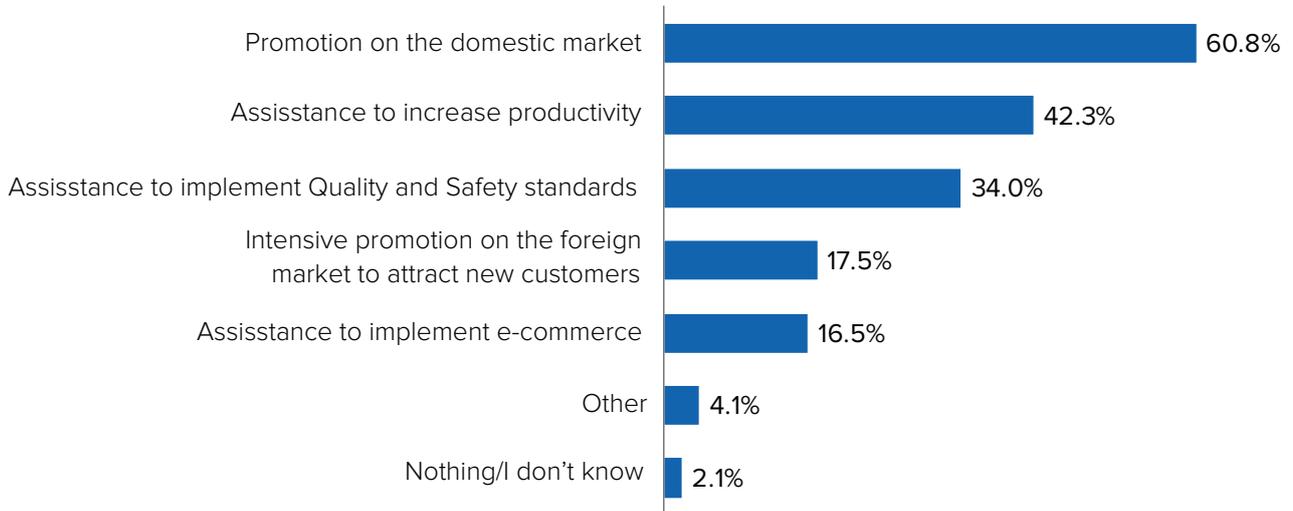


Source: PwC B2B survey

The largest number of the respondents believes that donors support should be in the form of commercial promotion on the domestic market as well as assistance to increase productivity and quality of the products/ services.

Figure 237. Assistance from the donors/development partners that could improve the companies' situation

What type of assistance from the donors/development partners do you consider would improve your company situation? (multiple choice)



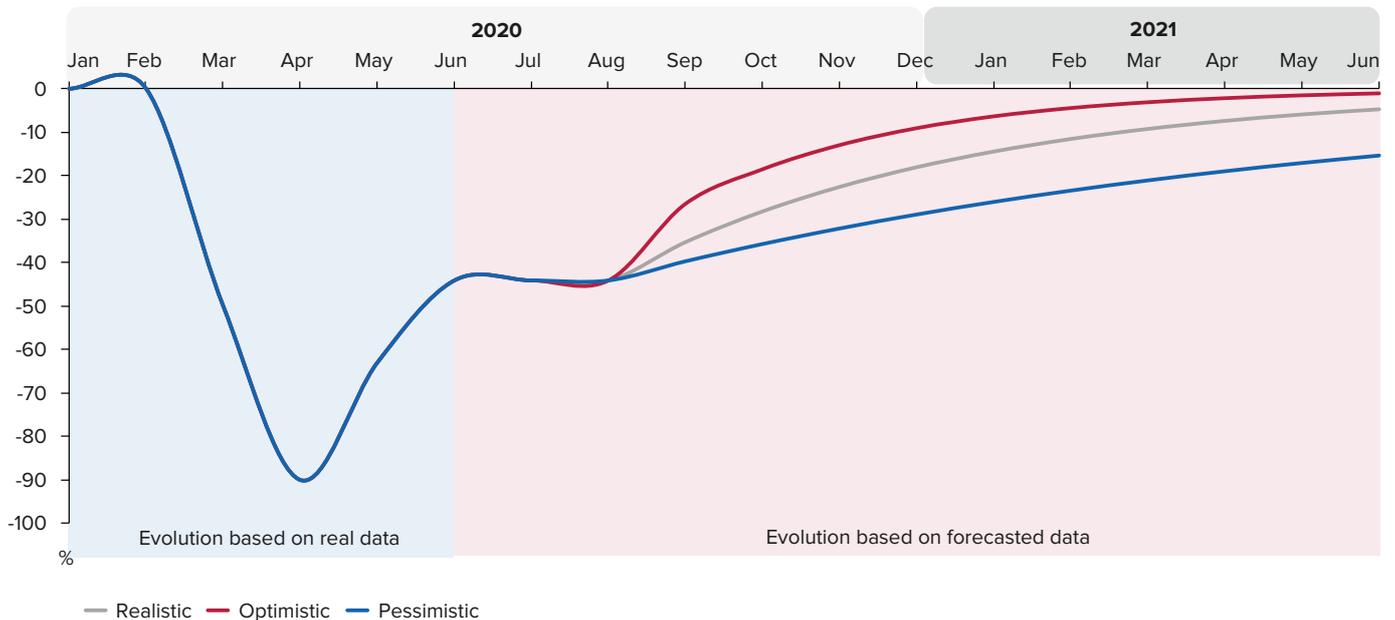
Source: PwC B2B survey

Forecasted evolution

In none of the 3 scenarios regarding the future economic development of Moldova that this report is analyzing, the hospitality industry is expected to fully recover in 2020. A slight return to normality may occur in Q4, but companies will properly start to recover their losses at the beginning of 2021, if no COVID-19 supplementary restrictions will be imposed in the second half of 2020.

Based on the designed economic model, the evolution of the Hospitality sector is forecasted through three scenarios, reaching -5% in June 2021 in the realistic scenario:

Figure 238. Evolution of overall Hospitality sector until June 2021



Source: NBS, PwC analysis

4.4 Manufacturing sector, light industry

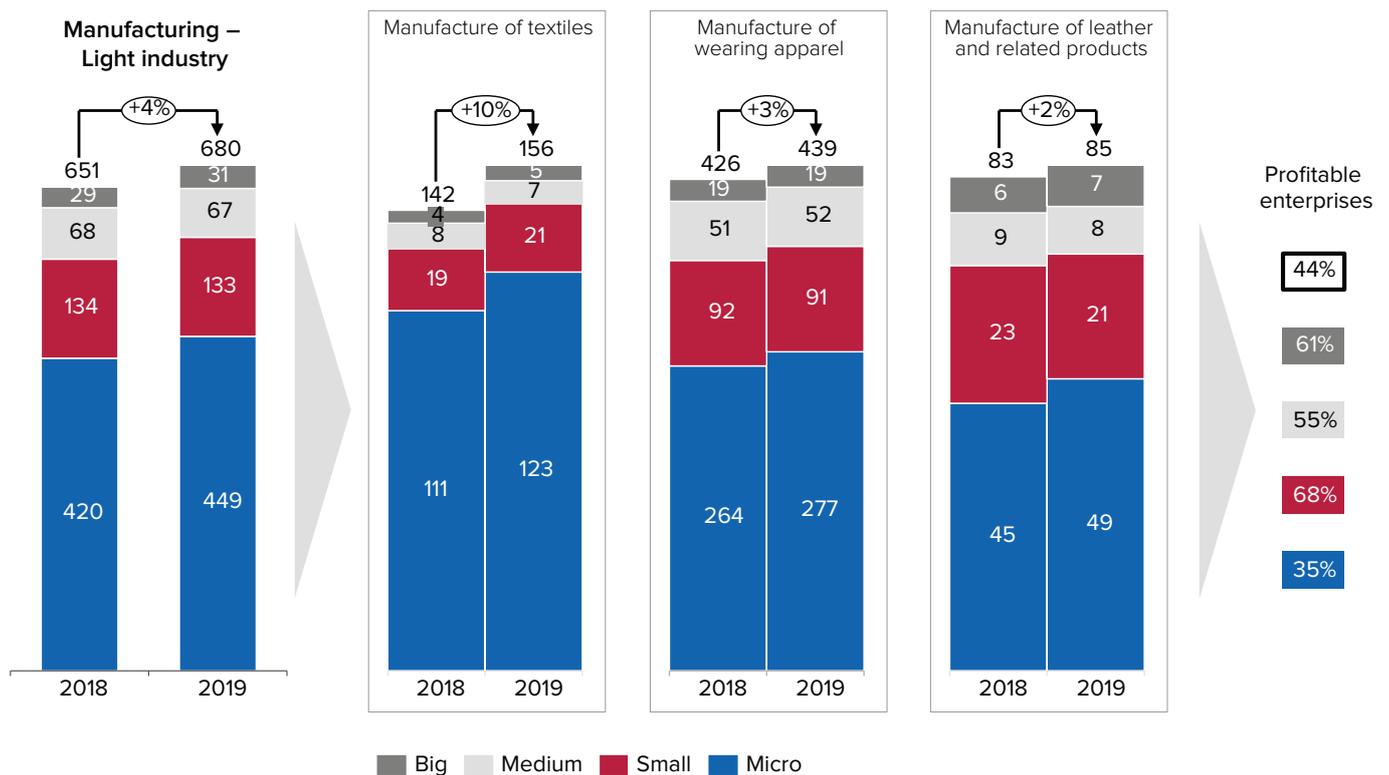
Sector overview

The manufacturing sector, especially the light industry (including textile and clothing industries), faced a huge challenge during pandemic:

- According to NBS, as of 2019 Moldova’s light manufacturing comprises 680 companies, out of which 95% are micro, small and medium enterprises. Decrease in external demand led to temporary closing or reducing of activities for many of these companies;
- More than **30.000 employees** in the manufacturing sector, especially from the light industry, **were impacted by the COVID-19 restrictions**¹⁶⁸.

As of 2019, Manufacturing sector, holding the second place in total contribution (after Wholesale and Retail Trade), contributes to the total GVA in Moldova with 12.5%, and with an evolution of +5.2% YoY. In the 1st semester of 2020, this sector contributed to the total GVA with 13% and registered a decrease of 4.3% compared to the similar period of 2019. Based on latest NBS available data, the total number of enterprises within Manufacturing sector increased by 4% YoY.

Figure 239. Evolution of the total number of enterprises within Manufacturing sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)



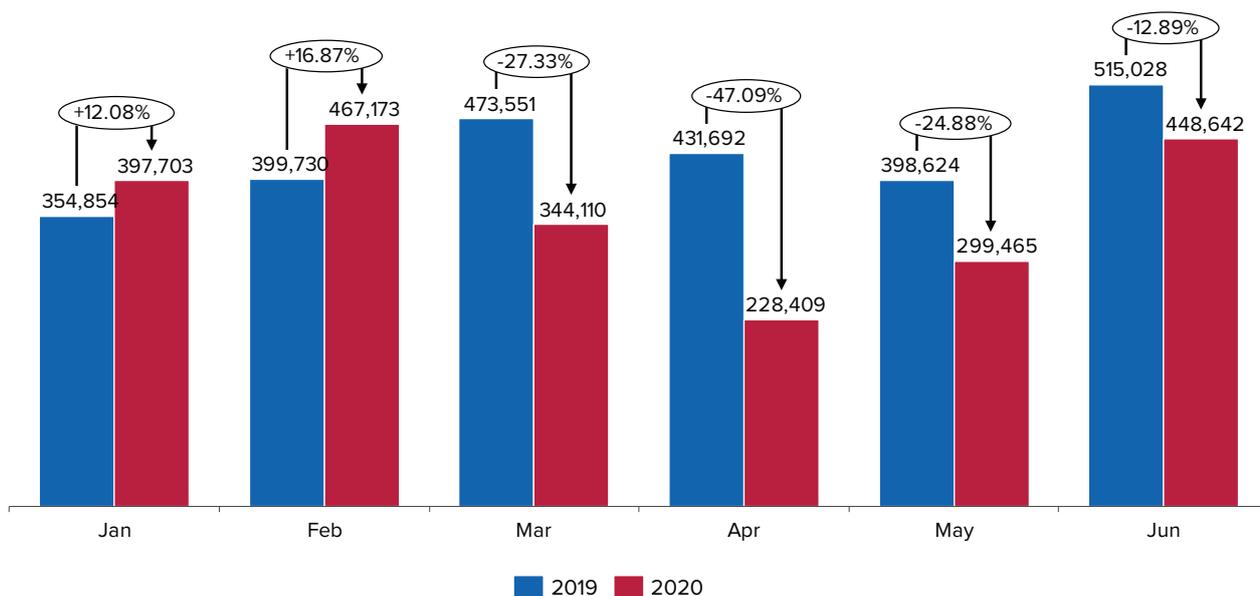
Source: NBS

The light industry has registered an increase in total volume with approx. 14% YoY in the first two months of 2020, followed by a massive dropdown during the lockdown period (March-April), with a negative peak in April, with almost 50% decrease linked to quarantine period in the EU states. Starting with May 2020, the overall industry production begins to recover the difference registering a slower decrease of only 13% in June.

Out of the three sub-sectors in the light industry only the **production for leather and related products increased in June** comparing to the previous year **by 10.5%**.

168 COVID-19 Impact on Moldovan Light Industry, survey made by APIUS, June 4th, 2020

Figure 240. Evolution of the total volume (thousand MDL) of industrial production for the Manufacturing sector – light industry (2019 vs. 2020)



Source: NBS

Survey outcome

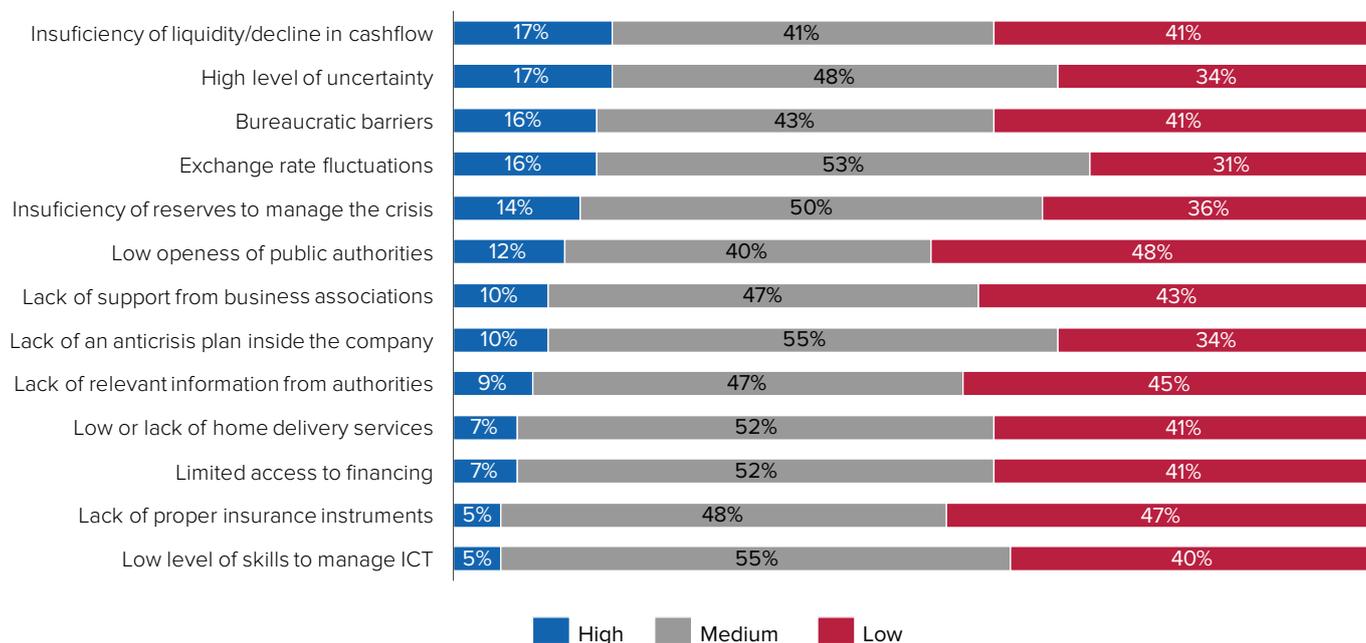
According to the survey conducted by Magenta Consulting, out of 58 respondents performing in the Manufacturing (light-industry), 55% are active for more than 10 years. About 98% of the interviewed companies are Micro (50%), Small (41%) and Medium-sized (7%) enterprises. 1 out of 4 of respondents are relying on export activities.

From the total number of respondents, **15.5%** answered that their activity is currently either **fully or temporarily closed** due to COVID-19 pandemic. At the same time, **7% of the respondents have applied for insolvency protection.**

According to the survey, the main challenges faced by the interviewed companies (Figure 241) are related to the liquidity shortage, economic environment uncertainties and lack of support from public authorities.

Figure 241. Challenges faced by Manufacturing (light-industry) companies

Considering your company current situation, please rate on a scale from 1 (Low) to 3 (High), the following challenges:

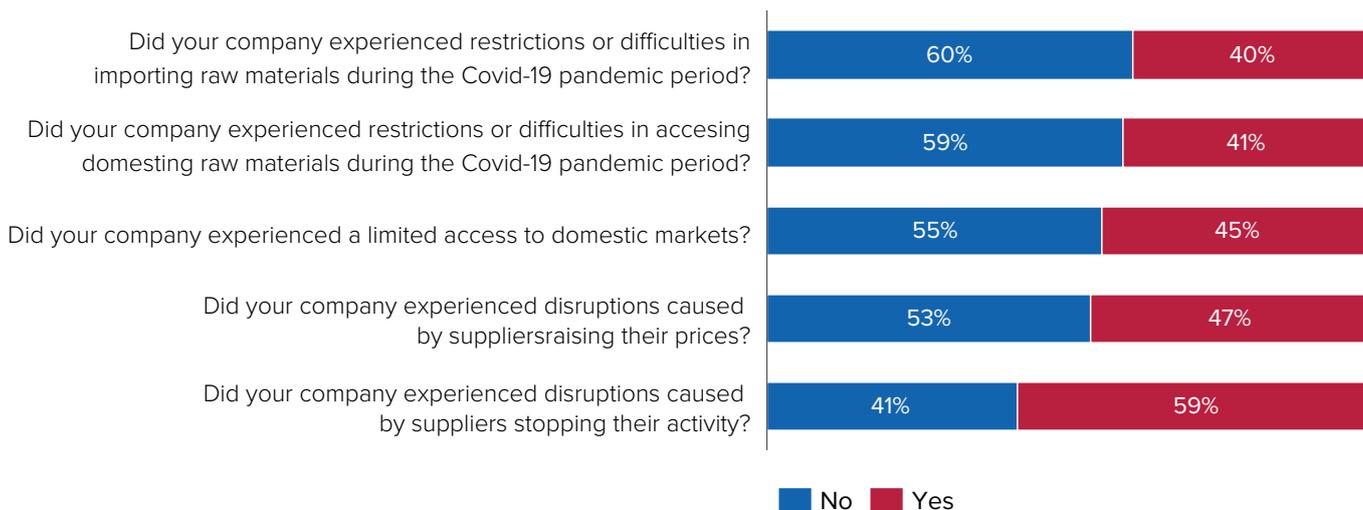


Source: PwC B2B survey

The survey indicates that **67% of companies have a low level of process automation** (less than 30% of processes are automated/digital). Less than 35% admitted that they took into consideration the alternative of online sales, out of which **55% engaged in online channels** for selling their products. 78% of companies do not consider changing the area of business activity due to Covid-19 pandemic impact.

The survey shows that most of the interviewed companies in this sector were not affected by Covid-19 pandemic in terms of supply chain as well as in access to domestic markets, except for disruptions caused by suppliers stopping their activity.

Figure 242. The impact of the Covid-19 pandemic on the business activity for Manufacturing (light-industry) companies



Source: PwC B2B survey

About 69% of respondents face liquidity shortage, the main source of financing being personal savings or contributions from family and equity finance.

For Q4 2020, the respondents are expecting no changes in sales volumes (46.6%) while 27.6% are pessimistic expecting an overall decline. In terms of products/services prices, 67% answered that the level of prices is expected to remain at same level. Referring to profitability, almost 86% of companies answered that comparing to previous year, a significant decrease was registered during the Covid-19 pandemic period:

Table 20. Profitability evolution during Covid-19 pandemic

Decrease – 86.2%						Increase – 13.8%				
0%	<26%	26-50%	51-75%	>75%	Don't know	<26%	26-50%	51-75%	>75%	Don't know
0%	15.5%	31.0%	12.1%	20.7%	6.9%	10.3%	0%	0%	1.7%	1.7%

Source: PwC B2B survey

When referring to the employees’ productivity, 65.5% of companies answered that the productivity was affected, almost 60% of them saying that the overall decrease was less than 50%. In terms of number of employees (67%) and level of wages and benefits (84.5%), the companies are not expecting a significant change in Q4 2020.

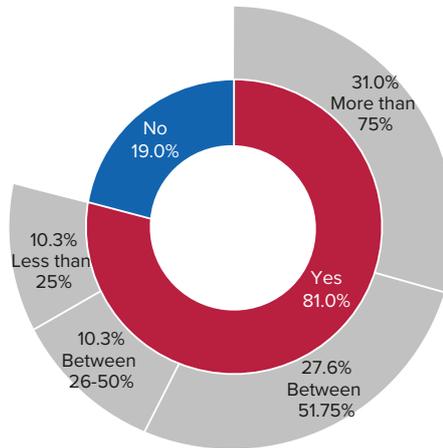
This is a more optimistic view than in June when the another survey performed by APIUS, showed that more than 44% of respondents believe that “the pandemic situation will have a significant impact on the reduction of personnel in the future, influenced by the following factors: Young mothers will continue to stay home due to closure of schools and kindergartens; Pensioners will get used to staying at home; Employees who have been dismissed will search for other jobs”.

In terms of **medical waste**, 59% of companies applied a selective waste collection, while almost **38% opted for a common collection of waste** (mixed with household waste). More than that, almost **97% of the respondents do not plan to change their business in order to contribute to a greener economy**.

Strictly related to Covid-19 pandemic, **81% of respondents** registered a **negative turnover** fluctuation:

Figure 243. Sales evolution due to administrative restrictions

Did your company experienced a decline in sales because of administrative restrictions? If yes, please indicate a percentage:



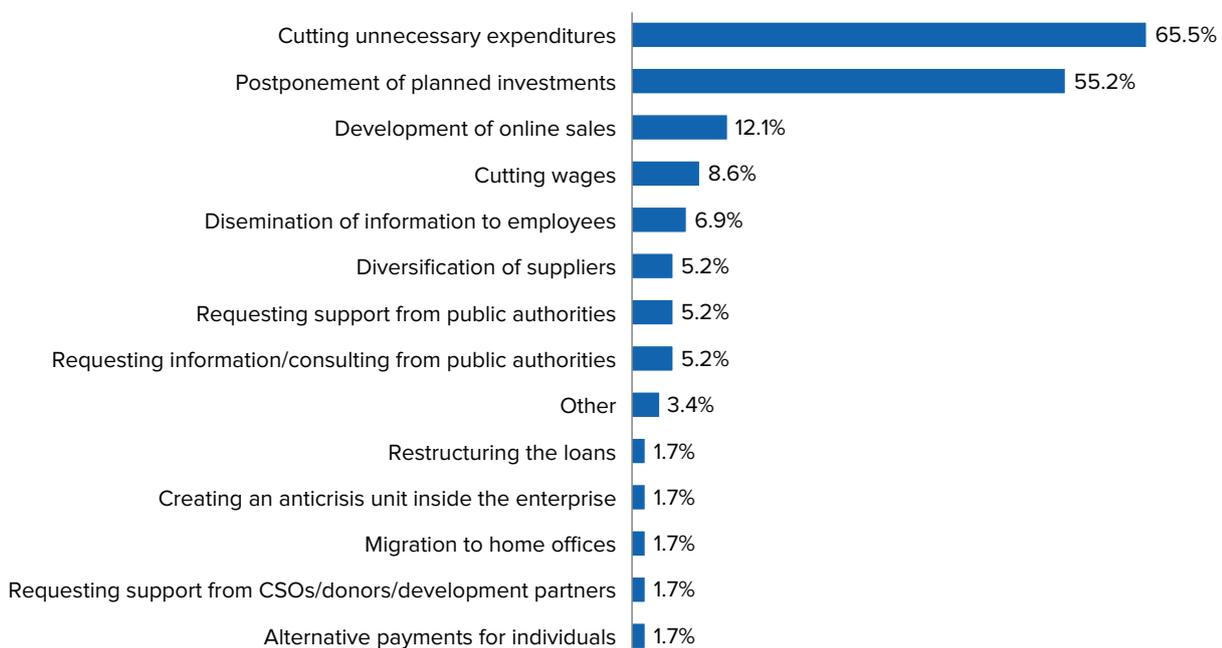
Source: PwC B2B survey

During the Covid-19 pandemic period, **53% of the respondents** answered that they have **stopped their activity**, while 28% performed their activity with reduced number of employees and only 14% continued at maximum capacity. At the same time, the affected companies choose for their employees to either offer planned vacations or personal leaves (48%) or apply for technical unemployment (20.7%), while 33% of respondents said their employees were not affected.

The survey shows that the companies first choices for mitigating the negative Covid-19 pandemic impact are related to cost reduction or planned investments postponement:

Figure 244. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic

What are the measures implemented by your company in order to mitigate the impact of Covid-19 pandemic?

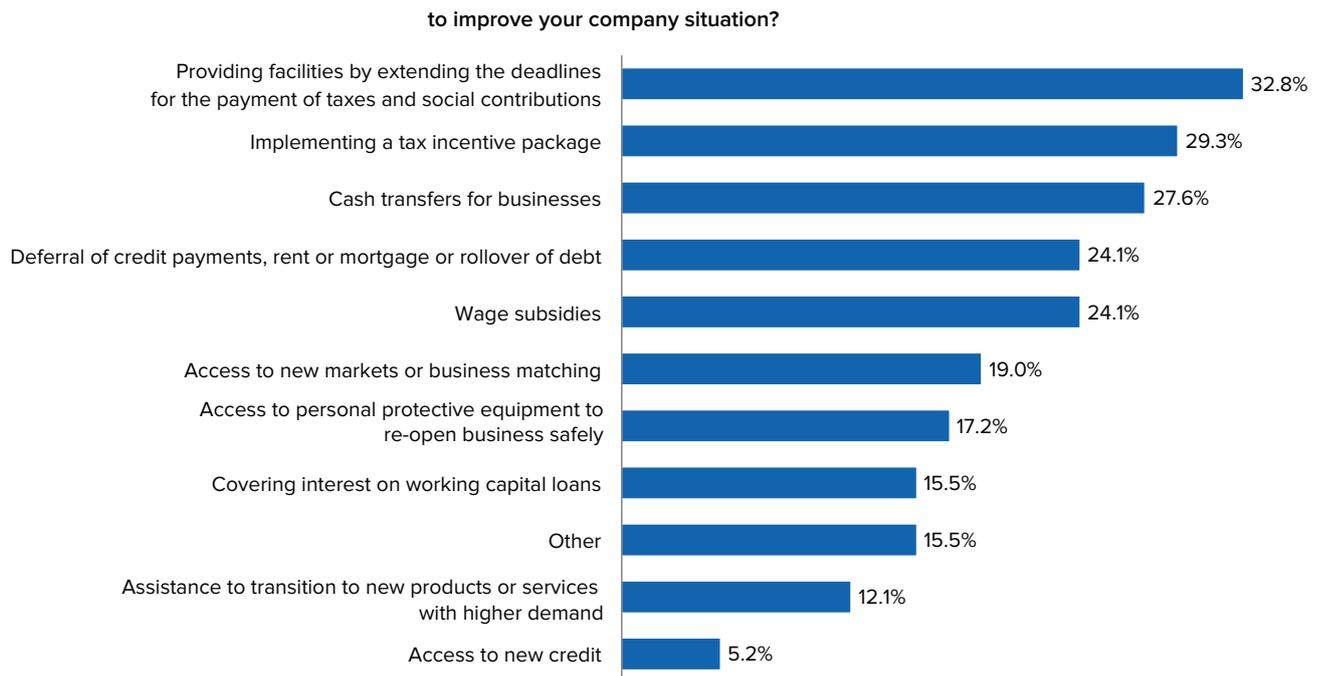


Source: PwC B2B survey

Despite the series of measures released by the Government, meant to help the economic sector, especially small and medium enterprises, **88% of respondents** from Manufacturing (light industry) sector answered that during state of emergency and state of medical emergency generated by Covid-19 pandemic they **did not receive any government support** while only 5% said that the fiscal exemptions or reductions helped them to continue the activity.

When asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal and financial incentives would help them overcome the crisis. Preferential loans with a grant structure of at least 20% are required in this sector¹⁶⁹.

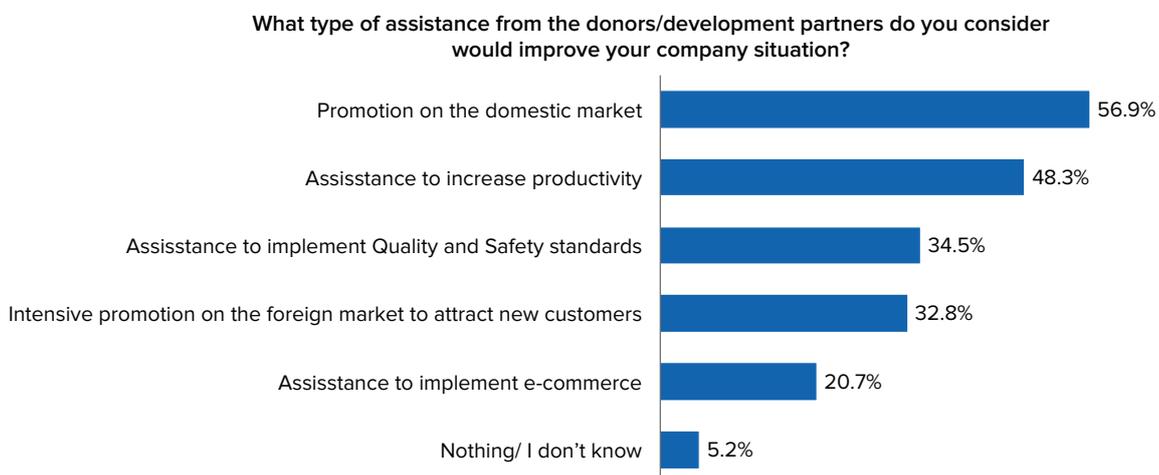
Figure 245. Measures that should be implemented by the Government in order to improve the companies' situation



Source: PwC B2B survey

Most of the respondents believes that donors support should be in the form of commercial promotion on the domestic market as well as assistance to increase productivity and quality of the products/services:

Figure 246. Assistance from the donors/development partners that could improve the companies' situation



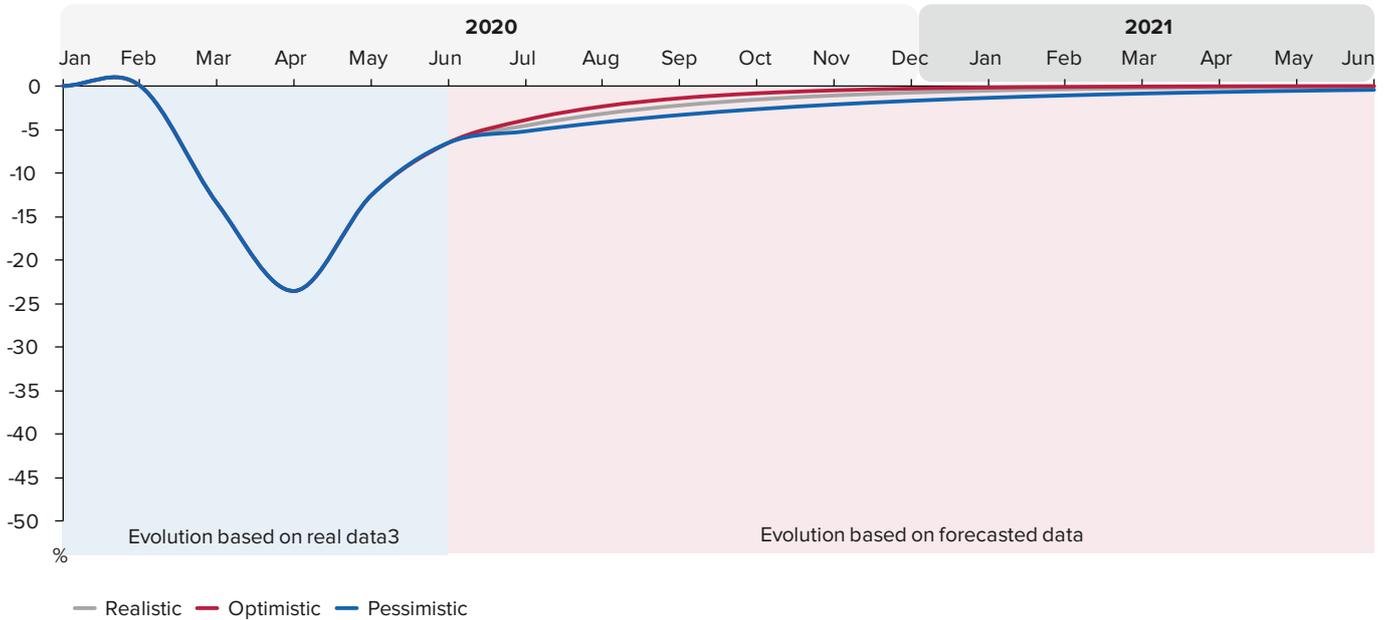
Source: PwC B2B survey

169 Labor Force Survey (Ancheta Fortei de Munca); NBS communication released for 2nd quarter

Forecasted evolution

Based on the designed economic model, the evolution of Manufacturing sector is forecasted through three scenarios, fully recovering in the realistic scenario starting with February 2021:

Figure 247. Evolution of Manufacturing sector until June 2021



Source: NBS, PwC analysis

4.5 Agriculture

Sector overview

This chapter analyses the agriculture sector evolution in Moldova, presenting its structure based on the main sectoral data and its challenges. In the context of the current report a thorough analysis of the COVID-19 impact is also illustrated. The assessment was performed on the data as of S1 2019 and 2020, however where this was not available, the last accessible data was used.

The Moldovan’s economy relies heavily on agriculture – primarily cereals, fruits, vegetables, wine and tobacco. The agriculture sector is dependent on favorable weather condition and is vulnerable to volatile markets.

As of 2019, the contribution of Agriculture, forestry and fishing sector to the total GVA in Moldova was around 11% with an evolution of +7.3% YoY. The sector employs about 22% of the labor force, according to NBS¹⁷⁰ communication released in September 2020.

In 2nd quarter of 2020, agriculture sector employed about 188 thousand people, with almost 5% less than same period last year (over 197 thousand).

The **main issues** face by companies acting in agriculture are:

- Deficient infrastructure, lack of irrigation systems, lack of technical expertise and concentrated risks to one type of agricultural product
- Small farmers have issues accessing the high value markets and can’t achieve volumes and quality that most buyers request

170 Labor Force Survey (Ancheta Fortei de Munca); NBS communication released for 2nd quarter

According to World Bank¹⁷¹, in Moldova there are around 900,000 farms with an average size of 2.5 hectares. Less than 1,000 farmers hold 10 hectares and more.

Large part of the population is living in the rural area, the inability to ensure a decent income has generated a very high level of migration, especially abroad. Subsidizing agriculture is the only mechanism through which the state can promote its policies in this sector.

When it comes to the impact of COVID-19 pandemic on the agriculture sector, less deviation from the base case evolution is predicted and is strictly related to demand from consumers, food industry and retailers. This sector was significantly affected by drought.

The pandemic restrictions and economic hardships had a **negative impact on poor rural farmers and small-scale food producers** as they lacked the access to the markets to sell their products. Restrictions on people's movement in Moldova and countries' lockdowns (Moldova and its key trade partners) led to disruptions in trade (in Moldova's markets and exports alike) and restricted the availability of fertilizers and seeds. Many companies acting in agri-business reported dramatic decline in sales and are close to bankruptcy in case the crisis will continue¹⁷². Also, 12 out of 35 companies report a decline in sales of above 50%.

Overall, the consumption of agricultural production in the hospitality sector had a negative impact, however, it was counterbalanced by better sales in the retail network.

The economic impact of natural disasters associated with environment challenges, such as drought, floods, hail and others, are significant. The 2007 and 2012 droughts caused losses estimated at about 1.0 and respectively 1.25 billion US dollars. Climate change will contribute to higher temperatures and precipitation variability in the future, further reducing crops and livestock¹⁷³.

Analyzing the agricultural sector in terms of the volume of production obtained, S1 2020 compared to the same period of 2019, there is an increase in animal production by 2.2%, and a high decrease of vegetal production by 26.8%, influenced by draught in 2020. **Even if in 2020 the total area sowed was by 0.6% larger than in 2019**, the **unfavourable climatic conditions** led to **considerable compromise of autumn crops**. Therefore, until the end of spring sowing in all agricultural enterprises and peasant households (farmers) were compromised 60.1 thousand ha of autumn crops, of which 43.1 (71.1%) thousand ha of wheat sowing, 9.1 (15.1%) thousand ha of rapeseed and 7.9 (13.1%) thousand ha of barley¹⁷⁴.

As of July 1, 2020, compared to same date of the previous year, there was a decrease in the number of animals of all species as a result of their decrease in rural households. At the same time, in agricultural enterprises the number of sheep and goats increased by 11.4%, pigs by 5.0%, cattle by 4.3%.

In **S1 2020**, compared to same period 2019 the **exports decrease** for oil seeds and oleaginous fruits by 30.1%, cereals and cereal based products by 16.4%, raw and processed tobacco by 67.3%, milk products and poultry eggs by 39.7%, meat and meat products 40.6%. Exports doubled for fixed, crude, refined or fractionated vegetable fats and oils, and increased for vegetables and fruits by 18.6%, animal feed by 43.2%, sugar and honey by 41.8% and live animals by 13.2%.

Since agri-food exports account for roughly 50% of the country's total exports, increased efforts should be made in order to support the agricultural value chain since more than half of the country's population lives in rural areas. However, as lockdown restrictions are eliminated in both Moldova and its traditional trade partners, it is likely that the demand for Moldovan agri-food exports to the EU market to increase.

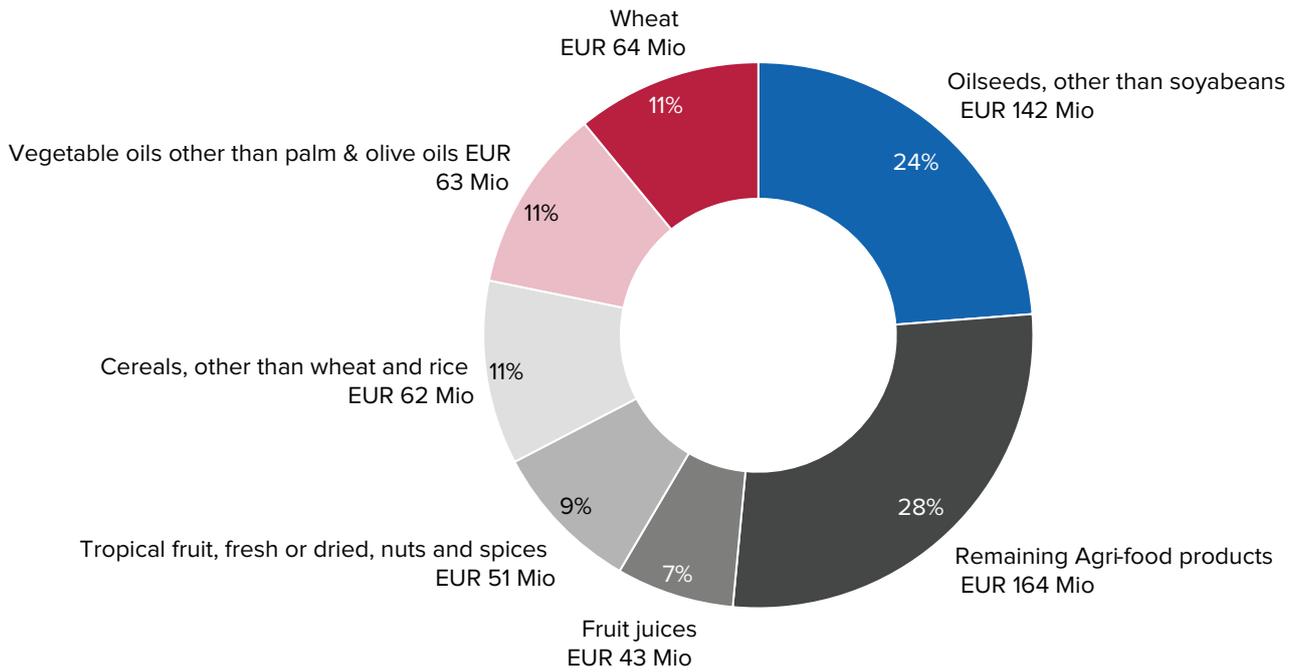
171 Quick Evaluation of Covid-19 Impact on UNDP Growth Cluster Projects, 2020 June

172 Quick Evaluation of Covid-19 Impact on UNDP Growth Cluster Projects, 2020 June

173 Agricultura Conservativa – Masuri de adaptare la schimbarile climatice in agricultura

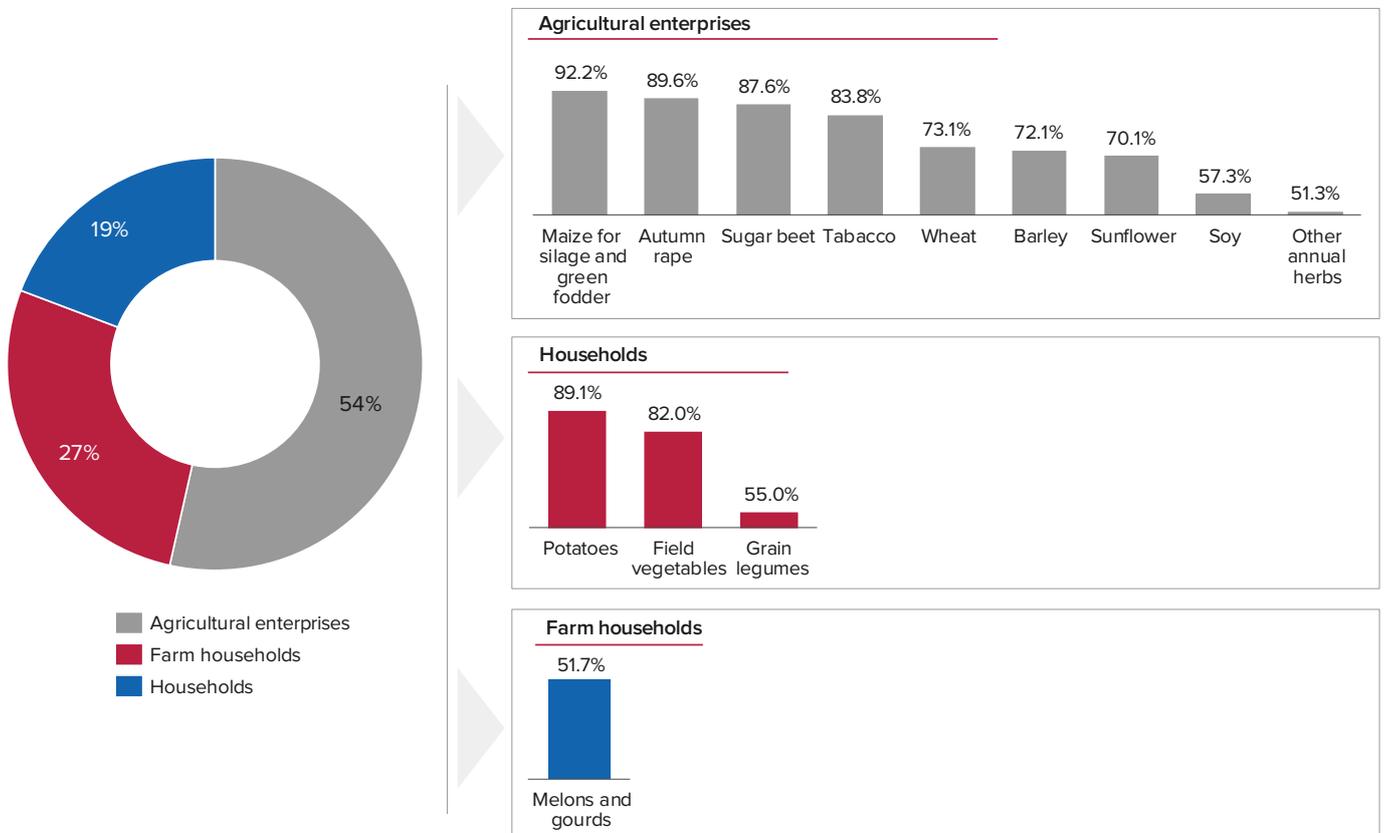
174 NBS

Figure 248. Top EU Agri-food imports from Moldova by product category in 2019¹⁷⁵



Source: NBS

Figure 249. Sown areas by agricultural crops and categories of producers



Source: NBS

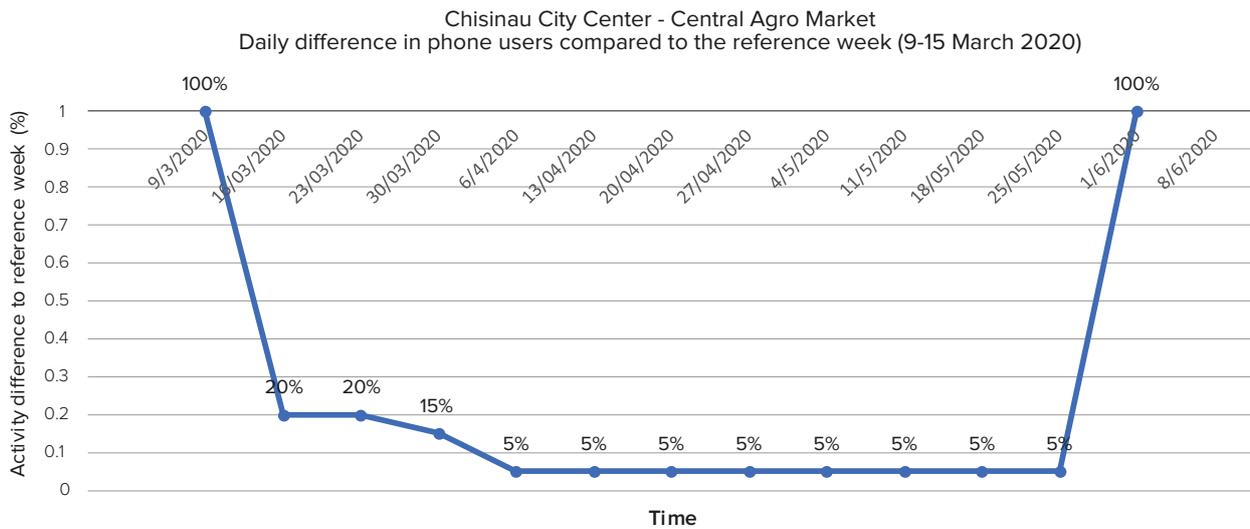
175 Information retrieved from EU Directorate-General for Agriculture and Rural Development, AGRI-FOOD TRADE STATISTICAL FACTSHEET European Union – Moldova; March 2020

Some 51.7% of the total sowings with food gourd crops are grown for household’s own consumption, while in the households 89.1% of the areas are planted with potatoes.

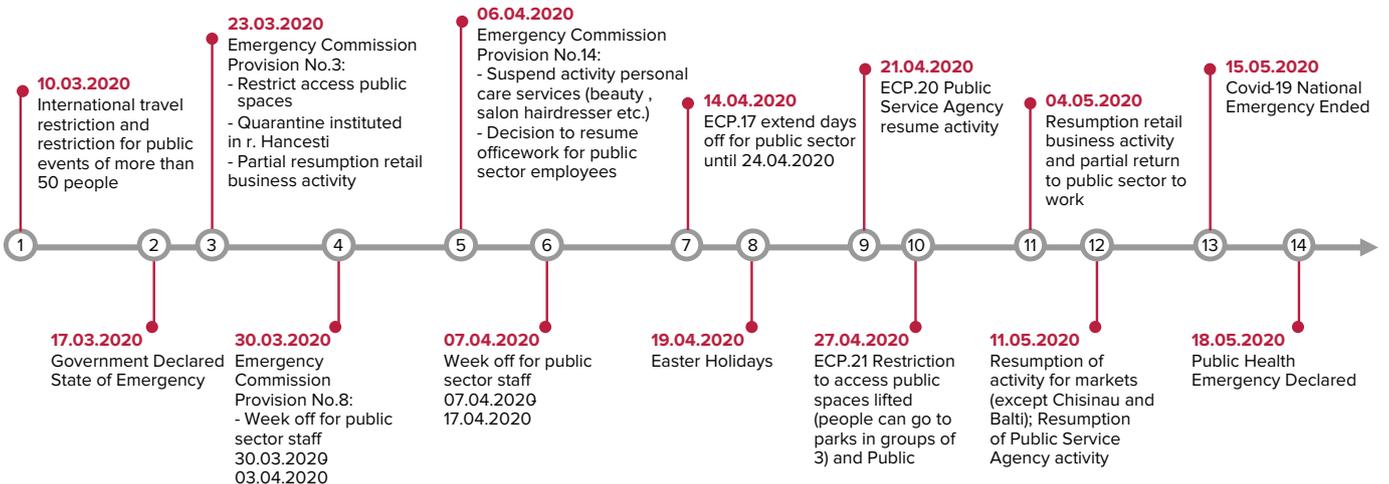
In S1 2020, the keeping of livestock of animals has improved in agricultural enterprises. The mortality level of the herd was lower compared with same period of 2019: pigs 8.6% (vs. 9.7%), sheep and goats 1.6% (1.9%) and cattle 0.6% (1,1%).

The farmers, especially **small producers were affected by the lockdown mostly related to local open markets** in the first weeks of State of Emergency. An example is the comparison between the influx of people visiting the central market in Chişinău before and after stopping the restrictions.

Figure 250. Telecom activity and comparative mobility analysis to pre-lockdown week (9-15th of March 2020)



Note: the fourteen events from the above graphic are presented below:



Note: The area around Piata Centrala has a 6-fold increase in activity in the first week of June, suggesting that people have visited the market area or used the central bus station for traveling in and outside of Chişinău.

Source: Mobility analysis during the Covid-19

However, additional disruption occurs due to prolonged draught during first 4 months of 2020. The agriculture development strategy for the rehabilitation of water supply systems stated that 122 thousand hectares will be irrigated and for an area of 116 thousand hectares new water supply systems will be constructed. In relation to these objectives, in practical terms, only 10 irrigation systems were rehabilitated from the COMPACT program funds for an area of 115 thousand hectares.¹⁷⁶

The agri-food value chain is expected to change substantially in the coming years, as the share of supermarket sales in the retail sector is expected to increase significantly. Supermarket chains are typically high demanding towards suppliers in terms of quality standards, volume and commercial practices, emphasizing long-term relations and contracts with suppliers.¹⁷⁷

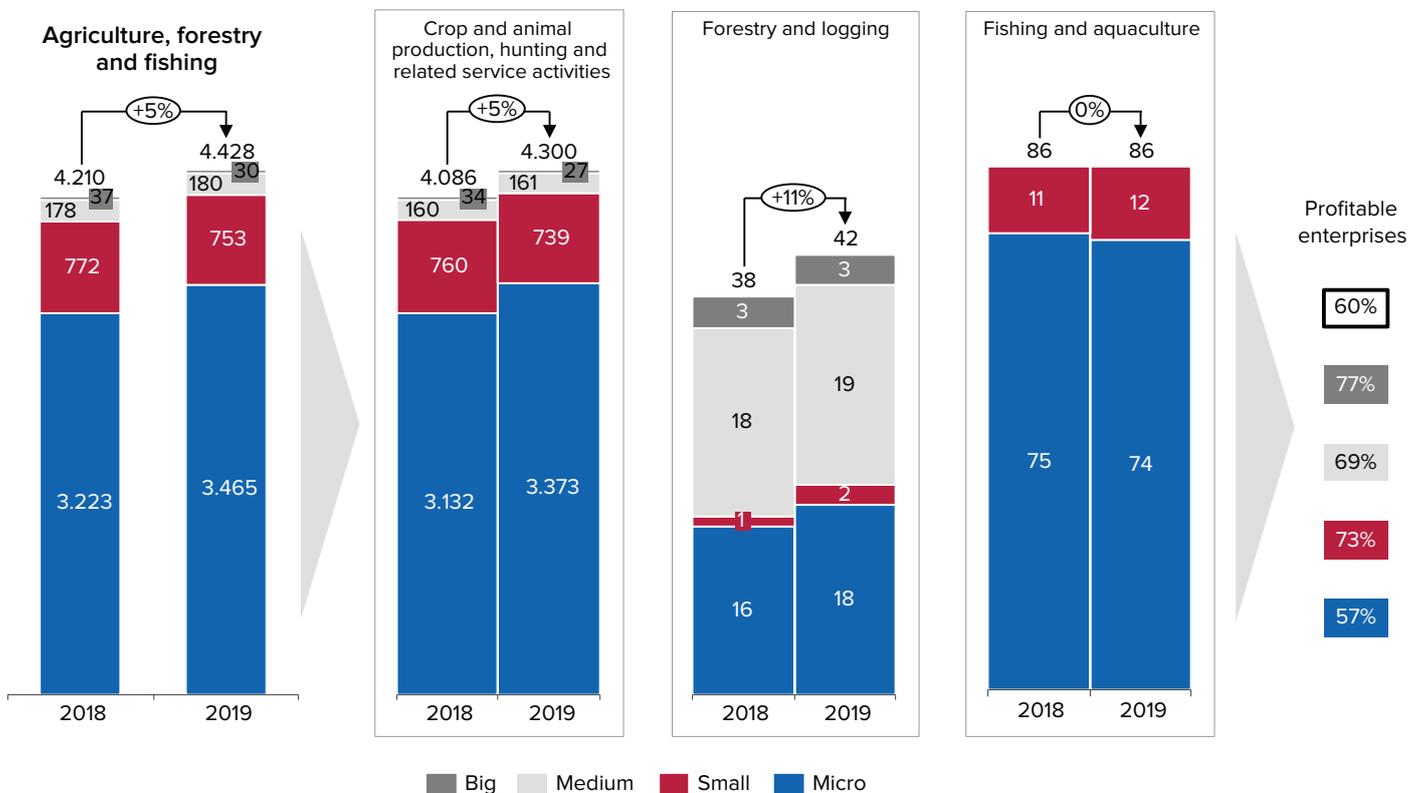
Export markets can be better targeted, through improved vertical and horizontal coordination, to achieve quality and safety standards (including traceability) and to improve efficiency.¹⁷⁸

Agriculture is also the sector in which earnings are some of the lowest in the sectors analysed, with an average monthly income of 4,994 MDL in Q2 2020¹⁷⁹. The main reason behind this is the fragmentation of the agricultural land into small individual farms, practicing subsistence agriculture with low added value, seasonality and qualification of workers. Currently, a new law is being promoted to help agriculture enterprises related to day workers who perform unskilled activities on an occasional basis. The law stipulated the introduction of an additional mechanism called “voucher”, based on which will be kept the records of employed workers.¹⁸⁰

Referring strictly to legal entities acting in agribusiness, **micro enterprises have the biggest share (78%)** in total companies with almost 57% of them being profitable (as of 2019). Below is presented the evolution (2019/2018) for the enterprises acting in Agribusiness.

Based on latest NBS available data, the total number of enterprises within Agriculture sector increased by 5% YoY.

Figure 251. Evolution of the total number of enterprises within Agriculture sector (2018 vs. 2019) and share of profitable enterprises (as per 2019)



Source: NBS

177 FAO - Smallholders and family farms in the Republic of Moldova, 2019

178 Smallholders and family farms in the Republic of Moldova

179 NBS, Average monthly earnings and index of the average number of employees in the second quarter of 2020

180 (<https://agrobiznes.md/procedura-de-evidenta-a-zilierilor-ar-putea-fi-simplificata-se-propune-metoda-voucher.html>)

Survey outcome

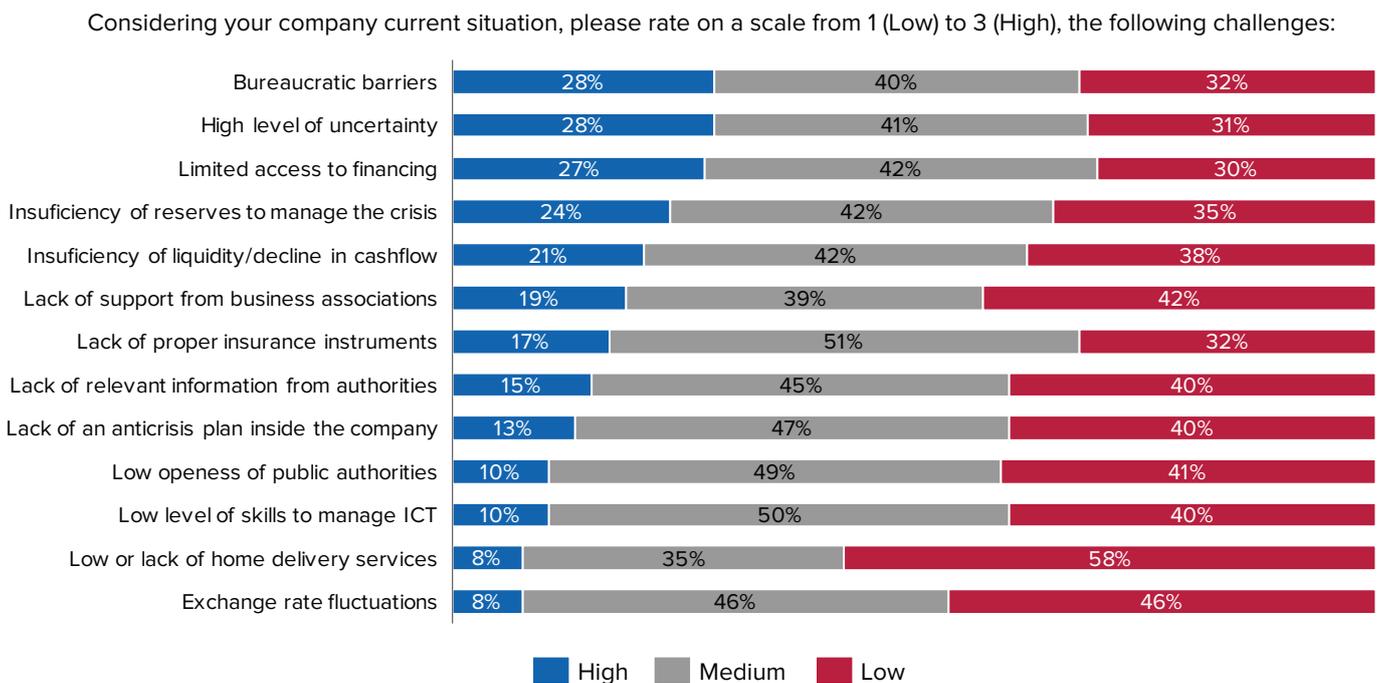
According to the survey conducted by Magenta Consulting, out of 106 companies performing in the Agriculture sector responding to the questionnaire, more than 70% are active for more than 10 years. 99% of the interviewed companies are Micro (55%), Small (36%) and Medium-sized (8%) enterprises. Also, only 14% of them are exporting their products and goods.

From the total number of respondents, only 5% answered that their activity is currently either fully or temporarily closed, the main reason being COVID-19 pandemic (80%). At the same time, almost **8% of the respondents have applied for insolvency protection.**

According to the survey, the main challenges faced by the interviewed companies (Figure 252) are related to the lack of support from public authorities (the highest score is linked to bureaucracy), access to finance and lack of business flexibility.

According to Covid-19 Matrix¹⁸¹, the national fund for the Development of Agriculture and Rural Environment in the volume of 1 billion MDL is insufficient. An increase up to 3-5 billion MDL is desired.

Figure 252. Challenges faced by Agriculture companies



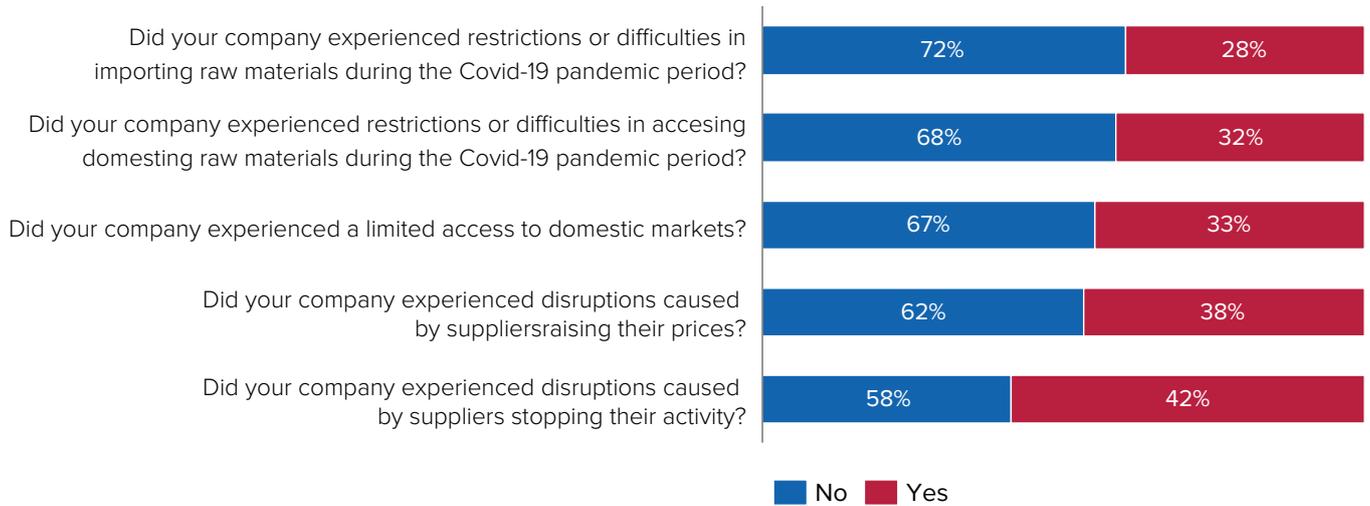
Source: PwC B2B survey

The survey indicates that **more than 70% of companies have a low level of process automation** (less than 30% of processes are automated/digital). **Less than 15%** admitted that they did take into consideration the **alternative of online sales**, out of which only 50% used online channels for selling their products. More than 87% of companies do not consider changing the area of business activity due to Covid-19 pandemic impact.

The survey shows that most of the interviewed companies were not affected by Covid-19 pandemic in terms of supply chain as well as in access to domestic markets.

181 Covid-19 Matrix, Study prepared by Economic Council of the Prime Minister

Figure 253. The impact of the Covid-19 pandemic on the business activity for Agriculture companies



Source: PwC B2B survey

About **74% of respondents face liquidity shortage**, the main source of financing being the loans from commercial banks, personal savings or contributions from family and equity finance.

Referring to **profitability**, **more than 91%** of companies answered that comparing to previous year, a **significant decrease** was registered during the Covid-19 pandemic period:

Table 21. Profitability evolution during Covid-19 pandemic

Decrease – 91.5%						Increase – 8.5%				
0%	<26%	26-50%	51-75%	>75%	Don't know	0%	<26%	26-50%	51-75%	>75%
2.8%	23.6%	33.0%	13.2%	12.3%	6.6%	0.9%	4.7%	0.9%	0.9%	0.9%

Source: PwC B2B survey

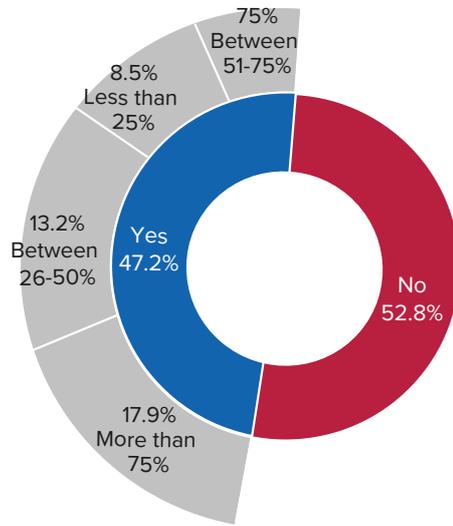
When referring to the employees’ productivity, 2 out of 3 companies answered that the productivity was not affected, while more than 70% of the respondents that indicated a decrease in productivity said that the overall percentage was less than 50%. In terms of number of employees (65%) and level of salary (73%), the companies are not expecting a significant change in Q4 2020.

In terms of **medical waste** used during Covid-19 pandemic (masks, gloves), 41% of companies applied a selective waste collection, while more than **54%** opted for a **common collection of waste** (mixed with household waste). More than that, **85% of the respondents do not plan to change their business in order to contribute to a greener economy**.

Strictly related to Covid-19 pandemic, 1 out of 2 respondents did not registered a negative turnover fluctuation.

Figure 254. Sales evolution due to administrative restrictions

our company experienced a decline in sales because of administrative restrictions? If yes, please indicate a percentage:



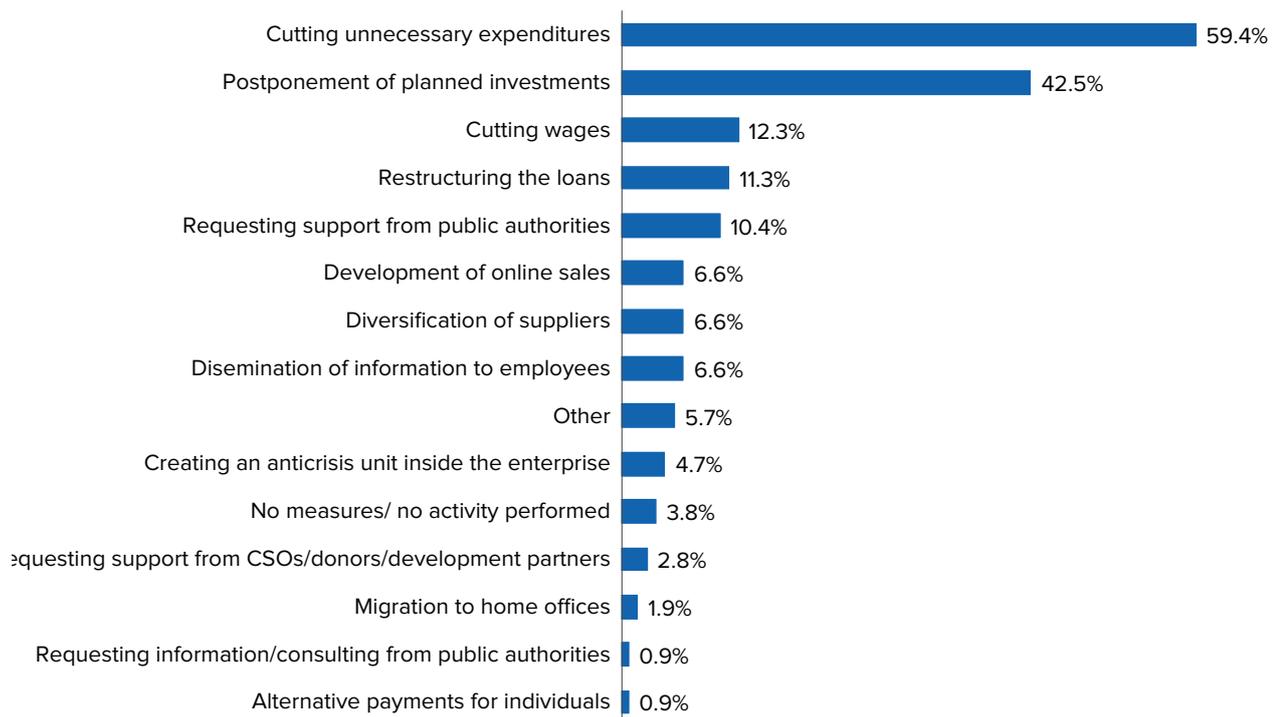
Source: PwC B2B survey

In line with the sector specificity, during the Covid-19 pandemic period, more than **61% of the respondents** answered that the activity continued to be **performed at maximum capacity**, while only 13% stopped their activity. At the same time, their employees were not affected in proportion of 77%, while 15% applied for planned holidays or personal leaves.

The survey confirms the companies first choices for mitigating the negative Covid-19 pandemic impact as were raised throughout the interviews with agricultural main stakeholders:

Figure 255. Measures implemented by companies in order to mitigate the impact of Covid-19 pandemic

What are the measures implemented by your company in order to mitigate the impact of Covid-19 pandemic?

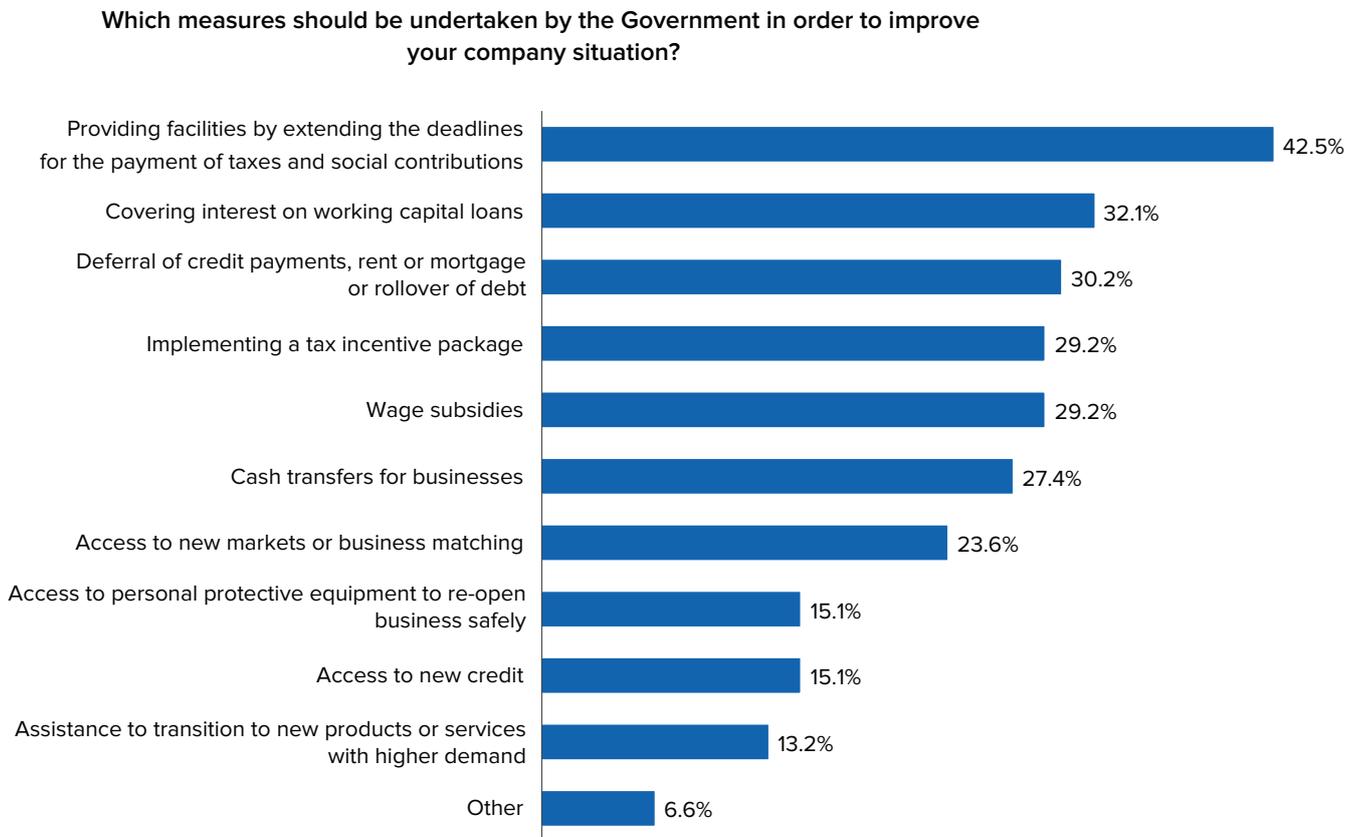


Source: PwC B2B survey

A total of **94% of respondents** from Agriculture sector answered that during state of emergency and state of medical emergency, introduced due to Covid-19 pandemic they **did not receive any government support** while less than 2% said that following measures helped them to continue the activity: cash transfers for businesses, deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt, access to new credit lines, fiscal exemptions or reductions, wage subsidies or distribution of masks, hand sanitizers, soap, personal protective equipment.

When asked about the measures that should be implemented by the Government, most of the respondents believes that fiscal and financial incentives related to already existing loans and debts would help them overcome the crisis:

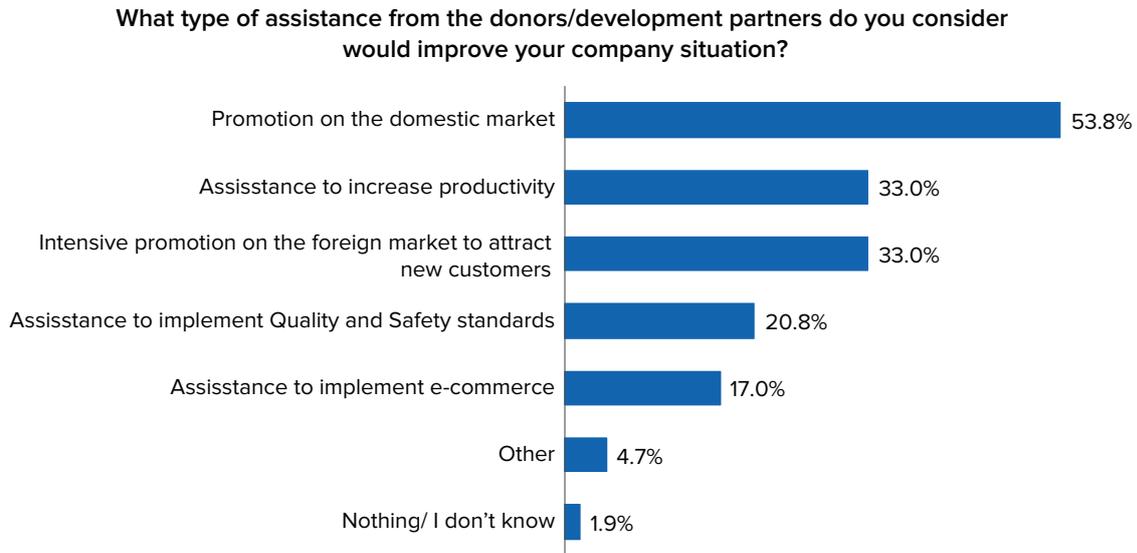
Figure 256. Measures that should be implemented by the Government in order to improve the companies' situation



Source: PwC B2B survey

The largest number of respondents believes that donors support should be in the form of commercial promotion on the domestic and foreign market as well as assistance to increase productivity and quality of the products:

Figure 257. Assistance from the donors/development partners that could improve the companies' situation



Source: PwC B2B survey

For Q4 2020, the respondents are expecting an overall decline in sales volumes (41%) while almost 38% are optimistic expecting no changes. In terms of products/services prices, 46% answered that the level of prices is expected to remain at same level.

Although a large number of companies (85% of the survey participants) do not plan to switch their business to green economy, the climate-smart agriculture (CSA) can be a solution for environment protection in this field. Climate change is also expected to reduce crop yields across the three agro-ecozones by 10–30% by 2050 (relative to 2013 yields).¹⁸²

Related to the environment impact, the promotion of organic production will reduce the greenhouse gas emissions compared to those resulting from conventional farming practices, while increasing farmers' resilience to climate change.¹⁸³

ESA study¹⁸⁴ provide additional evidence of the agriculture and COVID-19 impact on vegetation through monitoring four raions of Falesti, Ungheni, Bălți and Singerei , during the period January 2017-June 2020. The focus area was arable land. Detection of high vegetation anomalies were associated to dispersion of suspicious cases of COVID-19 based on 112 emergency calls¹⁸⁵. During the 2017-2019 the results show that in all 4 regions the crop cultivation was uniform and consistent. The Earth Observation in 2020 indicates a significant reduction in arable crop extent and the maximum greenness decreased compared to 2017, 2018 and 2019.¹⁸⁶

¹⁸² Climate Smart Agriculture in Moldova

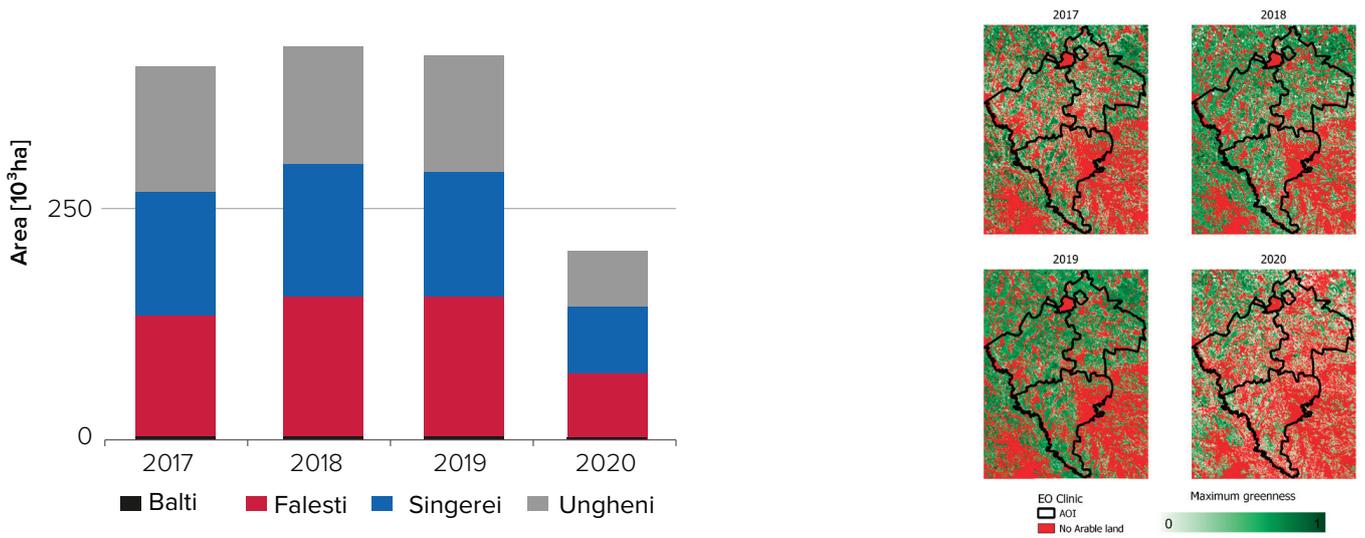
¹⁸³ The Status and Potential of Organic Agriculture in the Republic of Moldova

¹⁸⁴ Based on historical and actual data

¹⁸⁵ COVID-19 Impact on Agricultural Practices in Moldova

¹⁸⁶ Earth Observation Agriculture, Cropland Distribution and Status” aimed at contributing to the monitoring of the agricultural activities and the estimation of the impact of COVID-19 on the local agricultural practices and Mobility Trends to Reveal Agricultural Practice Anomalies” Service 2 activities were devoted to highlight possible spatial correlation between Covid-19 impact on population and anomalies detected on vegetation

Figure 258. Total arable crop area



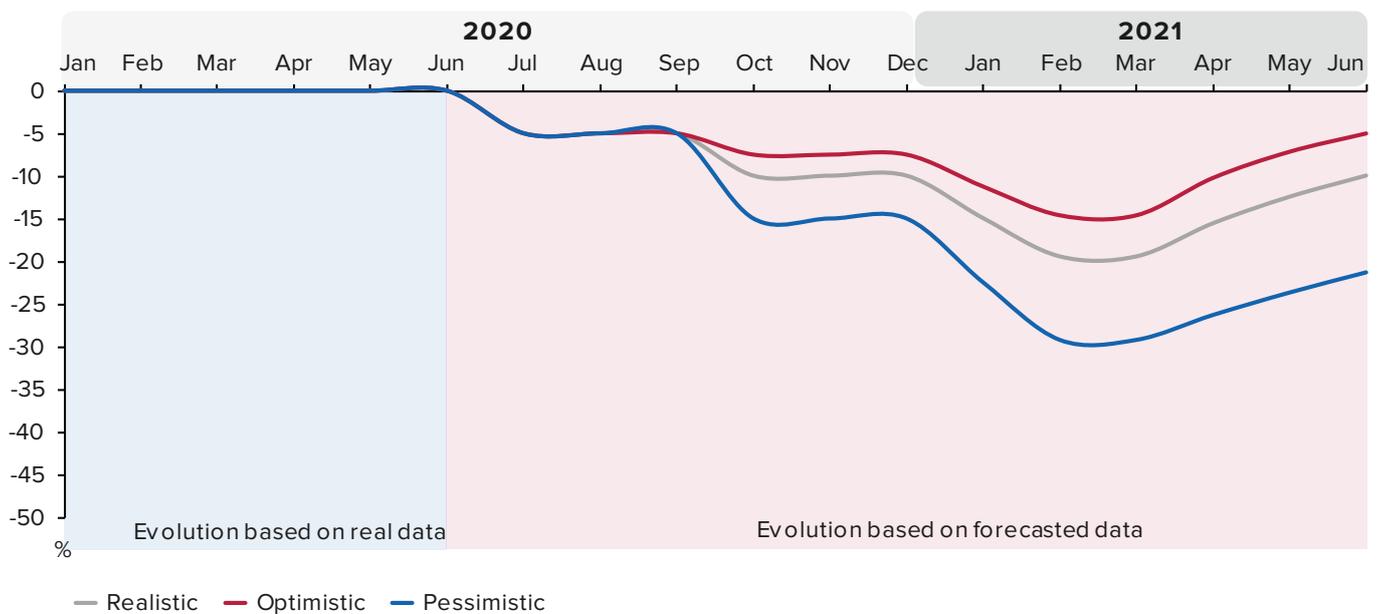
Source: processed Earth Observation data with support of ESA

Earth Observation analysis of orchards (apple and plums) in area of interest shows negative deviations in 2020 vegetation growing season respect to previous years (2017-2019). This suggest that the start of the harvesting season was delayed for the farmers.

Forecasted evolution

Based on the designed economic model, the evolution of Agriculture sector is forecasted through three scenarios, reaching -10% in June 2021 in the realistic scenario.

Figure 259. Evolution of Agriculture sector until June 2021



Source: NBS, PwC analysis

5 COVID-19 pandemic crisis impact on public services provision

General aspects

The objective of this section is to assess the impact of the pandemic on two vital public services: the health-care and the education system. We based our analysis on the evolution of both areas during the decade prior to the debut of the pandemic, on the state-of-the-art in Q1 2020 and on the changes that did occur due to the pandemic.

For the data covering the period 2011 – Q1 2020, we mainly used the information provided by the National Bureau of Statistics (NBS). For the 7 months since the outbreak of the pandemic, we relied on other public sources of information. This is mainly because no specific data for healthcare and education updated during the pandemic was available from NBS. The same was the case for information regarding the impact of COVID-19 crisis on the environment.

Based on this lack of constantly updated information in a major crisis situation, it emerges the need for the creation of additional capacities at the level of the Moldovan state, particularly within NBS, for collecting and reporting more frequently and detailed statistical data regarding vital public areas, such as, but not limited to, healthcare, education or environment. These capacities should include the possibility of remotely connecting with the respondents and collecting data, aspects of particular interest in more promptly assessing other highly relevant social aspects and tendencies (especially during pandemic and similar crisis), such as number of returning migrants, people employed, but not working, the pandemic income and non-income impact on households, particularly on those belonging to people in vulnerable groups, etc. Such increased data collection and reporting capacities, employing Big Data and Thick Data instruments, should be accompanied by an extensive digitalization process that should regard all public services and governmental institutions.

At a more general level, the COVID-19 crisis unveiled the complexity of the development challenges faced by the country and people living in Moldova and equally the criticality of reflecting on the needs to apply several rules and good practices of the governance to be able to respond and recover from the COVID-19. The more frequent and accurate collection of statistical data described above could be an essential part for developing a more complex system for risk governance and management of crises situations which should be built in the future.

5.1 Healthcare services

Situation prior to COVID-19 situation

As of 1st of January 2019, the resident population of the Republic of Moldova was 3,542,708 people. In terms of usual resident population (defined as the place at which the person has lived continuously for most of the previous 12 months), the actual population of the republic is significantly lower: only 2,686,064 people as of 1st of January 2019 and 2,640,438 people as of 1st of January 2020.

Out of the resident population, 832,900 people were registered at the beginning of 2019 in the municipality of Chişinău (23.5%) and 151,800 people in the other major municipality of the country, Bălţi (4.3%). The municipality of Chişinău includes the city of Chişinău (695,400 people resident population at the beginning of 2019), 6 towns and 12 villages, while the municipality of Bălţi includes the city of Bălţi (146,900 people resident population at the beginning of 2019) and 2 villages.

Out of the total Moldovan resident population at the beginning of 2019, 1,527,483 people (43.1%) lived in the urban area, while 2,015,255 people (56.9%) were registered in the countryside. No such data are available for usual resident population.

According to NBS, the total average number of physicians in the Republic of Moldova was around 13,000 in the last 5 years. Out of them, approximately 16% were registered in Chişinău municipality and 3.5% in Bălţi municipality. With respect to the usual resident population, the number of physicians per 10,000 inhabitants (SDG 3) increased between 2015-2019, mainly due to migration, which led to the constant decrease of the number of usual residents.

Figure 260. Evolution of number of physicians in Moldova

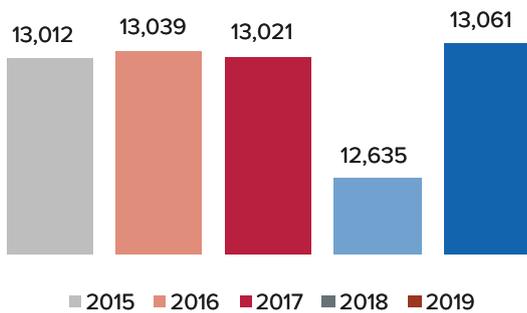
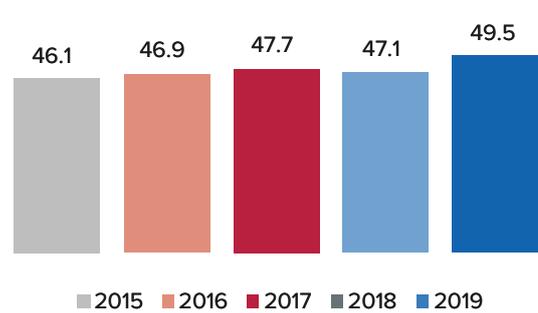


Figure 261. Evolution of number of physicians per 10,000 usual residents



Source: NBS

In terms of paramedical personnel (nurses, assistants, midwives, laboratory assistants, radiologic technicians) for 10,000 usual residents, the steady decrease which occurred between 2016 and 2019 was compensated by the decrease of the usual resident population.

Figure 262. Evolution of number of paramedical personnel in Moldova

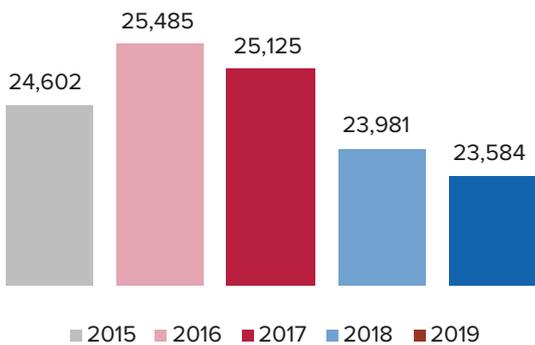
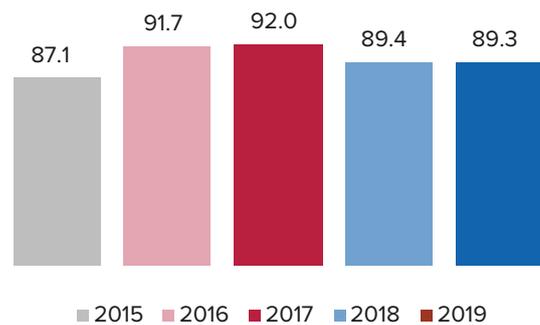


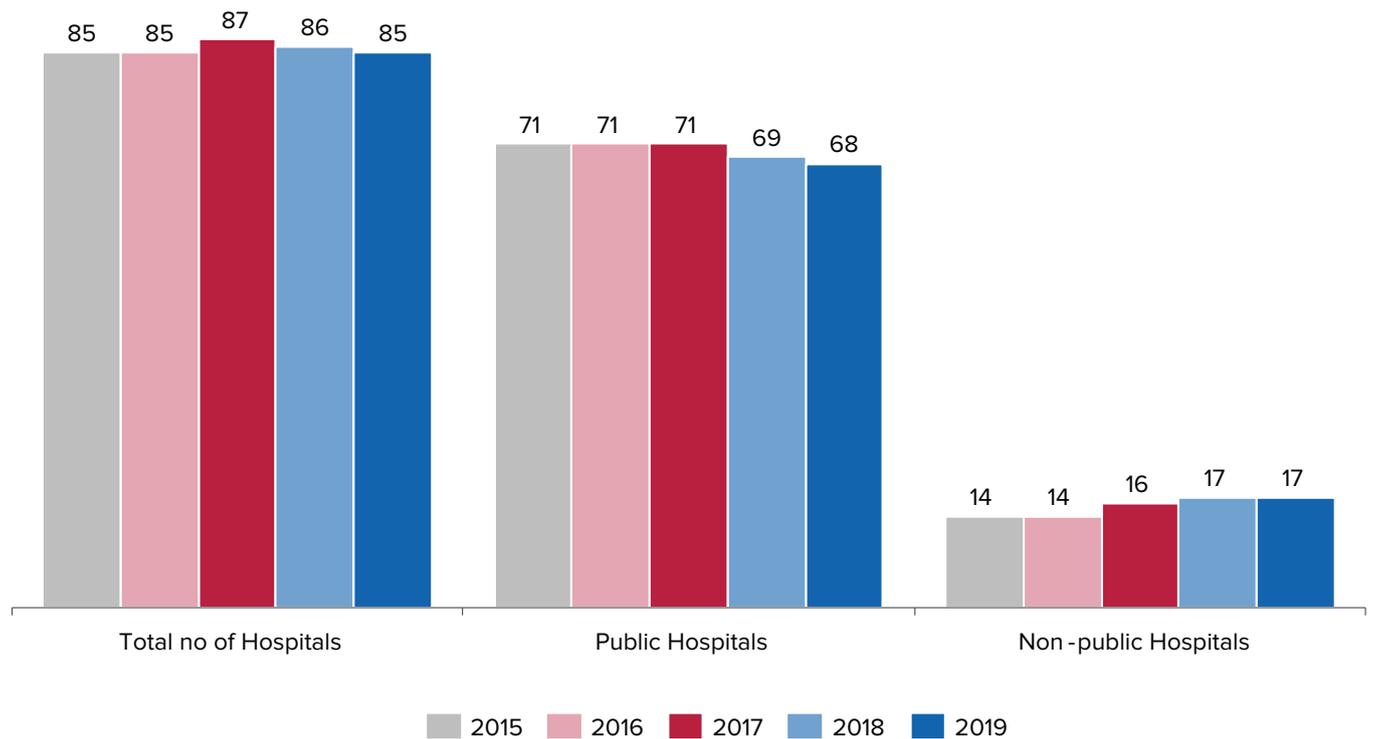
Figure 263. Evolution of number of paramedical personnel per 10,000 usual residents



Source: NBS

Out of the total number of hospitals, more than 80% are state-owned. While the total numbers of public hospitals dropped from 71 (in 2015-2017) to 68 (in 2019), the private ones increased from 14 (in 2015-2016) to 17 (in 2018-2019), according to NBS.

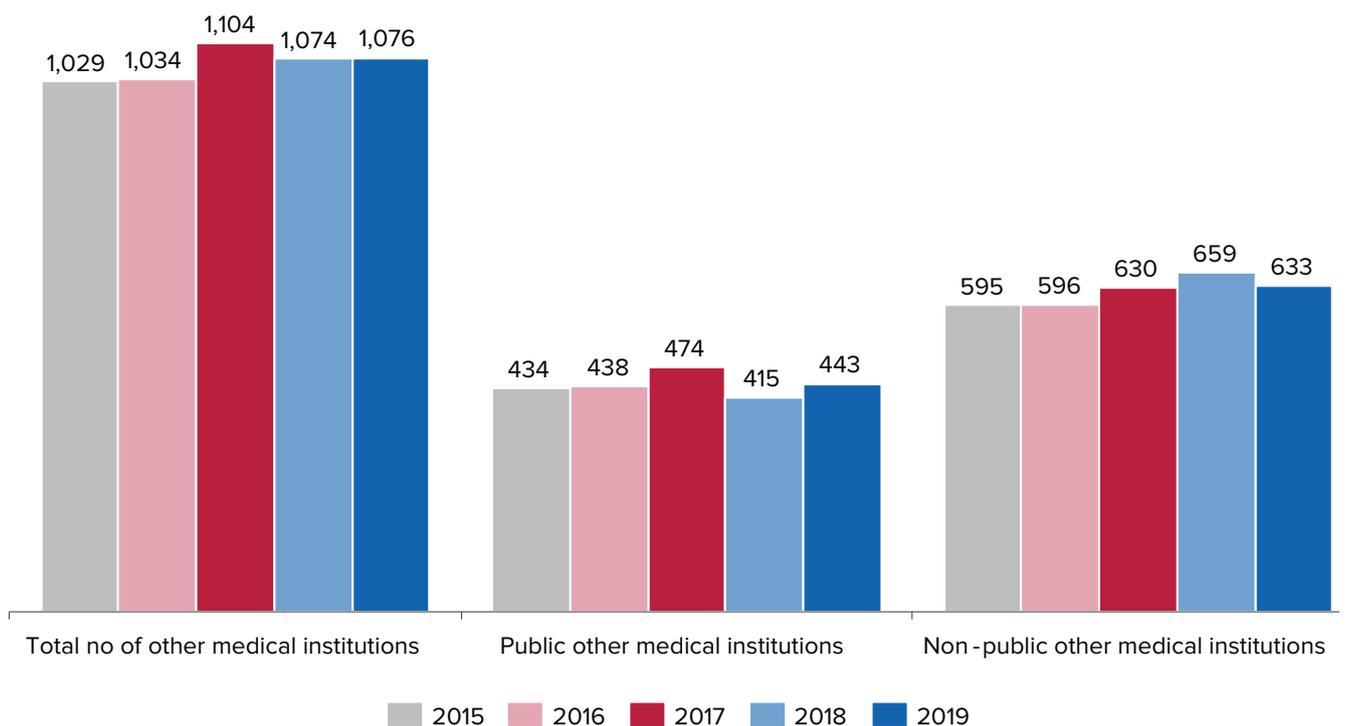
Figure 264. Evolution of number of hospitals per type



Source: NBS

In terms of medical institutions, other than hospitals, such as ambulatories or polyclinics that provide medical assistance to population, approximately 41% are state-owned, while 59% are non-public. Between 2015-2018, the number of privately-owned institutions had a constant increase, from 608 to 650, followed by small decrease in 2019, to 626, while the publicly funded medical institutions (other than hospitals) showed a moderate increase, from 416 in 2015 to 441 in 2019.

Figure 265. Evolution of number of other medical institutions per type



Source: NBS

The total number of beds in hospitals decreased between 2015-2019, from 18,803 to 18,042. Out of this, approximately 12.6% were in Chişinău municipality and 4.3% in Bălţi municipality. The number of beds in hospitals per 10,000 usual residents remained rather constant during the same period, given the decrease of the usual residents' population. Per comparison, in 2018, the average number of beds per 10,000 inhabitants was 53.8 in EU and 66.4 in Moldova.

Figure 266. Evolution of total number of beds in hospitals

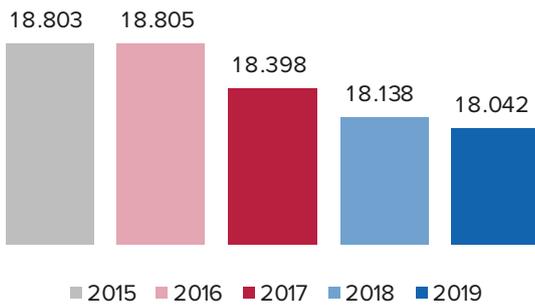
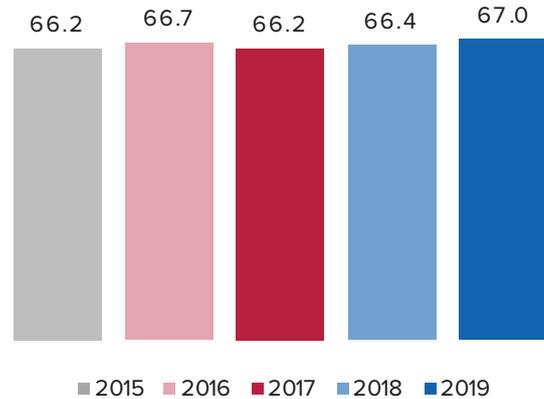


Figure 267. Evolution of total number of beds in hospitals per 10,000 usual residents



Source: NBS

In terms of infectious diseases, the total number of beds at country level was 853 at the beginning of the pandemic, out of which a third were located in hospitals from Chişinău municipality¹⁸⁷. At the same time, 591 beds were dedicated to intensive care.

According to NBS, the healthcare expenditures share from the country's GDP witnessed a constant decrease in the last 5 years, from 5.8% of GDP in 2015 to 4.4% in 2019.

COVID-19 crisis in healthcare system

On the 7th of March 2020, the first COVID-19 case was confirmed in Moldova (a 48-year-old woman travelling by plane from Milano to Chişinău). Prior to that and following that, Moldovan authorities took a significant number of anti-COVID-19 measures regarding various sectors of the society. The paragraphs below summarize the healthcare system-related measures.

On the 15th of March, the Minister of Health, Labor and Social Protection announced that the doctors engaged in anti-COVID-19 activities will receive a 100% bonus to their salaries. Starting from the 20th of March, the global ArcGIS COVID-19 platform comprising statistical data regarding the pandemic became active in Moldova.

In the first instance, 4 hospitals in Chişinău were designated as primary COVID-19 hospitals: Victor Ciorbă Infectious Diseases Clinical Hospital, Clinical Municipal Hospital for Children's Contagious Diseases, Clinical Republican Hospital and Mother's and Child's Institute. Two other hospitals, also located in the capital, were designated as replacement COVID-19 hospitals: the Clinical Hospital of the Ministry of Health, Labor and Social Protection (MHLSP) and Maternity no. 2. Later during the emergency state (which lasted from 17th of March to 15th of May), hospitals from Bălţi, Edineţ, Orhei, Cimişlia, Căuşeni, Cahul, Comrat, Nisporeni, Sorooca, Taraclia, Criuleni, Ungheeni, Hânceşti, Anenii-Noi, Briceni, Dochia, Ceadâr-Lunga, Leova, Cantemir, Floreşti, Râşcani, Rezina, Ocniţa, Sângerei, Ştefan-Vodă, Străşeni, Şoldăneşti, Vulcăneşti and other hospitals in Chişinău hosted COVID-19 patients. In total, 53 hospitals were part of the anti-COVID-19 healthcare system.

¹⁸⁷ Ministry of Health, Labor and Social Protection, Report regarding measures against COVID-19 taken between January and May 2020.

The Clinical Hospital of the Ministry of Health, Labor and Social Protection was, at a first stage, in charge with the medical triage of the patients. Starting 3rd of April 2020, the COVID-19 Centre, with 250 beds, was set-up, having as primary responsibility the medical triage.

At the same time, Constructorul Centre was set-up, comprising 120 beds and dedicated to COVID-19 patients with mild symptoms, who did not require hospitalization, but did not have the means for self-isolation at their residence.

The National Center for Pre-Hospital Emergency Medical Assistance had a paramount role in the process of early medical triage of potential COVID-19 patients prior to their hospitalization. The Center employs more than 800 medical workers and comprises 5 Stations of Emergency Medical Assistance, 41 sub-Stations and 96 Points of Pre-Hospital Emergency Medical Assistance. The Center was in charge with the transportation of symptomatic persons from the border crossing points to hospitals and of patients who negatively tested for COVID-19 from the hospitals to their homes. Given that, at the initial stage, all 4 COVID-19 hospitals were placed in Chişinău, the effort of the National Centre workers, which needed to cover the whole country, was consistent.

In terms of primary medical care, the 1,591 General Practitioners and the 3,932 assistants of General Practitioners provided telephone consultations and monitoring of elder people, particularly for those suffering from chronic diseases. A number of measures regarded the temporary simplification of the access to subsidized medical prescriptions and specialty consultations.

At the beginning of the pandemic, 148 infectious disease doctors were registered in Moldova. All of them were detached to the infectious disease hospitals in Chişinău. In order to aid their activity, volunteers from the State University for Medicine and Pharmacy and from Medical Colleges were enlisted at the COVID-19 Centre and the National Agency for Public Health. Residents from State University for Medicine and Pharmacy worked at intensive care within the Oncologic Institute of the Republican Clinic Hospital. 49 training sessions focused on infectious diseases were organized for the medical and non-medical personnel in the 53 hospitals which were part of the national anti-COVID-19 system.

In terms of communications, at the end of February 2020, a National Group for Communicating Public Health Risks was established within (MHLSP). At the same time, a Task Force on communications was established, comprising representatives from key-state authorities, WHO, UN Moldova, UNICEF, etc.

COVID-19 impact on healthcare workers

The healthcare system authorities should take an integrated perspective on health/medical progression, cumulated with decisive measures, societal reactions, and economic implications to holistically understand social and economic implications.

Both healthcare workers (HCWs) and patients are vulnerable during the pandemic. Moreover, the expectations are that the medical world should prepare better for future pandemics, and an accelerated access to health care for the ones which are usually served less. Pressure on the system will continue. Any shortage for longer tenure of experienced healthcare workers and emergency staff (ambulances), uncoordinated or not followed protocols and inadequate digital data infrastructure to support implementation, could become a matter of life and death for any vulnerable individual.

Since the outbreak of the pandemic in March 2020, Moldovan HCWs faced diverse challenges, among which the most significant one being their own exposure towards the infection. Data reported at the beginning of May 2020 showed that, out of 4,363 COVID-19 cases recorded in Moldova from the beginning of the pandemic until May 6th, 1,055 were HCWs, which represented 24.2% of the total cases¹⁸⁸. The percentage dropped to nearly half 2 months later. On August 10th, out of 27,841 total COVID-19 cases reported in Moldova since the debut of

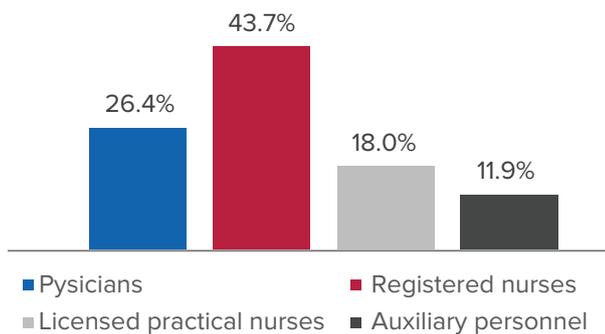
¹⁸⁸ <https://newsmaker.md/ro/rata-medicilor-infectati-din-moldova-este-una-dintre-cele-mai-inalte-in-lume-covid-19-in-cifre/>

the pandemic, 3,531 (12.7%) were HCWs¹⁸⁹. On September 7th, 2020, the total number of cases reached 40,055, out of which 4,686 (11.7%) were HCWs¹⁹⁰.

Out of the 4,686 HCWs which were diagnosed with COVID-19 until September 7th, 2020, 1,239 (26.4%) were medical doctors, 2,044 (43.7%) were registered nurses, 844 (18.0%) licensed practical nurses, while 559 (11.9%) were auxiliary personnel. On average, approximately 8.9% from all HCWs were infected with COVID-19 from the outbreak of the pandemic until September 7th, 2020.

Not only HCWs working in hospitals are involved in the anti-pandemic endeavour. Starting from April 2020, patients with no or mild symptoms were treated at home, according to the treatment prescribed by the 1,591 general practitioners in the country and based on the samples collected by the 3,932 general practical nurses¹⁹¹.

Figure 268. Split of COVID-19 cases per HCWs categories (as of September 7th, 2020)



Source: Ministry of Health, Labor and Social Protection

Besides the individual COVID-19 infection of the HCWs, there is an unquantified amount of people infected in the circle of families, friends and acquaintances of healthcare personnel. At the same time, apart from the significant rate of infections, in Moldova, as in many other countries, there are only a few things known about the physical (other than COVID-19 infection) and mental burden the pandemic has on HCWs.

The COVID-19 outbreak in 2020 is similar in terms of effects with the several previous pandemics and epidemics during the last century. Outbreaks of old and new

infectious agents occur on a regular basis. In this context, facing an infectious outbreak in the front line exposes healthcare workers to a substantially increased risk of developing anxiety, panic or depression caused by role-related stressors, and a lack of perceived safety, given the fact that some of their colleagues are getting the disease. Another stress factor is that they are directly exposed to the concerns and anxiety expressed by the patients and their relatives.

Specific support measures for the healthcare system

On one hand, the availability of personal protective equipment (PPE) for HCWs who face an increased risk of infection during the COVID-19 pandemic should reduce the level of anxiety among HCWs. On the other hand, the higher level of psychological distress among HCWs implied by the job responsibilities should be mitigated with sufficient support to reduce their risk to develop stress-related disorders in the foreseeable future.

Among the measures adopted by the Government of the Republic of Moldova at the end of March and beginning of April 2020, some were directly focused on the healthcare system, such as paying monthly financial bonus for people working in the healthcare and in the penitentiary system being involved in anti-COVID-19-related activities, during the pandemic.

Starting from September 1st, 2020, the salaries of healthcare workers, including managers, physicians, medium and lowly qualified medical personnel, and ambulance drivers were increased by 30%¹⁹².

¹⁸⁹ <https://pages.md/ro/cati-medici-s-au-imbolnavit-pana-acum-de-coronavirus-in-moldova/>

¹⁹⁰ https://msmps.gov.md/wp-content/uploads/2020/09/07.09.2020_Raport_COVID.pdf

¹⁹¹ <https://msmps.gov.md/comunicare/comunicate/peste-5000-de-lucratori-medicali-din-asistenta-medicala-primara-sunt-pe-prima-linie-de-lupta-cu-virusul-covid-19/>

¹⁹² <https://unimedia.info/ro/news/48c5c956a1812ad0/doc-medicii-vor-avea-de-1-septembrie-salarii-mai-mari-cu-30-cat-vor-primi-acestia.html>

Resident physicians and pharmacists, undergraduate students and pupils from faculties and, respectively, secondary schools with medical profile will benefit, in 2020-2021 and 2021-2022 academic years, from monthly scholarships should they choose to follow a 3 month-per-year internship in dedicated COVID-19 hospitals¹⁹³.

For the husband and / or children surviving a healthcare worker who died due to COVID-19, a 5-year pension will be awarded starting from October 2020.

In April 2020, the World Bank approved two emergency COVID-19 response credits, one of EUR 52.9 mn (“Emergency Response to COVID-19”)¹⁹⁴, the other of \$ 11.4 mn, for the Republic of Moldova with a focus on limiting community transmission and building capacity to handle severe cases, accompanied by social assistance targeting the most vulnerable. In addition, a \$ 3.67 mn grant funding was made available to Moldova as an additional source of financing health system response to the COVID-19 outbreak. Within the “Emergency Response to COVID-19” project, 50 ventilators will be distributed by the end of 2020 to intensive care units throughout the country¹⁹⁵.

United Nations Development Programme (UNDP) coordinated several initiatives meant to aid the healthcare system. The Swiss Agency for Development and Cooperation (SDC) and UNDP signed a \$200,000 agreement¹⁹⁶ aiming at covering the needs for Personal Protective Equipment for first line doctors. Together with printing labs, UNDP was also involved in producing face shields also meant for doctors in front line hospitals. At the same time, UNDP initiated the procurement of ventilators for the Ministry of Health, Labor and Social Protection. The EU-funded Confidence Building Measures Programme, implemented by UNDP Moldova, supported the living and transportation expenses for 26 medical doctors working in anti-COVID-19 facilities on the right bank of the Nistru river.

At the beginning of April 2020, the United Nations Children’s Fund (UNICEF) agency donated approximately \$116,000-worth COVID-19-related medical supplies. At the same time, UNICEF facilitated the process of procurement of medicines for COVID-19 treatment and of antiretrovirals (ARV) for HIV therapy. With the support of USAID, UNICEF also procured water, sanitation, and hygiene (WASH) - related supplies for MoldExpo triage COVID-19 Centre. UNICEF also provided EUR 18.5k-worth personal protective equipment for the General Inspectorate of Border Police in July 2020¹⁹⁷.

In May 2020, USAID announced a \$ 1.2 million-worth project for providing medical equipment to the anti-COVID-19 laboratories and medical institutions¹⁹⁸. In June 2020, USAID and WHO delivered 1 PCR system for COVID-19 detection, tens of sets of reagents and 21,000 sets of laboratory consumables¹⁹⁹. One month later, USAID and WHO dispatched 25 laboratory refrigerators and 12 water distillers to all 10 Public Health Centres in Moldova²⁰⁰. In August 2020, 13 laboratory autoclaves were delivered to the National Agency for Public Health²⁰¹.

In June 2020, EU announced an EUR 87 million aid for Moldova for supporting immediate and short-term COVID-19 related needs. Part of the immediate support includes working with the WHO to supply medical devices and personal equipment such as ventilators, laboratory kits, masks, goggles, gowns, and safety suits²⁰².

193 <https://msmps.gov.md/comunicare/comunicate/medicii-si-farmacistii-rezidenti-studentii-din-invatamantul-superior-si-profesional-tehnic-antrenati-in-combaterea-infectiei-covid-19-vor-beneficia-de-burse/>

194 <https://www.worldbank.org/en/news/press-release/2020/04/24/world-bank-support-will-help-moldova-better-respond-to-covid-19-pandemic>

195 <https://msmps.gov.md/comunicare/comunicate/consolidarea-sectiilor-de-terapie-intensiva-la-nivel-national-si-managementul-cazurilor-de-infectie-in-randul-copiiilor-discutate-la-sedinta-punctului-focal/>

196 <https://www.md.undp.org/content/moldova/en/home/presscenter/pressreleases/2020/elvetia-si-PNUD-ofera-echipamente-de-protectie-cadrelor-medice-pentru-a-sprrijini-Moldova-covid-19.html>

197 <https://www.unicef.org/moldova/en/press-releases/quality-personal-protective-equipment-should-be-available-all-frontline-workers>

198 <https://tv8.md/2020/03/28/usaia-ofera-12-milioane-de-dolari-r-moldova-pentru-a-dota-laboratoarele-care-testeaza-pacientii-la-covid-19/>

199 <https://ansp.md/index.php/usaia-si-oms-continua-sa-ofere-suport-in-prevenirea-si-controlul-covid-19-prin-fortificarea-capacitatilor-retelei-nationale-de-laboratoare-din-cadrul-ansp/>

200 <https://ansp.md/index.php/oms-si-usaia-au-livrat-frigidere-de-laborator-si-distilatoare-de-apa-pentru-ansp/>

201 <https://ansp.md/index.php/oms-si-usaia-au-livrat-autoclave-pentru-laboratoarele-din-tara/>

202 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/coronavirus_support_eap.pdf

COVID-19 pandemic. Immediate EU support also refers to training medical and laboratory staff and raising awareness. In August 2020, one of the largest shipments of medical respirators, medical masks, goggles and gowns –worth €1.1 million – was delivered to the Republic of Moldova for its health-care workers²⁰³. The 1.5 million pieces of PPE were funded by the EU and procured by WHO to help HCWs respond effectively and safely to the pandemic. Funded from the same mechanism, the Operative Centre for Public Health Emergency Coordination was launched in August 2020 within the National Agency for Public Health. At the same time, in September 2020, 356 oxygen concentrators, valued at EUR 235,000, were delivered to Moldova.

Between July and October 2020, the Czech embassy in Moldova was scheduling to deliver \$400,000-worth intensive care beds to the intensive care units in Căușeni and Călărași hospitals.

At the same time, the Visegrad Fund (established by Poland, Czech Republic, Slovakia and Hungary) will provide a EUR 25,000-worth financial assistance for Soroca hospital²⁰⁴.

In September 2019, the Turkish Government donated 30,000 masks, 600 surgical gowns and 1,400 surgical aprons which will be used by several Moldovan hospitals²⁰⁵.

5.2 Education

• Remote schooling

When Emergency State was declared due to the Covid-19 pandemic, the Moldovan authorities have decided also to suspend the physical courses in kindergartens, schools, universities and to introduce the online educational system/ remote schooling. The suspension of classes in institutions was valid until 30th of June.

Closures of schools affect variable domains: disruption in learning process, ability of many parents to go to work (a share of working parents rely on childcare and schools, mainly in urban areas) and digital abilities that should be enriched overnight. The summer of 2020 meant readjusting the learning process, in order to process with a safe opening.

The Republic of Moldova, as most of the countries, didn't wait until everything was perfect in order to launch remote learning. In practice, the education systems got remote-learning environment up and running and during the summer tried to assess current infrastructure available, prepared specific guides to facilitate learning and tried to find solutions. What it is extremely important, besides preparation for a safe opening, there is the preventing of learning loss and creating premises for equity (learning for all).

Nevertheless, remote learning is not providing the quality of education that's delivered in the classroom, fact confirmed also by "Education and COVID-19 in the Republic of Moldova"²⁰⁶, August 2020 Thematic Paper Series written by UN coordinated Education Task Force for COVID-19. According to the study, "remote learning using internet, television, radio and other technologies was only partially able to replace the learning that takes place in school settings" and "remote learning, even where readily available, is not a perfect substitute for face-to-face learning".

In response, for the scholastic year 2020-2021, 6 operational models of how the educational process can be performed in the educational institutions were approved. The current operational models take

203 <https://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/8/who,-eu-supply-critical-covid-19-equipment-to-the-republic-of-moldova>

204 https://www.mzv.sk/web/kisinov-en/news/-/asset_publisher/olsKsldtEfpB/content/vysehradsky-fond-podpori-regionalnu-nemocnicu-v-meste-soro-ca/10182?_101_INSTANCE_olsKsldtEfpB_redirect=%2Fweb%2Fkisinov-en%2Fnews

205 <https://msmps.gov.md/comunicare/comunicate/un-alt-lot-de-echipamente-de-protectie-medicala-au-fost-donate-republicii-moldova-de-catre-guvernul-turciei/>

206 "Education and COVID-19 in Moldova: Grasping the opportunity the learning crisis presents to build a more resilient education system", prepared UNDP by the UN Coordinated Education Task Force for COVID-19 in Moldova (chaired by UNICEF, and with membership by WB, UNFPA, UNDP, OHCHR, UN Women, UN-HCR, UNODC, UNESCO, FAO, and UN RCO), August 2020

into consideration both scenarios that involve the resumption of educational activity under normal conditions but also fully online or combinations of the two types of education by adapting the time allocated to classes.

The proposed 6 operational models are strictly dependent on the evolution of the pandemic crisis in each educational institutions' coverage area. Thus, the decision to resume the activity of educational institutions belongs to the management of the institution, who regardless of public or private status will bring the conditions for carrying out the activity of the institution in accordance with the provisions of the approved instructions in the epidemiological context of COVID-19 and will ensure the completion of a Self-Assessment Report on the preparation for the reopening of the educational institution.

For the educational institutions that start the scholar year 2020-2021 in an online environment, a successful implementation of an on-line educational system would mean that all pupils/students and teachers are adequately equipped with IT facilities such as PC, laptops, tablets, smart mobiles and have access to good internet service.

With internet penetration in Moldova standing around 79.9% in 2019 (which is considerably lower than the EU penetration rate of 90% in 2019), remote learning proved to be a tall order for about 16,000 students (4.8% of total), and 3000 teachers (10.6% of total) who do not have access to ICT technology (laptop, tablet or access to internet)²⁰⁷. According to National Bureau of Statistics, in 2019, access to a computer, notebook or tablet per household was 59.5%²⁰⁸, with differentiator between urban (74.2%) and rural (49.6%). Only from this perspective, there is a cascading of social consequences on poor households, from rural area, with more children and no access to digital devices and dependent on school for learning.

In terms of internet connection, there is limited access to internet (60,8% per household in Moldova), lacking a prerequisite for remote learning. Similar different levels recorded per urban (74.8%) and rural (51.3%) in terms of access to internet.

Moreover, even the children and youth who live in households with proper equipment and internet access, might face difficulties in accessing online courses if multiple family members need to use the equipment simultaneously for school or teleworking.

Further to the challenges caused by the lack of proper equipment, on-line education is believed to bring difficulties also on the level of the concentration of the children and youth during on-line classes compared to physical classes, as well as in understanding and assimilating the correct information transmitted by teachers.

As a consequence of remote schooling around the world, schools' closures negatively impact student learning outcomes, and as many exams and assessments cannot take place, it will be hard to fully quantify the exact loss of academic progress. Recent attempts to do this, indicate that 5 months of school closures will result in an immediate loss of 0.6 years of schooling adjusted for quality, bringing the effective learning that a student can achieve down from 7.9 years to 7.3 years²⁰⁹.

- **Providing devices to students**

The Ministry of Education, Culture and Research has made a national survey through the schools on the degree of endowment of pupils and teachers with necessary equipment to attend remote schooling²¹⁰.

207 "Education and COVID-19 in Moldova: Grasping the opportunity the learning crisis presents to build a more resilient education system", prepared UNDP by the UN Coordinated Education Task Force for COVID-19 in Moldova (chaired by UNICEF, and with membership by WB, UNFPA, UNDP, OHCHR, UN Women, UN-HCR, UNODC, UNESCO, FAO, and UN RCO), August 2020

208 Inzestrarea gospodariilor cu bunuri de folosinta indelungata pe medii (%), 2019

209 "Education and COVID-19 in Moldova: Grasping the opportunity the learning crisis presents to build a more resilient education system", prepared UNDP by the UN Coordinated Education Task Force for COVID-19 in Moldova (chaired by UNICEF, and with membership by WB, UNFPA, UNDP, OHCHR, UN Women, UN-HCR, UNODC, UNESCO, FAO, and UN RCO), August 2020

210 <https://ro.sputnik.md/education/20200430/30074222/MEC-presiune-pe-coli-pentru-raportarea-elevilor-i-profesorilor-fr-device-uri.html>

According to the statement of the minister of 4th of June, almost 29,000 pupils (9%) and 3,000 teachers (11%) do not have adequate IT equipment²¹¹. In order to address this problem, the ministry has launched the campaign “Donate a computer for education” addressed to individuals and companies who have the capacity to make such a sponsorship²¹². Furthermore, MDL 20 mn were allocated by the government for the acquisition of IT equipment for schools. As mentioned in the “Education and COVID-19 in Moldova: Grasping the opportunity the learning crisis presents to build a more resilient education system”²¹³, which based the analysis on the data from the National Bureau of Statistics, schools around the country are endowed with circa 32,501 computers, out of which 28,500 are used for teaching purposes. In terms of ageing of devices, a big proportion of them (24,000) are over 5 years old and needed to be replaced, in order to comply to the standards adopted by the Ministry of Education, Culture and Research (MECR) in 2015.

- **Education safeguards**

According to UNICEF, closing of schools and introducing remote schooling represents a high risk for the children which are socially marginalized due to the financial status of their family and depend on schools for their education, health, security and food. Furthermore, the longest they stay away from school, the chances of not returning will increase. For this reason, UNICEF, UNESCO, PAM and World Bank have issued general guidelines for a safe return to school. These guidelines are oriented around the following aspects:²¹⁴

- Reform of policies for closing and opening schools during pandemic times and securing equal access for marginalized children
- Attracting and securing necessary funds for consolidating the educational infrastructure
- Safeguards for the operational period, such as securing essential consumables for a health behavior and instructions for a proper hygiene
- Recovering time lost during the shift from classic teaching form to remote schooling
- Increase protection and wellbeing of children through services, health assistance and diet
- Extension of policies for school opening to marginalized children which were not attending school even before the pandemic or to the ones from migrant families.
- Guides for primary, secondary and general education, containing the protection measures that students must follow in the context of the epidemiological situation with COVID - 19²¹⁵.

As of August, the Ministry of Education, Culture and Research together with Ministry of Health and Social Protection agreed on the preparation guidelines for reopening and resumption of the activity of early education institutions, primary and general secondary education institutions as well as for public and private technical vocational institutions, in the context of the epidemiological situation of COVID-19²¹⁶. The approved normative act contains specific regulations regarding preventive measures (repair works, disinfection, cleaning and hygiene measures, program reshuffles, restricting the access of foreigners on the territory of the institution, including parents, prohibition of organizing festive events, etc.), which the institutions must undertake to ensure the safe operation and to minimize the risks of infection of children and staff during their stay in the institution period. Particular attention is paid to the correct information and training of staff, parents, economic agents on public health measures adopted by the education institutions for the prevention of Covid-19 infection, including by displaying

211 <https://tv8.md/2020/06/04/video-nu-au-acces-la-educatie-circa-29-de-mii-de-elevi-si-trei-mii-de-profesori-nu-dispun-de-calculatoare/>

212 <https://mecc.gov.md/ro/content/ministerul-educatiei-culturii-si-cercetarii-lansat-campania-nationala-doneaza-un-computer>

213 “Education and COVID-19 in Moldova: Grasping the opportunity the learning crisis presents to build a more resilient education system”, prepared UNDP by the UN Coordinated Education Task Force for COVID-19 in Moldova (chaired by UNICEF, and with membership by WB, UNFPA, UNDP, OHCHR, UN Women, UNHCR, UNODC, UNESCO, FAO, and UN RCO), August 2020

214 <https://www.unicef.org/moldova/comunicate-de-pres%C4%83/noile-linii-directoare-con%C8%9Bin-o-foaie-de-parcurs-pentru-redeschiderea-%C3%AEn>

215 <https://mecc.gov.md/ro/content/au-fost-elaborate-ghidurile-elevului-elevi-din-ciclurile-primar-gimnazial-si-liceal>

216 <https://mecc.gov.md/ro/content/au-fost-aprobate-reglementarile-privind-organizarea-procesului-educational-invatamantul>

information materials, which promote the rules of hygiene and social distancing, with request to cooperate and actively contribute to the implementation of non-negotiable measures, including proper and frequent hand hygiene, respiratory hygiene, wearing a mask, keeping a social distance, knowledge of COVID-19 symptoms and what to do if a child or an adult shows signs of illness, etc.²¹⁷

COVID-19 is disrupting learning for an entire generation and school closures affect disadvantaged populations much more severely, access to digital learning being limited in Moldova. To that end, there are different potential impacts on learning. The level of learning achievement varies significantly by: access to face-to-face learning, remote learning, the quality of remote teaching, learning devices, support from parents and willingness to learn.

UNICEF with financial support from USAID, started to deliver disinfectants and hygiene materials for all the schools in the Republic of Moldova for helping educational institutions to start the new academic year in safe conditions. Over 68,000 litres of liquid soap, 454,000 pieces of solid soap and over 136,000 litres of liquid hand sanitizer will be delivered to schools and kindergartens in the country. In total, over 2,600 educational institutions, which include almost 23 thousand classes and groups will benefit from these products, which will meet the needs for a period of three months. The donation is part of the COVID-19 Prevention and Response Program, funded by the United States Agency for International Assistance (USAID) and implemented by UNICEF Moldova. The project is part of the \$ 2.2 million assistance provided by the US Government, through USAID, to stop the spread of COVID-19 in Moldova²¹⁸.

After all the scenarios were presented, schools successfully restarted on September 2. In terms of governance of the process, the Ministry of Education, Culture and Research has set up the National Group for the Coordination of Safety in Education to monitor the learning and safety processes and their evolution.

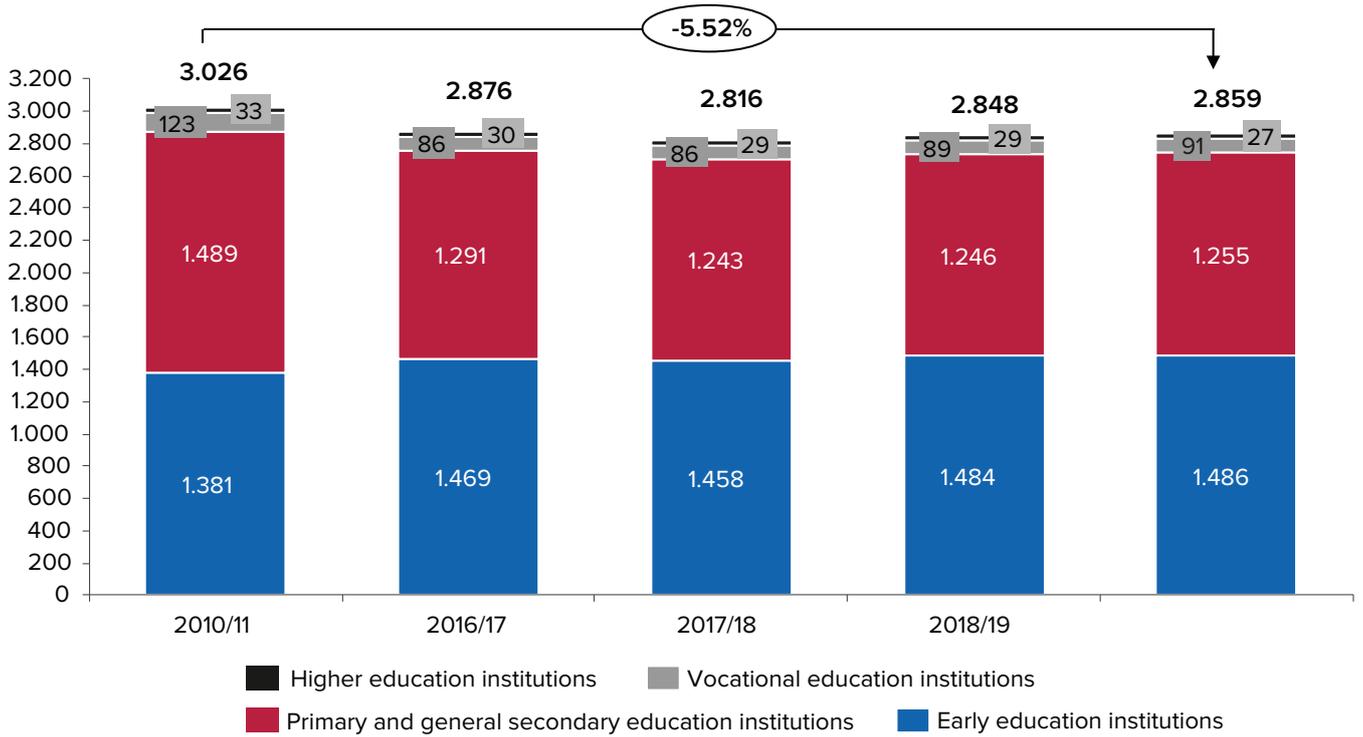
The Government of the Republic of Moldova, through the Ministry of Education, Culture and Research has launched the "Online Education" project which is implemented together with Chişinău City Hall and with the support of Soros Foundation Moldova, the Technical University of Moldova, Edu Tolk Show, Crunchyroll, the National Association of ICT and the Academy of Innovation and Change through Education. The purpose of the project is to create a digital library of video classes for all the pupils from 1st to 9th grade. Currently the project has 2,500 video classes and is planning to reach 4,500 classes made available to 27,400 teachers, 331,000 pupils at a national level and 9,874 children with difficulties in learning and disabilities. Also, UNICEF has ongoing activities related to COVID-19 in preparing a response plan in the educational sector, developing methodologies for distance learning and teachers training on distance learning on UNICEF platform.

According to the latest NBS available data, in the academic year 2019-2020, the total number of educational institutions slightly increased (11 more institutions) compared to last year, while the total number of pupils and students enrolled in education registered a small decrease compared to previous year and a huge drop (15%) compared to 2010/11 years ago, most probably caused by the migration phenomenon in Republic of Moldova:

217 <https://mecc.gov.md/ro/content/au-fost-aprobate-reglementarile-cadru-speciale-privind-punerea-aplicare-instructiunii-de>

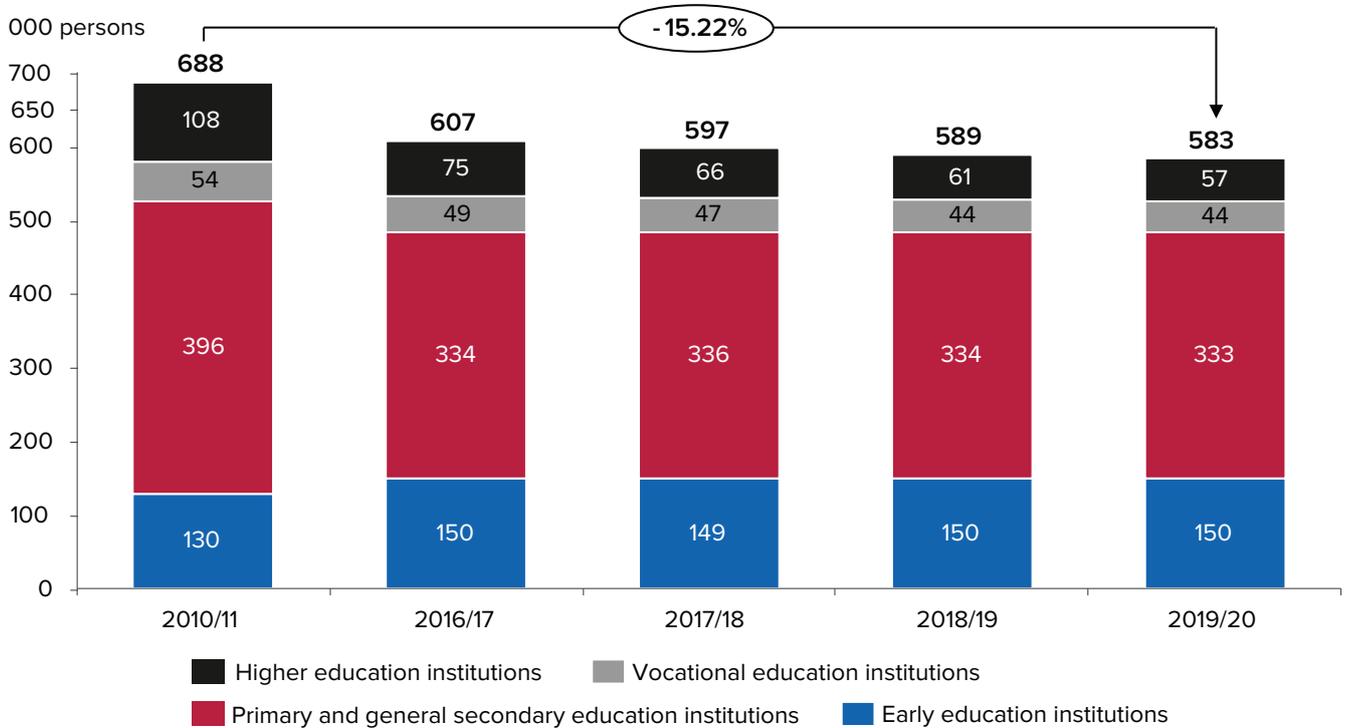
218 <https://mecc.gov.md/ro/content/procesul-educational-va-incepe-siguranta-unicef-livreaza-pesto-200-de-mii-de-litri-de>

Figure 269. Number of educational institutions by type of institutions



Source: NBS

Figure 270. Number of pupils and students enrolled in education



Source: NBS

Compared to the 2010-2011 academic year, the total number of educational institutions decreased by 5.5%. At the same time, the number of early education institutions increased by 7.6%, and the number of general primary and secondary education institutions decreased by 15.7%.

In the academic year 2019-2020, the number of teachers is 48,404 people (including the pedagogical staff from early education institutions, counting for approx. 13,000 teachers), decreasing compared to the academic year 2010-2011 by 20.2%.

Table 22. Pedagogical staff by type of institutions

Type of institution	2016/17	2017/18	2018/19	2019/20
Primary and general secondary education institutions	28.880	28.588	27.691	27.426
Vocational education institutions	4.110	4.201	4.069	3.865
Higher education institutions	5.036	4.839	4.545	4.291
Total	38.026	37.628	36.305	35.582

Source: NBS

At the beginning of 2020, 706,7 thousand persons, representing 26,8% of the total population living in Moldova is between 1 and 23 years old. Comparing to 2014 the young population aged between 1-23 years decreased by 119,8 thousand, or 14,5%. The decrease of the population number conditioned changes in the educational system.

The enrollment rate in education (calculated for stable population) is different depending on the age category, the highest level of coverage being registered in the case of people aged 7-10 years (89.7%). The lowest enrollment rate in education is specific for the 19-23 age group, accounting for 23.5%²¹⁹.

In 2019, 10.8 thousand graduates of higher education obtained the Licence's diploma and 5.5 thousand – Master's diploma, or its equivalent. At the same time, in 2019, 234 graduates were registered, practically all of them being graduates of doctoral higher education programmes. Overall, as per a year to year comparison, a slight decrease of almost 5% in the total number of the graduates can be observed.

Table 23. Number of graduates by educational level

Education level	2017	2018	2019
Lower secondary	29.883	30.572	30.087
General upper secondary	10.545	11.226	11.131
Vocational	13.952	14.079	12.310
Higher	19.943	18.142	16.266
Total	74.323	74.019	69.794

Source: NBS

The average monthly earnings in the educational sector represents only 86.2% from average salary per economy, even if the salary increased yearly in the education sector. At the same time, in terms of expenditures for the educational system, an increase in the allocated budget can be observed, of almost 12,127 million MDL (translated in 5.8% of GDP).

²¹⁹ General statistics analysis for academic year 2019-2020, NBS

Table 24. Education expenditures from the national public budget

Education level	2017	2018	2019
Education expenditures. million MDL (in current prices)	9.681.3	10.462.1	12.127.4
of the total expenditures and non-financial assets. %	17.8	17.6	18.4
of GDP. % ²²⁰	5.4	5.4	5.8

Source: NBS

Moldova ranks 79th in the world according to Human Capital Index for 2020²²¹ of 0.58. The index is calculated since 2018 on 174 countries, divided among regions and according to their income level. Within Europe & Central Asia, the vast majority of high-income countries have an index above 0.70, with Finland and Sweden reaching 0.80. Romania stands out among the high-income group with a low index similar to Moldova's 0.58. Other European countries to register index below 0.70 are: Greece (0.69), Hungary (0.68), Luxemburg (0.69) and Slovak Republic with 0.66. Compared to countries in the region, placed within the lower middle-income group, Moldova still has a poor index, with Uzbekistan having 0.62 and Ukraine 0.63.

HCI shows that even before the pandemic, the children attending school in Moldova can reach only 58% of their human potential due to poor educational and health systems in the country. The index is calculated based on certain dimensions from both systems:

- Probability of survival to the age of 5 for which Moldova scores 0.98, while the vast majority of high-income countries have 1.00
- Expected years of school until 18 years is of 11.8 while more advanced countries have above 13 years of school
- Harmonized test scores level in Moldova is 493, where 300 is the minimum and 625 is advanced
- Learning-adjusted years of school showing that a child in Moldova is actually receiving 8.3 years of school until the age of 18, having a gap of 3.4 years from the children studying in Finland or Estonia
- Adult survival rate is 0.84, while the majority of high-income countries having over 0.90

As novelties, on the site of Ministry of Education, Culture and Research, there are publicly available 2 guides:

- A guide for parents of children in primary and general secondary school in preparation for the reopening of the school in the new school year 2020-2021
- A guide for students of primary and general secondary education in preparation for the new school year 2020-2021 were developed in collaboration with MECR and MHLSP with UNICEF, WHO and UNFPA

The guides were distributed to students by MECR before the start of the school year on September 1, 2020.

Online teaching and learning alternatives help especially students and staff who are health-vulnerable and are exposed towards Covid-19 risks of illness. As a society and education system, together they should contribute to prioritize the needs of those who have fallen with knowledge behind and offer remediation programs to recover what was lost in the process. However, this should be an alternative solution, for a limited period of time. Although students at the remote functional schools can do as well as or better than those at face to face schools, most studies have found that full-time online learning does not deliver the academic results of in-class schooling²²².

220 GDP elaborated according to the methodology SNA-2008.

221 <https://www.worldbank.org/en/publication/human-capital>

222 2015 Online Charter School Study of the Center for Research on Education Outcomes (CREDO), credo.stanford.edu.

6 COVID-19 pandemic crisis impact on Transnistrian Region

Transnistria Region or the Left Bank of the Nistru is a narrow strip of land of 4,163 km₂ located between the river Nistru and the Ukrainian border. According to Berlin Economics Economic monitor on Transnistria²²³, the region had a population 470 k as per the official statistics report, however informers observers reported a population of 350 k.

Industry had a share of 31 of GVA in 2019, with heavy industry being the most dominant, iron, steel and electricity accounted for 56% of the sector. Light industry and food production were the next in line.²²⁴ The economy situation in 2019 was rather turbulent, with high fluctuations: the GDP has declined in the first half of the year amid trade restrictions on metal, but it has recovered in the second half following higher sales of electricity and metal exports²²⁵. Therefore 2019 has closed with 2% GDP increase²²⁶. A significant increase was noted in private investments which have registered 27% rise during 2019²²⁷. Similar to the situation on the Right Bank of the Nistru, remittances represent a significant part of the economy, in 2019 reaching 11% of the GDP, with 63% of the remittances coming from Russia²²⁸. In 2019 the account deficit is at a decent level of 15% of GDP, but Transnistria is able to maintain it only because it produces revenues from the sale of gas for which it does not pay²²⁹.

The German Economic Team²³⁰ forecasts a heavy decline of the economy of Transnistria in 2020, of 11%. The contraction comes from two factors: one being the effect felt in the economy following the lockdown measures imposed by the authorities, and the second one the external effect due to decreased exports and remittances inflows. In the period January – June 2020, the industrial production has increased by 2%, however the value of goods exported fell by 15% compared to the same period in 2019. Moreover, the remittances have reduced significantly. A deep recession looks imminent in 2020 and this comes on top of an unstable economy which is close to crisis mode in the past years, on the limited external financial assistance the region can access due to its unrecognized status and on the limited room left for fiscal measures.

UNDP Moldova conducted an internal assessment titled “Impact and needs assessment of target beneficiary MSMEs under COVID-19 crisis”, which provides a set of recommendations for short and medium term for supporting target beneficiary MSMEs under COVID-19 crisis on the left bank and the security zone.

COVID-19 outbreak in Transnistria

The first 2 cases of COVID-19 were announced in Transnistria on 21st of March, while the authorities have already introduced preventive measures. As of March 13th, the authorities have declared quarantine in Transnistria²³¹, introducing restrictive measures aimed at preventing the spread of coronavirus. Mass events were restricted, disinfection regime was introduced in all institutions, organizations and public transport. Also, border crossing was restricted and people entering the region were requested to fill in an epidemiological map and quarantine for 14 days.

223 Economic monitor Transnistria, Berlin Economics, Issue 5, June 2020

224 Economic monitor Transnistria, Berlin Economics, Issue 5, June 2020

225 German Economic Team, Issue no. 60, July-August 2020

226 Idem

227 Idem

228 Idem

229 Idem

230 Idem

231 <http://en.president.gospmr.org/press-sluzhba/novosti/obyavlenie-karantina-profilakticheskaya-mera.html>

As of 1st of October, there are **3,802 active cases, 2,508 recovered and a death toll of 98**²³². The authorities are worried of the COVID-19 evolution and the start of the flu season, therefore efforts are made to try and limit the impact on the population:²³³

- Strict monitoring of the population in respecting the health and restriction measures
- Proposal to use modern technologies in the monitoring process of the population: movement tracking through applications installed on the mobile phones and multiple calls at different times on landline phone to assure isolation is respected
- Collecting biomaterial from suspect cases at home and creating a COVID laboratory in order to reduce the waiting time for the results of the tests. This way positive cases are detected and isolated faster and patients who have recovered can be released from the hospital sooner

Although some of the restrictions have been lifted, many remain in place since the daily cases of COVID-19 are still high, over 50, and the authorities consider softening the measures once the cases will drop below 10 per day.²³⁴

A great importance was placed on opening kindergartens, schools and universities, therefore the preparation of the new academic year was discussed during several Operational Headquarters meetings. Part of the schools were opened on September 1st, while others were prepared to be ready for September 15th. On the other hand a digitalization process is being developed to continue and expand children's access to distance learning: a telecom operator has begun to install fiber-optic networks in educational institutions, and is preparing to install new computer equipment in the offices of educational institutions, furthermore computers have been purchased and are expected to arrive in September.

Following the opening of the new academic year, several classes were quarantined due to identified cases of COVID-19.

COVID-19 pandemic crisis impact

Vulnerable groups

According to the Analytical Report on the results of a survey of civil society organizations, members of the working group for COVID-19 and human rights, conducted by OHCHR, the citizens of Transnistria were impacted as follows:

- Respondents have reported job losses as well as a decrease in income. The most affected were the self-employed
- Limited access to food, water, hygiene and personal protection was another problem caused by COVID-19 restrictive measures
- Limited access to services due to quarantine. The respondents reported that the services provided by the authorities were of a low quality. Furthermore, access to medical services was limited for cases which did not fall under emergency status. Victims of domestic violence, single mothers, children and other vulnerable groups were affected due to restricted access to services offered by social organizations. Also, access to distance learning, to public services and to justice has been limited as well
- Limited availability of public transport.

232 <http://minzdrav.gospmr.org/covid-19/>

233 <http://en.president.gospmr.org/press-sluzhba/novosti/zasedanie-opershtaba-rabochaya-diskussiya.html>

234 <http://en.president.gospmr.org/press-sluzhba/novosti/tekuschie-resheniya-opershtaba.html>

The impact of the pandemic has been emphasized by some divergences in positions between the banks of the river Nistru. The restrictions at the points of access have affected all the people who lived and worked on different banks of the Nistru or had relatives on the other side.

Transnistria, micronarrative snippet #16

“On March 11th, the kindergartens closed....well, for 2 weeks the children can stay with their grandmother, who will be very happy that we finally bring the children to her in Transnistria...then the non-existent borders were closed. Six long weeks in which COVID did not allow me to be with my children.....4 months since we are divided between children, who want attention and work which must be done...is....everything going to be good?”

26-35 age group female

Source: UNDP, Cognitive Edge

The cards issued by banks in Moldova could not be used in Transnistria Region since the end of 2019²³⁵ affecting the people who receive their income in Moldova and live or work in Transnistria, such as older people who received pensions²³⁶ and teachers²³⁷.

Access to education was also an issue during the pandemic due to the fact that educational institutions were close and studying was transferred to distance learning while not all children and teachers had the necessary facilities to access distance learning: the press release following the Transnistrian Operations Headquarters meeting on 17th of August, concluded that last year approximately 30% of pupils and 20% of students did not have the technical ability to participate in online studies, while the official data indicate a 7% lack of coverage²³⁸.

In the survey conducted by UNDP with the aim of assessing the impact of COVID-19 on social cohesion, a large share of the respondents have identified high human rights limitations, such as: 50% perceived a high limitation in the right to work, 46% in access to healthcare and 66% in freedom of movement within Moldova- Transnistria region.

Based on the results of the surveys conducted for the OHCHR analytical report mentioned above, COVID-19 outbreak has affected particularly the following vulnerable groups:

Roma people:

- Lack of nutrition
- Lack of disinfectants and protective equipment
- Highly limited income. Due to lack of documents or registration, not everyone receives financial support in the form of pension, unemployment benefit, child support or if received it does not cover the basic needs
- Many do not know their rights and how to protect them. Also, the lack of financial resources in order to afford lawyers to support them in this process

235 <https://mid.gospmr.org/en/node/7898>

236 <https://mid.gospmr.org/en/node/7898>

237 <https://protv.md/coronavirus/lectiile-online-pentru-elevii-liceelor-cu-predare-in-limba-romana-din-regiunea-transnistreana-ar-putea-fi-sistate-asta-deo-arece-profesorii-de-acolo-care-au-carduri-bancare-emise-de-bancile-din-dreapta-nistrului-si-care-nu-sunt-recunoscute-pe-malul-stang----2524403.html>

238 <http://en.president.gospmr.org/press-sluzhba/novosti/na-zasedanii-operativnogo-shtaba-pri-prezidente-povishennoe-vnimanie-udelili-podgotovke-k-pred-stoyaschemu-nachalu-uchebnogo-goda.html>

People infected with HIV:

- Limited access to various medical services and to antiretroviral therapy
- Limited access to quality communications and information

Victims of domestic violence:

- The danger of domestic violence increases due to more stress on the family members caused by the restrictive measures and the fear of being infected, as well as by the lack of or reduced financial income
- It is more difficult for the victims to avoid the offender due to isolation and quarantine
- About 40% of the women who have asked for services from NGOs were redirected by local officials, who now, during the crisis, had other priorities and were focused on fighting the coronavirus and providing measures

Lonely, older people, persons with disabilities, single mothers with small children, women with many children:

- Lack of or limited financial income
- Difficulties in purchasing food, medicine and hygiene products for young children
- Older people, especially vulnerable people from rural areas face limited access to the necessary care routine on a normal basis, this is only accessible during an emergency
- Complex and long registration process of employed in receiving state support

People with chronic disease:

- Interruptions in the supply of medicines
- Lack of protective equipment
- Lack of transportation to provide medical services in rural areas

Healthcare workers:

- Lack of remedies
- Lack of training and response protocols in providing health care to the population in pandemic conditions

Children in boarding schools and Makarenko school for children from minorities:

- Lack of protective and hygiene equipment
- Lack of training and response protocols for protection against infection with COVID-19

Further to the survey conducted by OHCHR, UNDP has performed a survey in order to assess the impact of COVID-19 on social cohesion and it concluded that 52% of the respondents from the Left Bank think that returning migrants are taking away resources from the locals. The percentage is quite high, and it shows that returning migrants might face difficulties in reintegrating in the economy.

Economic sectors²³⁹

Enterprises and entrepreneurs in Transnistria are affected following COVID-19 crisis, on multiple dimensions:

- The restrictive measures imposed by the authorities has forced enterprises or entrepreneurs to either stop their work or reduce their work volume
- International contractors suspended the contracts with Transnistrian exporters following the measures of closing the borders

The economic sectors which were most affected were the ones with production of non-food goods and enterprises involved in import-export activities. The agro-industrial enterprises were not heavily affected by the pandemic. They only suffered from cancellation of mass events, since some of them were involved in the delivery of ready meals to clients.

In order to cope with the effects of the pandemic, some enterprises have shifted their business in online mode via different channels (instagram, viber, marketplaces). To face the financial pressure caused by COVID-19 crisis, managers of enterprises had to take loans to be able to pay salaries and to support and support their staff.

Certain measures have been introduced in an effort to support the business sector during this crisis. The Transnistrian Operational Headquarters have created the export- import commission, where enterprises get formal permission to export-import goods and materials necessary for their production activity, upon request. Furthermore, they have introduced monthly subsidies in the amount of minimum wage for individual entrepreneurs. This benefit is granted only if the entrepreneurs suspended their activity, therefore their patents validity.

Domestic and international support

World Health Organization has provided the Transnistrian Region with necessary equipment in the fight against COVID-19 and the 10th of August the first batch of targeted humanitarian aid was received: surgical masks (121,000 pcs.), respirators (35,000 pcs.), protective gowns (3,600 pcs.) and protective glasses (1600 pcs.).²⁴⁰

“Confidence Building Measures” programme financed by the European Union and implemented by UNDP, covers the period 2019-2021 and aims to bring people together on the two banks of the Nistru River through their involvement in joint development projects. Through this programme, necessary equipment in the fight with COVID-19 is being provided, targeting healthcare workers, public authorities and vulnerable groups.²⁴¹

In order to help during the pandemic crisis, the non-governmental organizations have adopted the following measures²⁴²:

NGOs staff:

- Implementing quarantine and adequate hygiene measures for NGOs staff

Vulnerable groups:

- Providing counseling services
- Establishing cooperation with relevant institutions to support vulnerable groups
- Organizing fundraising to support vulnerable groups

²³⁹ Chamber of Commerce & Industry of Transnistria survey conducted by PwC

²⁴⁰ <https://mid.gospmr.org/en/node/8100>

²⁴¹ <https://moldova.un.org/ro/43220-uniunea-europeana-si-pnud-spriijina-90-comunitati-din-republica-moldova-lupta-cu-noul>

²⁴² OHCHR, Analytical Report on the results of a survey of civil society organizations, members of the working group for COVID-19 and human rights

Victims of domestic violence:

- Providing psychosocial assistance and counseling to victims of domestic violence in the context of COVID-19, as well as under general conditions
- Efforts were made to involve the police in the cases of domestic violence
- Delivering food, hygiene packages, medicines to survivors of domestic violence, as well as those who are in a difficult life situation

People infected with HIV:

- Providing support to people living with HIV and high-risk groups by delivering the necessary therapy and equipment at home

National and international support is granted to the economic sectors through several projects²⁴³:

- Project “Buy Transnistrian” online (funded from domestic resources), targeting small, middle and large enterprises of Transnistrian Region. The project started in March 2020 with a budget of USD 120,000 allocated for the period 2019-2021. During this project an extensive PR-campaign has been launched to attract entrepreneurs to work online and invest in capacity building of Transnistrian enterprises in e-commerce (conduction of a number of online conferences, webinars, individual consulting and assistance on registration in marketplaces)
- Project “Business school CCI” (funded from domestic resources), targeting experienced entrepreneurs and startups, as well as managers of enterprises. The project started also in March 2020, with a budget of USD 100,000 for the period 2019-2021. Since March 2020 all Business School events have been transferred online and 4 webinars were conducted
- Project “Capacity building the Chamber of Commerce & Industry of Transnistria in the field of dual education and training” (funded by GIZ), targeting Transnistrian enterprises and educational institutes. The project started in March 2020, with a budget of USD 74,000 for the period 2019-2021. Since March 2020 all project events have been transferred online and 10 project events (online meetings, webinars, trainings) have been conducted via the platform ZOOM
- Project “Development of a joint platform for export promotion of enterprises on the banks of Nistru”, financed by the European Union in the framework of EU-CBM V cross-river business platforms, targeting Transnistrian small and middle enterprises- experienced and potential exporters. The project was started in March 2020, with a budget of 11,000 for the period 2020-2021. During this project communication with enterprises and project events are conducted online.

Necessary measures

Vulnerable groups

According to the Analytical Report on the results of a survey of civil society organizations, members of the working group for COVID-19 and human rights, conducted by OHCHR, the following measures would be necessary to protect the vulnerable groups during the pandemic:

Improve the access to information

- Improve the access to information for the population and especially for the vulnerable groups. This can be achieved by working with the media for the correct coverage of information in the time of crisis

²⁴³ Chamber of Commerce & Industry of Transnistria survey conducted by PwC

Improve the quality of life of vulnerable groups

- Create joint work of the state and civil society to solve common problems
- Develop comprehensive strategies and programmes to improve the quality of life of vulnerable groups
- Organize the activity of the crisis center to provide psychological assistance to the population and the most vulnerable groups

Secure grants for NGO's and representatives of target groups and volunteers

- Mobilize social organizations

Support and protect victims of domestic violence

- Carry out information campaign on access to services for women exposed to domestic violence
- Train women who are victims of domestic violence in working online

Support for women entrepreneurs

- Offer online consultancy to women entrepreneurs

Furthermore, according to the impact assessment of COVID-19 on social cohesion conducted by UNDP in July-August 2020, more confidence building measures programmes are needed to increase contact and improve social cohesion between both banks.

Economic sectors

In the response submitted by the Chamber of Commerce & Industry of Transnistria on the survey conducted by PwC, the current and immediate needs of the economic sectors are to restart work, therefore opening the borders to free export-import of goods and materials. Also, enterprises are in need of financial support during this period, which can come in the form of bank loans, state subsidies or grants.

Furthermore, an internal study of UNDP covers the following recommendations to support MSMEs during COVID-19 crisis:

1. **Advanced Cross-River Capacities for Trade Project** facilitates cross-river cooperation and expands access of Transnistria enterprises (particularly MSMEs) to export promotion mechanisms available on the right bank. The Project provides tailored support and builds capacities based on specific needs of current and future exporters, but also provisions methodological and practical assistance to establish long-term trade links and to promote exports. In the frame of this initiative existing companies and launched start-ups will be supported to create new jobs, for women and vulnerable groups. These goals will be achieved through cross-river exchange of knowledge and experience, but also by understanding the opportunities provided by DCFTA to companies from the Transnistria region. Also, benefiting companies and associations will learn from best practices of businesses from Eastern and Central Europe. Main efforts will be dedicated to reviving the MSMEs sector which is underdeveloped in the Transnistria region. Project duration is 2019 – 2022 and the budget - 2,100,979 USD.
2. **EU Support to Confidence Building Measures Programme for 2019 – 2022.** The overall objective of the programme is to contribute to the facilitation of the settlement of the Transnistrian conflict by supporting the increase of confidence between Chisinau and Tiraspol through joint initiatives involving local authorities, civil society organizations and other stakeholders from both sides of the river.

The recommendations can be structured on a short term and medium term programmes. The **short-term** programmes focus on the following:

- Digitalization of companies supported through small grants, trainings, consultancy and mentoring, awareness campaign for online sales
- Webinars and consulting on adaptation to COVID-19
- Support to companies to develop branding, packaging and labelling
- Supporting the development of carrier/transportation services for domestic producers
- Creating an online platform for bridging the producers and suppliers from both banks of Nistru

Medium-term programmes cover the following:

- Enhancing the resiliency of firms to crises by increasing their access to technologies & equipment, infrastructure and markets covering three main streams: technologies & equipment, infrastructure and markets
- Promotion of crisis resiliency through financial and juridical literacy among entrepreneurs
- Facilitating the direct access of farmers to markets
- Creating a cluster between companies from both banks of Nistru

7 Policy recommendation guidelines

7.1 Policy recommendation guidelines on addressing the issues of the selected vulnerable groups

Early anti-COVID-19 economic measures

The authorities in the Republic of Moldova increased vigilance and monitorization regarding COVID-19 cases since the beginning of February 2020, after the spread of the virus to Europe. Strict containment measures and physical distancing were introduced after March 7th when the first local case was reported and currently the country is under state of emergency in public health, which was extended beyond 30th of September²⁴⁴. Such limitation of mobility and human interaction was never encountered by the population, no matter the age category, therefore they had a large impact of social and financial nature, as well as emotional. The management of health emergency situation was transferred to the local public authorities after 1st of October 2020.

The measures adopted by the national authorities²⁴⁵ were structured around three main areas: health sector, social protection and support to the economy. The measures are described below.

DETECTION

- **Symptoms screens**

According to the government decisions issued during the health emergency situation, in the Republic of Moldova the retail stores, commercial stores and other entities with heavy traffic and human interaction have to perform daily triage of employees at the start of the workday and to monitor their health status during the workday. Also, the health status of execution workers in agricultural activities is monitored during the workday. Furthermore, temperature check is mandatory for customers before entering commercial centers, educational facilities, hairdressing premises and for patients before entering public and private hospitals and medical providers. Also, passengers are screened for temperature before departure and after landing. It is worth mentioning that the measure is not properly implemented in many cases, being rather a formality.

- **Systematic testing**

The Republic of Moldova has performed COVID-19 tests on suspected cases and on 24th of September, a total of 268,746 tests were performed, meeting WHO guidelines. This figure includes testing done by individuals in the private sector and those funded by patients themselves. The strategy regarding systematic testing is oriented on suspected cases rather than mass testing on the population.

PROTECTION

- **PPE & protocols**

According to the Government's decision No. 11 dated 15.05.2020, the medical and sanitary public institutions and private entities who offer health services will have to respect the following protocol in order to control and limit COVID-19 spread:

- Organizing a fluid access of visitors on the premises
- Implementing a COVID-19 triage of the patients

244 Government Decision no.30, 11.09.2020

245 <https://gov.md/ro/content/informatii-privind-coronavirus>

- Organizing a daily triage of health care workers and employees at the start of the workday
- Securing necessary protection equipment according to the exposure risk
- Monitoring the correct utilization of protection equipment
- Securing the necessary disinfecting products for a proper hygiene
- Organizing training for the employees on the prevention, control and limiting of COVID-19 infection
- Organizing remote work where possible
- Following and respecting the prevention measures decided in the practical guide “Measures for preventing infection with COVID-19 in the working environment”

PREVENTION

• **Personal/ home hygiene**

The Moldovan authorities have issued in this regards legal recommendations as well as massive information of the population on the proper hygiene protocol. The entire population can benefit from a large awareness campaign of maintaining a good personal hygiene. However, low income individuals and households might lack necessary items and facilities in order to have a proper personal and home hygiene. Furthermore, the authorities need to ensure that the relevant public health information is readily accessible also in minority languages, as well as for persons with intellectual and learning disabilities, as well as for persons with sensory disabilities (visual and hearing disabilities)..

• **Use of PPE**

Use of masks by the general public has become a global habit during the COVID-19 pandemic and the Republic of Moldova has adopted also this prevention measure and secured its implementation through legal decisions. Therefore, use of masks is mandatory in public transport, commercial spaces, public closed spaces, in the cases where social/ physical distance is not possible. As per the law indications, the mask should cover both mouth and nose areas. The implementation of the measure is rather difficult in some cases because individuals as well as entities must secure a necessary supply of masks, which imply costs as well as their proper maintenance and disinfection (if they are reused) or some individuals want to take advantage of free will and decide not to wear a mask, although they can afford.

• **Physical distancing**

During the health state of emergency, the authorities in Moldova have adopted a series of regulations and recommendations to encourage people to maintain physical distance. According to the last Government Decision, the following restrictions still apply:

- a social distance of minimum 1 meter is maintained by all individuals in public spaces, no matter the number of people present in the respective space
- restriction for all people on playgrounds, sport fields, entertainment parks and recreation areas
- individuals of all ages are recommended to avoid access in closed spaces, commercial spaces, public transport and public food serving, unless for urgent needs
- any individual travelling from abroad will respect auto-isolation measures for 14 days and fill in an epidemiological file if coming from a red zone, with certain exceptions such as: professional drivers, students who are traveling and do not have symptoms

The measure is difficult to implement since it is against the communication culture adopted in our current society.

SOLVING

- **COVID-19 focus in hospitals**

Through the initial measures issued by the authorities, the scheduled hospitalization had been deferred but starting with the relaxation of conditions, the medical and sanitary public institutions and private health services started offering medical ambulatory check-up, diagnostics, scheduled treatment with pre-booking while respecting prevention measures.

In the case of persons with disabilities and older persons from long term care facilities, the persons infected with COVID-19 are treated in hospitals, or in the social care institution. According to the data provided by the National Social Work Agency, from the 380 confirmed cases on 01.10.2020, 213 persons benefited of treatment in hospitals and 167 in the institutions. The CSOs are concerned about by the practice of treating the persons with disabilities from residential institutions in the psychiatric hospitals, that are not equipped for treating COVID-19 infections. Also, in case of persons in detention places that are infected with COVID-19, they are treated in the Hospital of the Penitentiary nr. 16 rather than in hospitals specifically equipped to deal with COVID-19 patients.

- **Strengthening healthcare workforce**

Healthcare workforce has been enforced to fight the spread of the virus. The employees are remunerated to return to work on the days declared free. The effort was national as well as with international assistance: Romania has sent a team of medical personnel to help the Republic of Moldova.

MOVEMENT

- **Restrict movement & lockdown**

The containment measures have been introduced by the Moldovan authorities starting with 17th of March. The measures were strict and imposed a high limitation on the free movement of the population, therefore creating social disruptions.

According to the initial restrictions, people were forbidden to leave their home and surroundings, between 6 a.m. and 10 p.m., except for the following reasons: going to and returning from work, medical checkup which cannot be postponed, acquisition of food supplies from a nearby store, short physical exercises, walking pets, taking care of older people and children.

In the meantime, this restriction has been lifted through the government decision dated 15th of May. However, older people, over the age of 63, are still forbidden movement outside their home and in public spaces except for strict necessity. The measure is valid until 30th of September with the possibility of extension. Furthermore, individuals are encouraged to respect auto-isolation protocol and not to travel abroad if auto-isolated. For the rest of the population passenger flights started operating while respecting prevention and protection measures.

- **Stop large gatherings**

Groups larger than 3 persons were forbidden in public spaces. The measure was valid until 30th of September. Mass gatherings are allowed with up to 50 people, while respecting the public health measures and keeping epidemiological evidence of the participants of the event. Such events should not take place near institutions with high risk of virus spreading: public institutions, educational institutions, hospitals, etc.

Interdiction to participate and organize large gatherings were a significant action in the fight to spread COVID-19, since it helped maintain physical distance. Further to the social impact, the measure has an economic impact on the HORECA sector, which was heavily hit, as described under Chapter 4.

- **Cleaning of public spaces**

Cleaning public spaces is very important and works together with personal/ home hygiene in the fight against COVID-19. According to the legislation issued during the pandemic, the following have been regulated:

- Cleaning the surfaces in public transport after each round
- Cleaning the surfaces in retail stores and commercial centers, the market trolleys and floor wet cleaning at least 3 times per day
- Frequent ventilation of the retail stores when possible
- Disinfecting aircrafts and airport installations for passenger flights

WORKING STYLE

- **Remote working**

The authorities have recommended public institutions to organize their work force according to the necessities: only employees with mandatory functions will work from the office, the others will work remotely. This practice was firstly embraced by the private sector, the normative framework was adapted accordingly and has proved that a lot of jobs can be done remotely.

Furthermore, the labor code has been modified in July with the following points:

- include flexible working program, where the employee will have a fixed working schedule and a variable working schedule, having the freedom to choose the starting and ending time
- possibility to compensate overtime with free time

- **Workplace safeguards**

The following have been regulated in order to protect employees as well as customers/ visitors.

In retail stores

- Securing protection equipment for employees
- Securing hands disinfectants at the entrance of the stores
- Using masks inside the premises
- Social distancing of 1 meter and securing fluid access of customers in retail stores

Individuals and legal entities which perform agricultural activities

- Social distancing of 1 meter during movement and transport and during the execution of works
- Securing separate food conditions for executing workers
- Securing hands disinfectants
- Using masks inside greenhouses and other closed spaces

On passenger flights using protection screens and personal protection equipment for staff.

- **Prohibiting for a limited time of selective sectors/activities**

Many activities have been suspended during the state of emergency in order to avoid large gathering. This meant that many businesses had to suffer loss of income and even bankruptcy. Such activities were: commercial centers, beauty services, restaurants, bars, fitness and sport centers, cultural sites. Currently the activities which remain close at least until September 30th are: night clubs and activities with public in theaters, cinemas and concert halls. Cultural events are however allowed in open air spaces.

SOCIO-ECONOMIC

- **Income increases for frontline workers**

Special compensation of MDL 16 k for employees working in the frontline during the pandemic as well as the ones working in public institutions who have been infected with COVID-19 while executing their work. This compensation is tax free. Furthermore, these employees benefit of a monthly compensation increase for work performed in conditions of major health risk.

- **COVID-19 financial assistance**

According to the legal acts issued during the pandemic, certain benefits are offered for individuals with deteriorating financial situation:

- individuals who have lost their jobs due to the crisis caused by COVID-19 can apply for unemployment assistance even if they do not have paid the mandatory health insurance
- the unemployment assistance fund was increased to MDL 2,775, and the legislation was amended to include people without prior work record in the allowance category
- individuals holding patents (self-employed) can also register as unemployed and receive minimum wage benefits
- patent holders, self-employed, individual entrepreneurs who have ceased their activity during the pandemic can benefit of the reimbursement of social security contribution
- banks and non-bank lending organizations are encouraged to defer credit rates for individuals and legal entities, in an effort to ease financial pressure on those affected by the pandemic crisis
- the authorities have also decided to subsidize the expenses related to the payment of the indemnity/ salary in case of unemployment due to COVID-19 pandemic
- a subsidy was also granted for farmers, for 6% of the 18% social security contributions, as a permanent measure
- pensions and other social benefits will be indexed starting with 1st of October 2020. The minimum pension for age limit is MDL 1,143.57 (~EUR 60)
- beneficiaries of pensions and social allowances receiving below MDL 3,000 will further receive a single financial support of MDL 900 (increased with MDL 200)

EDUCATION

- **Remote schooling**

The Moldovan authorities have decided the suspension of physical classes in kindergartens, schools, universities and the introduction of online educational system/ remote schooling. The suspension of classes in institutions was valid until 1st of September. Therefore, for the scholar year 2020-2021 the educational institutes have the option to select from 7 models which are available, varying from full presence in class to full online. The opening of the educational institutions was done respecting the COVID-19 safety norms.

- **Providing devices to students**

The Ministry of Education, Culture and Research will provide the schools with 20,000 devices, under the project “Educational Reform in Moldova” by the end of year in order to facilitate remote schooling where needed.

- **Education safeguards**

In order to be able to respect the new system in the educational institutions and to secure the protection of the students and teacher during the pandemic, the authorities have allocated financial resources to cover the acquisition of disinfectants for the school and also for compensatory salaries for 7% of the teachers who will work with over 1.5 of the teaching norm.²⁴⁶ Furthermore, several schools which enroll 3,000 pupils have been renovated, in order to improve the facilities and conditions.²⁴⁷

Further to the measures adopted by the authorities, **development partners, global and local organizations have introduced initiatives** with the aim to support the vulnerable categories impacted by COVID-19 outbreak.

IMF Emergency Financing Assistance to Moldova consists of two lines of support: 1) Rapid Credit Facility, out of which a disbursement of USD 78.4 mn was approved and 2) Rapid Financing Instrument, which facilitated a purchase of USD 156.7 mn to meet the country's urgent balance of payment needs streaming from the pandemic.²⁴⁸ Due to Moldova's Low-Income Country status, it qualifies for the facility available to low income countries, but also for the facilities available for all countries, including emerging markets, therefore benefiting Moldova of zero interest rate or 0.5% interest rate for part of the facility. Furthermore, the facility comes without ex-post conditionality or reviews. Furthermore, in July 2020 consultations have been finalized to allow Moldova to access about US 558 mn of financial assistance in order to support the country's post-pandemic recovery, as well as advanced institutional reforms.²⁴⁹

The EU will allocate over EUR 87 mn for Moldova to support immediate and short-term needs, as part of the global response to COVID-19 in Eastern Partnership. The funds are targeted at responding the immediate needs: support to the health sector and support to the most vulnerable groups in the society, as well as limiting the social and economic impact.²⁵⁰ The European Union Delegation has made available EUR 11 mn to be tendered soon for the scale up of existing social services, working in rural communities, increase employment opportunities through grant schemes. Also, the EU has an ongoing programme of EUR 1 mn to tackle issues, such as: unemployment, community needs, social infrastructure for creating new businesses or connecting to other communities.

USAID has prepared a project to address COVID-19 prevention and response, allocating a budget of USD 1.2 mn. Its aim is to assist Moldova in its preparedness and response to COVID-19 through technical assistance on laboratory preparedness, procuring lab supplies and reagents, data collection and analysis, risk communication and community engagement for healthcare workers and public authorities.

Switzerland and the United Nations Development Programme support the prevention and control measures adopted by the authorities. Necessary equipment in value of USD 37 k has been acquired represented by: masks, gloves, disinfectant and thermometers for distance monitoring. UNICEF Infection prevention and control (IPC) and WASH has developed designated health care facilities/ centers and other targeted facilities likely to receive suspected cases of COVID-19 also it has helped on the procurement and provision of critical hygiene or other supplies for education institutions in most vulnerable communities. UNAIDS invested EUR 664 k in the health system, in COVID testing capacities and PPE for health workers.

The World Bank approved a EUR 52.9 mn loan from the International Development Association (IDA) to the Republic of Moldova for an Emergency COVID-19 Operation. The project is focused at strengthening Moldova's national healthcare system and mitigating social risks, therefore helping the country respond effectively to the pandemic.

246 <https://mecc.gov.md/ro/content/guvernul-alocat-mijloace-financiare-pentru-asigurarea-cu-dezinfectanti-institutiilor-de>

247 <https://mecc.gov.md/ro/content/circa-3000-de-elevi-si-au-inceput-anul-scolar-scoli-complet-renovate>

248 <https://www.imf.org/en/News/Articles/2020/04/18/pr20173-moldova-imf-executive-board-approves-emergency-assistance-to-address-covid-19>

249 <https://www.imf.org/en/News/Articles/2020/07/27/pr20270-moldova-imf-staff-concludes-consultations-with-moldova-on-a-new-economic-program>

250 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/coronavirus_support_eap.pdf

World Bank's – USD 3.5 mn programme dedicated to enabling digital access and remote learning and teaching for students and teachers²⁵¹. Also, UNICEF has assisted Moldova in the procurement of computers and educational package for most marginalized children with no access to distance learning.

Czech Embassy has prepared some programmes to address the vulnerable groups: one is targeted to help persons with intellectual and psycho-social disabilities cope with the pandemic, with a budget of USD 225 k and another one is targeting to improve the capacity/ ability of health and social personnel to provide home care services for older persons with a budget of USD 70 k.

UNDP has also developed projects to assess the impact of COVID-19 on different population categories: analysis of the COVID-19 impact on young people, generations and gender survey, analysis of COVID-19 pandemic impact on intergenerational economy in the Republic of Moldova (NTA), building intergenerational dialogue "Solidarity between generations". Swiss Cooperation Office has an ongoing project on engaging citizens and empowering communities to assess the impact of the pandemic and governmental response on the vulnerable groups and the related risks of increasing poverty, human rights infringements, discrimination, and social exclusion for the vulnerable groups, as well as to design and implement advocacy and policy influencing measures to address these risks.

The German KfW Development Bank has started a program on improvement of water infrastructure in Central Moldova and Cahul with a budget of USD 56 mn aimed to improve the life and health conditions of many vulnerable categories.

USAID in Moldova has launched certain activities aimed at helping free lancers impacted by COVID-19: launching an online selling platform for small organic farmers, helping local producers to embrace e-commerce by improving their websites, facilitation of legislative amendments to improve the overall e-commerce enabling environment, organization of start-up weekends, catalysing connections between local entrepreneurs, helping Moldovan brands to increase their online eCommerce digital presence. These programmes are coming in support of the Digitisation of the Economy Roadmap, adopted by the Ministry of Economy and Infrastructure. Moreover, the Ministry of Economy and Infrastructure supported the development of the draft law for the modification of some normative acts (Unique number: 819 / MEI / 2020). The project is proposed in the context of the COVID-19 pandemic crisis and the need to identify new reserves to increase economic and commercial activity in the Republic of Moldova, as well as to facilitate remote interaction between the Government, the business community and consumers.

EBRD ASB team has launched initiatives to consolidate soft skills development in response to current needs (online recruitment and remote leadership) as well as facilitate networking opportunity for women in business from Moldova and Romania and ease access to Romanian expertise for Moldovan businesswomen.

ODIMM will allocate grants for women in business and allocated MDL 27 mn to the migrants programme (PARE 1+1).

Moldovan Diaspora Relations Office has launched in 2020 the programme "Diaspora Succeeds at Home 1+3" with the purpose of mobilizing the human and financial potential of the diaspora for the local socio-economic development of the country. The programme has 42 projects, out of which 12 will be developed with the support of development partners UNDP and Switzerland through MDL 1.3 mn. The total budget for the 12 projects will be of MDL 7.9 mn.²⁵² Furthermore, the National Agency for Employment has organized in June 2020 an online job fair offering over 2,700 job offers and having over 10,000 visitors²⁵³. With support from the World Bank, the state has increased the budget for Social Assistance programme by 40% and amended the criteria for selecting beneficiaries so that adults with children and the most vulnerable individuals receive the allowance.

251 <https://tv8.md/2020/06/04/video-nu-au-acces-la-educatie-circa-29-de-mii-de-elevi-si-trei-mii-de-profesori-nu-dispun-de-calculatoare/>

252 <https://www.moldpres.md/news/2020/06/19/20004916>

253 http://anofm.md/news/2020/06/17?fbclid=IwAR0_7pZEUGkN6licZUO91P3bbMhWil60Pi0g_Wx8bM0adqjCMbH0UHUMSEI

ODIMM will design a programme with ILO and SysLab mechanism in order to help returning migrants find a job and requalify or to start businesses. ODIMM has also designed a programme for women in rural areas “Women in Business” where they are helped to identify business ideas, trained, mentored to develop small business plan and open a business in their community. The Ministry of Economy and Infrastructure of the Republic of Moldova, in collaboration with ODIMM has developed the project “Start for Youth” with the aim to support young people start a business, with an allocated budget of USD 1.15 mn.

Swiss Cooperation Office Support has run a programme for helping national authorities in developing Labor migration policies and providing client-centric assistance to potential, current and returned migrants and support in harnessing migrants` potential for local economic development.

The Government of the Republic of Moldova, through the Ministry of Education, Culture and Research has launched the “Online Education” project which is implemented together with Chişinău City Hall and with the support of Soros Foundation Moldova, the Technical University of Moldova, Edu Tolk Show, Crunchyroll, the National Association of ICT and the Academy of Innovation and Change through Education. The purpose of the project is to create a digital library of video classes for all the pupils from 1st to 9th grade. Currently the project has 2,500 video classes and is planning to reach 4,500 classes made available to 27,400 teachers, 331,000 pupils at a national level and 9,874 children with difficulties in learning and disabilities.²⁵⁴ Also, UNICEF has ongoing activities related to COVID-19 in preparing a response plan in the educational sector, developing methodologies for distance learning and teachers training on distance learning on UNICEF platform.

Policy recommendations

“A UN framework for the immediate socio-economic response to COVID-19” report, issued by UN in April 2020, the socio-economic response framework provided by the United Nations Development System (UNDS) in the first 12-18 month following the outbreak of COVID-19 pandemic comprises 5 streams of work (pillars):

- Pillar 1 - Health First: Protecting Health Services and Systems during the Crisis
- Pillar 2 - Protecting People: Social Protection and Basic Services
- Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas
 - Business environment
 - MSMEs
 - Agriculture
 - Digitalization and innovation
- Pillar 4 - Macroeconomic response and multilateral collaboration
- Pillar 5 - Social cohesion and community resilience

The policy recommendations presented in this chapter were drafted in accordance with the UNDS socio-economic strategy.

²⁵⁴ <http://www.educatieonline.md/About>

POLICY RECOMMENDATION 1

TITLE: Establish a system of telehealth services to benefit the most vulnerable in COVID-19 context groups

Justification: Even before the COVID-19 pandemic, vulnerable groups (older people, persons with disability, families with many children, pregnant women, people with chronic diseases, people living with HIV/AIDS) experienced significant levels of unmet demand for health care services²⁵⁵. The emergency situation and restrictions imposed by the government in the COVID context, when the clinics and hospitals and the specialized health services ceased to provide routine services exacerbated the situation. Taking into consideration that at the end of September 2020, COVID-19 pandemic is still unfolding (the average number of daily newly confirmed cases was, in the month of September, the largest since the outbreak of the crisis, fact similar also to other countries in Europe), the need for medical services is critical. Due to the coronavirus (COVID-19) outbreak, the Ministry of Health Labor and Social Protection has provided²⁵⁶ for different options for accessing health services. Consequently, the access to a healthcare provider can be performed:

- in person, by going to their facility
- in person, calling the health provider at home
- remotely, via telehealth - option which is not yet available

Besides the acute burden that COVID-19 places on health system, frontline workers, most of them being women, working in the health system, are particularly vulnerable. Many groups of population are experiencing a lack of access to routine, essential health services due to the disruptive effects of shielding strategies, physical distancing and movement restrictions imposed as a COVID-19 response. This situation has particularly affected the older people, that counts circa 22% of the country population, people with the chronic diseases, families with children, pregnant women, and persons with disabilities. In this context, the health sector was not able to offer alternative (digital) solutions to ensure the continuous delivery of healthcare services. Prior to implementing any digital solutions in this respect, a gender analysis needs to be conducted to assess the level of access of women and men to technologies, but also the degree of digital skills of each group. The measures put in place shall be mindful of differences accounted, if any. Telemedicine has the potential to respond to these needs (but can also go beyond) by bringing the patients and doctors closer to each other through digital technologies. It reduces the need to physically access health services and reduces the burden on health services by assisting in screening, triaging and diagnosing patients (for disease outbreaks) and some routine care and support services. Telemedicine can bring the knowledge of a specialist with more specific training (i.e. a specialty doctor) to other healthcare workers (incl. family doctors, family nurses) or patients through ICT irrespective of the participants' location. Telehealth services can also help protect health care professionals, their staff and patients from potential risk of infection. Some emerging pilots²⁵⁷ from Moldova show great promise.

Policy content: Creation of an enabling regulatory environment for telemedicine, by reviewing and updating policies and legislation to enable the operationalization and the use of telemedicine. Policies will address health practice, ethics, privacy, data protection, interoperability and security, etc., as well as financial coverage schemes for telemedicine services. The policies will be further enhanced with updated treatment protocols which will incorporate telemedicine, and with methodological guidance including standards of service and guidance on psychological aspects, for healthcare staff.

A person who is more vulnerable to COVID-19 is someone who:

- is required to isolate or quarantine according to the law
- is an older person

255 Republic of Moldova - Voluntary National Review 2020 page 43

256 Order 471 from May 16th

257 See Center for Health Policy and Studies (PAS Center) experience in providing telemedicine solution in treating 650 patients with tuberculosis.

- person with disabilities
- is pregnant
- is the parent of a minor child
- is being treated for a chronic health condition
- is of any age and has suppressed immunity
- meets the national triage protocol criteria for suspected COVID-19 infection

Expected benefits and impact: Limiting the contact facing and exposure to the covid-19, reducing the unmet health care need.

Linkage to already existing instruments: The recommended policy is in line with the early adopted measures to protect the vulnerable

Connection to UNDS pillar: Pillar 1. Health First. Protecting health services and systems during the crisis

Institutions responsible for implementation: Ministry of Health Social Protection and Family

POLICY RECOMMENDATION 2

TITLE: Use of big data and new evidence to ensure protection (or prophylaxis) of population

Justification: Infection with COVID-19 has an average incubation period of 5-6 days but it can be as long as 14 days after the exposure to the virus. During this period some people can be contagious, therefore the risk is that people interact and transmit the virus to each other without realizing it. The rate of infection (and the speed of propagation of disease in the population) depends on the number and frequency of contacts between contagious and healthy people. Using big data (like tracing contacts, mobility patterns, etc) to prevent contact between infected and healthy people will diminish or event prevent the spread of the disease. Effectiveness of these methods depends on the broad participation of population, with the express consent of individuals. Use of big data can be intrusive and is accompanied by risks pertaining to privacy and individual rights. A majority of EU countries have developed contact tracing application and are using them to prevent the spread of the pandemic.

Policy content: The policy will cover two important aspects: (i) make available big data and new evidence, as well as analytical tools to ensure protection (or prophylaxis) of population by preventing contact between infected and healthy people; (ii) ensure that any collection and use of personal data (e.g. for contact tracing) is done respecting the right to privacy, and ensuring the protection and security of personal data. An example of such a tool could be a contract tracing system, which can be implemented through an application available on smart phone which users can download. The application used can be one already tested and implemented in other countries (e.g.: UK). The user uploads related data to COVID-19, such as if they have positive test result or if they present symptoms which can be assimilated to coronavirus. The system checks the interaction with other individuals in the past days and notifies them that they had contact with a COVID-19 case. The interaction is calculated based on an algorithm, measuring the distance between the smartphones and the duration of encounter.

Expected benefits and impact: To ensure that use of big data for prevention of spread of disease respects the rights of the individuals To create a system which allows individuals to be informed immediately of the interaction with infected people, and give them the opportunity to take relevant measures for themselves, or for protection others, through self-isolation. Furthermore, it will also help the authorities to better monitor and control the spread of the virus and make informed decisions.

Linkage to already existing instruments: Not available

Connection to UNDS pillar: Pillar 1 - Health First: Protecting Health Services and Systems during the Crisis

Institutions responsible for implementation: Ministry of Health, Work and Social Protection

POLICY RECOMMENDATION 3

TITLE: Increase in social support payments and expansion of the social protection coverage to the most vulnerable persons currently unable to access social benefits

Justification:

Parents in poor living environments have difficulty nurturing and protecting their children, increasing the likelihood that children will gravitate into activities and peer associations leading to school dropout, abuses, use of drugs, and other deviant behavior. According to the surveyed sample presented in Chapter 3 of this report, referring to Poor Households, there was a clear concern about food, mainly driven by perceptions of rising prices (67%) or perceptions of both rising prices and food scarcity (18%). Concerns were more prevalent among women (81% of those expressing a food concern). Poor households were the second most concerned group about food security after the older people. The gender aspect is highly relevant, as women have been more hit than men in terms of employment, at a time when the demands of childcare have increased.

Amidst the raising concerns regarding livelihood, reducing food-related expenses and “eating less” are themes that have emerged out of the micronarrative dataset as well, as indicated in the report. The most realistic assumption is that households will deplete their savings (if any) to ensure feeding of the dependents over time, in order to survive. Moldovan Government increased the threshold for the guaranteed minimum monthly income (including for children) which increased the number of households benefiting from “ajutorul social” payments by 36,6%. Given that the number of risks at poverty households will most likely increase (due to reduction in remittances, drought, loss of employment) the Government needs to increase the threshold guaranteed minimum monthly income in order to cover more households. With vulnerable women being affected to a larger extent than men by job and income loss, the social support mechanisms need to prioritise women, including older women who were even more severely affected

More broadly, given the poor in Moldova are less equipped and less resilient to deal with the COVID-19 pandemic impact on their life and livelihood, a Temporary Basic Income scheme could also be envisioned for a similar determined period of time, with due consideration on the differentiated impact of the pandemic on men and women, particularly the vulnerable.

Increasing social support (“ajutorul social”) payments for poor households (poor households with children, single parent households, vulnerable women households) could form the baseline policy – or fused with a broader Temporary Basic Income approach for broader reach.

Policy content: A baseline proposal is the pandemic compensation (through the “ajutor social” program) by raising the minimum thresholds so as to cover up to 90,000 families with children, for a maximum duration of 26 weeks (6 months).

This initiative is similar and can be combined with Temporary Basic Income policies (advocated including by the UNDP²⁵⁸) – a comparison is presented below. The TBI set-up has two options: either a monthly top-up amount up to the poverty line (based on the poverty gap in the country), or a lump-sum approach, equivalent to 50% of

the median income. The ladder option involves a higher payout, as the average poverty gap in Moldova is still smaller than other developing countries at 3.09% (NBS 2018 figures).

The main advantage of TBI approaches is that it is responsive to the standard of living, while at the same time targeting an extended group of beneficiaries. As the TBI approach is not mean-tested, it can reach among some the most vulnerable households that may not qualify under traditional social assistance programs.

Expected benefits and impact: More households would be held above deep poverty line and will have a faster recovery time in this situation, even though the situation is very heterogeneous. Estimations are that around 15,000 incremental households will fit the criteria in addition to the current recipients in the baseline policy option, with the scope broadening to 253,000 households in the TBI approaches.

Linkage to already existing instruments: The baseline policy relies on the existing 'Ajutor Social' program as the main channel of distributing social benefits. The 'Ajutor Social' program was expanded, with support from the World Bank. The state has increased the budget for Social Assistance programme by 40% and amended the criteria for selecting beneficiaries so that adults with children and the most vulnerable individuals receive the allowance (the minimum monthly income taken into consideration was raised to 1300 MDL and the application conditions being relaxed to include households that are not able to provide income documentation at the present moment²⁵⁹). The TBI options would involve creation of a separate program, however there are likely administrative synergies that could be leveraged for creation and setup.

Connection to UNDS pillar: Pillar 2 - Protecting people: Social protection and basic services

Institutions responsible for implementation: Ministry of Health Labor and Social Protection

POLICY RECOMMENDATION 4

TITLE : Safeguarding the most vulnerable, the older people, particularly women from these groups, with increased social support, through a hybrid platform of offering food aid on a short-term basis and gradually hiring additional social assistants on the medium/long term

Justification: In Moldova, there is a clear trend of aging population: all older people age groups have increased as a percent of total population in the five pre-pandemic years: the 60+ cohort have increased from 17.5% in 2014 to 21.8% in 2020. In absolute terms, older population (defined as aged 60+) amounts to a large group of almost 575 thousand persons.

Older people are particularly vulnerable because they are typically at greatest risk due to age and comorbidities and due to that the virus can spread quickly. According to guidelines, they have always been advised to stay at home and avoid any unnecessary face-to-face contact, until the end of Health Emergency period. Thus, the older people have been found to have significant lower mobility (with lower out of house outings) and lower connectivity and usage of the Internet (limiting their access to potential external sources of support). Additionally, the older people had the highest number of difficulties in procuring protective equipment from all the vulnerable groups (including also personal medication and painkillers). From the vulnerable groups sample, 35% of the older people required community services during the pandemic period. At the same time, older women, reported a higher drop in incomes than men (42% decrease versus 18%).

For the ones living alone in the household, there is a need from authorities / donors to receive additional support, including delivery of food and basic supplies, care, and support to access medicines, if they are unable to get help with this from family and friends. According to the survey presented in the report, 79% of them expressed worries regarding the rising of food prices.

259 Law 56 from 2nd of April 2020 on instituting support measures for citizens and companies during the emergency state

Policy content: A one-off food assistance package worth 500 MDL, followed by the hiring an additional approximately 2000 social workers, in order to cover the increased need, and reduce waiting times for the people with severe vulnerabilities (i.e older people with disabilities).

Expected benefits and impact: The main benefit is safeguarding the older population, by meeting their basic needs. The considered program or approaches to support and assist older people, primarily that live alone, around 125 thousand households (please see from the report) – but also other vulnerable older people.

In addition, the program will help with job creation, aiding the job prospects for NEET youth, vulnerable women and returning migrants, who could perform responsibilities associated with this specific job.

Linkage to already existing instruments: Czech Embassy has prepared one programme to address the older people vulnerable group: targeting to improve the capacity/ ability of health and social personnel to provide home care services for older people with a budget of USD 70 k.

Connection to UNDS pillar: Pillar 2 - Protecting people: Social protection and basic services

Institutions responsible for implementation: Ministry of Health Labor and Social Protection

POLICY RECOMMENDATION 5

TITLE: Domestic violence prevention and response program

Justification: The COVID-19 pandemic has an impact on women’s mental and emotional health. A share of 40% of the women in Moldova have suffered from depression, anxiety or stress during the pandemic and 46% of the women fear domestic violence, with women from the urban area being more vulnerable to domestic violence. Higher pressure was felt in some households coming from income scarcity, social distancing, fear of disease, which can lead to an increase in domestic violence. A total of 6% from the vulnerable women sample interviewed, reported to being subject to domestic violence during the pandemic. Furthermore, social shelters had to be closed for healthcare safety reasons, house visits that social workers normally conduct to follow up on former victims have been significantly reduced.

Policy content: The domestic violence prevention and response programme which aims to address the following dimensions:

- Support for local authorities and civil society organizations to
 - facilitate access to shelters, confidential reunion spaces, and virtual communication platforms to victims of domestic violence
 - create support groups for the victims, where they can interact, exchange experiences, and receive psychological support.
 - facilitate access for the victims to adequate legal support, as well as to therapeutic support in order to provide them and their children protection from future violence. The access can be facilitated by guiding them and introducing them to relevant institutions/ organizations.
 - support community education and awareness programmes, including by engaging men and local leaders, in condemning domestic violence to the core.
 - engage women survivors of domestic violence, at community level, to encourage women suffering in silence to seek multi-dimensional support to break out from the cycle of violence

- To facilitate access to personal care and hygiene products, and protection supplies of victims of domestic violence in shelters
- To improve governance aspects of response to domestic violence by integrating mechanisms for coordinated response to GBV and domestic violence at community level, and to build capacity of local actors for this purpose.

Expected benefits and impact:

- By creating a community where victims and survivors can connect and exchange experiences, it is expected that they will feel more encouraged to be opened about their problems and take action
- Victims which want to act upon their problem, or they want to learn more about the process and consequences, can be helped through facilitating access for legal support and therapeutic support other organizations which can provide further information and long-term therapy.

Linkage to already existing instruments: Not available

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services

Institutions responsible for implementation: Ministry of Health, Work and Social Protection

POLICY RECOMMENDATION 6

TITLE: Bridge to learning for vulnerable Children

Justification: The number of children with access to the Internet at home and to a range of digital devices has been steadily increasing in Moldova. However, there are barriers to remote learning, starting from insufficient devices for a household to no access to internet or digital devices. The survey revealed that 75% of the sample from the questionnaire had insufficient devices in the household and only 50% of the households had access to internet. During the schools' closure, due to COVID-19, children were by far more exposed to digital technologies than usual, because online learning meant the only source of learning.

After safely reopening of schools, however there is a need to create teaching and learning alternatives, especially for the students and staff who are health-vulnerable or are lagging behind their peers due to limited access to right means.

Moldova created an online learning platform, in order to facilitate the learning. However, curricula should be prioritized and adapted for both analogue and digital resources. Policy needs to address as major concern, the education continuity for all children, them being able to can exercise their rights. In practical terms, this means enabling learning solutions for all.

To support the changes in curricula and the modality of learning, teachers will also have to adapt to the new situation and revisit their pedagogical and technical skills, thus benefiting from separate training. The aim should be for schools to develop a system of communication each student, and a form of checking-in daily with each student. Perhaps in the form of texts from teachers if parents have access to mobile phones. If an online education strategy is not feasible in the short terms, developing alternative means of delivery is needed, which could include TV programs, if a partnership with television stations is feasible, podcasts, radio broadcasts, and learning packets either in digital form or on paper. Explore partnerships with community organizations and the private sector to deliver those²⁶⁰.

Policy content: Improvement of the e-learning process through creation of the conditions for digitalization of the public education curriculum, availability of standardized training platform/s, and ensuring internet connectiv-

260 OECD – A framework to guide an education response to the COVID-19 pandemic pandemic of 2020, [link](#)

ity and basic IT infrastructure for online education. This policy will further ensure support for:

- the sustained development and administration of the online learning platforms, their interconnectivity, as well as their adoption and utilization by the schools
- building capacity for the adaptation of the educational content to distance learning and e-learning processes
- training teachers to teach using the online learning platforms, distance/e-learning learning methodologies and the adapted educational content
- enhancing and transforming educational subjects for teaching through distance/e-learning and hybrid methodologies

Expected benefits and impact: Improved access to education for students through e-learning and hybrid processes by creating the conditions for digitalization of the public education curriculum, availability of standardized training platform/s, and availability of internet connectivity and basic IT infrastructure for online education.

Linkage to already existing instruments: World Bank's – USD 3.5 million programme dedicated to enabling digital access and remote learning and teaching for students and teachers. Also, UNICEF has assisted Moldova in the procurement of computers and educational package for most marginalized children with no access to distance learning and a response plan in the educational sector, developing methodologies for distance learning and teachers training on distance learning on UNICEF platform

The Government of the Republic of Moldova, through the Ministry of Education, Culture and Research has launched the "Online Education" project which is implemented together with Chişinău City Hall and with the support of Soros Foundation Moldova, the Technical University of Moldova, Edu Tolk Show, Crunchyroll, the National Association of ICT and the Academy of Innovation and Change through Education., UNICEF has ongoing activities related to COVID-19 in preparing

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services

Institutions responsible for implementation: Ministry of Education, Culture and Research, National TV Station, Edu Sites, Internet providers

POLICY RECOMMENDATION 7

TITLE: Facilitate establishment and operation of alternative childcare services

Justification: During the pandemic containment measures were imposed and people had to shift their living habits in order to protect themselves and their family from the infection with the virus. Such changes have affected more women than men in terms of time poverty, since the conception in the country is that women should be responsible with house care and childcare. This meant that women have allocated more time to housework, as well as monitoring and assisting their children during remote schooling. This had a direct impact on women's work and careers, as the National Bureau of Statistics has found, 24.4% of the total employed population was affected by the COVID-19 pandemic, out of which 60.5% were women.²⁶¹ Given that the school year 2020-2021 the educational institutes have the option to select from 7 models which are available, varying from full presence in class to full online, time poverty for women will still remain a concern impacting their emotional wellbeing and presenting difficulties in fulfilling their career and keeping their jobs.

Policy content: Facilitate alternative childcare/daycare services, both for pre-school and school aged children, where children can be hosted when they are not in kindergarten or school, to allow participation of parents in

²⁶¹ NBS

their workplace. Due consideration shall be given to expanding investments in care economy infrastructure, at large, beyond child-care services, to address time poverty of women, foster women's economic empowerment and secure additional income for the economy, at large.

- Review and revise the legal and regulatory framework for childcare based on evidence-based policy analysis, consultations with parents, teachers, employers, as well as existing service providers.
- Develop alternative childcare services eliciting community driven interventions and contributions from the private sector: household of family-based care services, associations of parents, workplace facilities and daycare organized by employers, parent administered non-profit daycare, etc. The initiatives will also consider associated alternative transportation services for children.
- Organize training and licensing of alternative childcare/daycare providers.
- Elaborate policies and regulations for financing of alternative childcare/daycare using state and local government grants and providing incentives for contributions from parents and private sector.
- Conduct an economic analysis, with a gender lens, on the benefits resulting from investing in social care infrastructure services at large, including childcare but also beyond, determine high-potential sectors for investments and engage in advocacy on their inclusion in the country's policy agenda and budget in the medium and long-term.

Expected benefits and impact: Parents, particularly women, who need to place their children in childcare when not at kindergarten or school. As women usually bear the burden with childcare, they will have more time to work to sustain their families and livelihoods.

Linkage to already existing instruments: Not available

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services.

Institutions responsible for implementation: Ministry of Education, Culture and Research and Ministry of Health, Labor and Social Protection; local governments, parents associations.

POLICY RECOMMENDATION 8

TITLE: Support for building back better and decoupling recovery from unsustainable consumption and production

Justification: According to the survey presented in Chapter 3 of this report, attitudes in Moldova towards a greener and more environmentally friendly economy shaped in three patterns: **(1) Interested and likely to follow up on their word in the next years** (freelancers and returning migrants); **(2) Those that did not know** (the Older people); and **(3) Those that for whatever reason did not buy-in at the present moment** (poor households and NEET youth).

Poor households' and NEET youth's positions (39% and 33% respectively stating that they are not any more interested than before in renewable energy or in more efficient devices) show the primacy of fundamental needs and the difficulties in achieving a progressive mindset, when the fundamental needs as access to food and safe water, to basic services or decent jobs are not met.

On the other hand, freelancers and returning migrants showed an open-minded positive attitude – at 66% and 42% respectively declaring increased interest in renewable energy technologies. In addition, 52% of freelancers and 42% of returning migrants declared actual willingness to invest in more energy efficient devices. With respect to measures perceived to be most useful for recovery – around 73% of returning migrants and 72% of freelancers cited the need for new channels or platforms with job opportunities. Unemployment benefits and

training programs were also in the top 3 choices, with fewer mentions of debt and taxes reliefs.

The younger profile of these two groups, along with their proximity to newer technologies, position them as the best agents for change among the vulnerable groups. Returning migrants being also potential investors should be supported by appropriate incentives to play their crucial role in promoting positive change in the post-COVID-19 transformation.

Policy content:

- Enshrine sustainability criteria in project lifecycle (procurement, investment / financing, design and build) and encourage post-Covid-19 economic recovery investments that ensure environment and climate resilience, as well as low carbon development in all economic sectors.
- Aim to stimulate green fiscal recovery through packages to help decouple post-pandemic economic growth from environmental and climate impacts and reduce existing welfare inequalities (namely targeted tax incentives and subsidies for companies that invest in new environmentally friendly technologies).
- With the post-COVID-19 recovery packages support Resource Efficient and Cleaner Production (RECP) and eco-innovation investments in SMEs – through fiscal incentives, eased credit access and RECP-targeting subsidies.
- Encourage new forms of nature-based tourism with the recovery measures targeting the hospitality sector (e.g. ecosystem services restoration, with focus on forests and protected areas).
- Channel urban development investments to enhancing green and recreational areas in the cities (parks, botanic gardens, etc.), thus enhancing population’s health resilience to heat waves while providing space for leisure and recovery.
- Support start-ups in circular economy practices, including safe management, recovery and recycling of various waste streams (e.g. electrical and electronic waste, construction, cloth/textile wastes, etc.).
- Provide specific reskilling and training support for businesses affected by the immediate crisis and vulnerable groups as NEET youth, to develop capacities related to the emerging “green” jobs market (e.g. waste recovery and recycling; renewable energy sources, energy efficiency, eco-tourism, etc.).

Expected benefits and impact: For the economic recovery from the COVID-19 crisis to be durable and resilient, a return to “business as usual” and environmentally destructive investment patterns and activities is to be avoided. Any government should be aware that in the long term, global environmental emergencies such as climate change and biodiversity loss could cause social and economic damages far larger than those caused by COVID-19. To avoid this, **economic recovery packages should be designed to “build back better”**. The proposed policies are intended to reach out beyond getting economies and livelihoods back on their feet, but make the recovery sustainable and increase society’s resilience to future shocks. Thus, COVID-19 crisis can be turned into opportunity for a resilient recovery of the private business in Moldova as well. With the proposed measures potential investors (incl. returning migrants) would be encouraged to explore new development paths, to introduce eco-innovation and apply best available technologies. This will return tangible benefits to the business, deriving from increased energy and resource efficiency throughout the value chain and alignment with emerging market trends on European and global level.

Linkage to already existing instruments: The recommended policy is in line with a number of instruments already supporting or designed to support developments in key economic sectors as agriculture, energy, manufacturing (focus on SMEs), digitalization of services, etc. Just to name a few: the USAID support for the High Value Agriculture Activity; EU4Moldova Focal Regions project; EU4Energy and EU4Environment regional projects (green economy cluster and RECP clubs); FAO support provided to sustainable and climate resilient agricultural

practices; EU4Business-EBRD credit lines to SMEs; support programmes implemented by ODIMM as “Start for Youth”, “Support for SMEs in rural areas”; “Digitization of SMEs business models”, etc. All this (but also future) support is conditional upon taking into account environmental and climate considerations, including in the post-COVID-19 recovery period.

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services; Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers.

Institutions responsible for implementation: Ministry of Finance; Ministry of Agriculture, Regional Development and Environment; Ministry of Economy and Infrastructure.

POLICY RECOMMENDATION 9

TITLE: Professional reconversion for NEET youth and returning migrants

Justification: NEET young people are at greater risk of social exclusion compared to the rest of the population because they neither develop their skills through education, nor they accumulate experience by engaging in the labor market. The problem is more acute in the case of young people with low level of education. For example, the overall NEET rate among young people aged 15-29, in 2019 was 27,4% and 42,1% among the same group but with secondary professional level of education (58,1% for women) and 33,4% for those with secondary specialized level of education. At the same time, the higher share of NEET women (35.5% versus 19.4% NEET men) points that more NEET women are at risk of facing difficult job market prospects. Therefore, programmes addressed at NEET youth in particular, shall prioritize women. Moldova is faced with a significant outflow of people, seeking for better opportunities and higher income in other countries. Following the containment measures imposed by COVID-19 pandemic, a large pool of potential migrants either returned home or postponed leaving the country. The returned migrants have to be integrated in the economy, therefore they must either find suitable jobs for their skills or develop new skills in line with the necessities in the economy.

Policy content: Incentivize Training providers to organize special training programs for youth and returning migrants in order to help them develop skills and prepare for jobs in various sectors with high demand of labor force. The state will develop policies to support and co-fund the training programmes and co-fund enterprise payroll costs for the trainees. The policy will cover the following areas:

- Programmes to incentivize and support training providers from the public and private sectors
- Encourage companies to offer on-the-job training based on the existing employment legislation (law 105/2018) and in cooperation with the National Employment Agency (NEA)
- Support recognition of informal skills/prior learning (e.g. acquired abroad)
- Expand the current Ministry of Education mechanism for recognizing informal skills, to additional professional areas
- Develop upgrade and upscale programmes to support entrepreneurship and self-employment

Employ dedicated efforts to ensure programmes addressed at supporting NEET youth, are targeting women in particular given their higher share within this group. **Expected benefits and impact:** The professional conversion programme is aiming to train NEET youth and returning migrants on specific skills necessary in the various sectors with high demand for labor force. Developing a qualification and having the prospective of a career in an industry which is expected to focus on expanding its workforce in the future, could help the targeted groups as follows:

- NEET youth to be more encouraged to become economically active
- Returning migrants to make a career shift and be more encouraged to remain in the country and not to leave abroad

Linkage to already existing instruments: Not available

- Development Programme of Youth Centre 2017-2022
- “Strengthening the capacity of returning migrants” workshop developed by National Agency for Employment

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers

Institutions responsible for implementation: Ministry of Health, Labor and Social Protection

POLICY RECOMMENDATION 10

TITLE: Program to ensure adequate access to proper information, legal, rights-based and well-informed labor migration

Justification: Several studies have found that a sizable part of the diaspora is working based on either weak legal contracts or no contracts at all. IOM for example found in 2020 that 35% of the migrants in Russia, 23% in Spain and 19% from Italy were working informally. With no social safety nets, migrants are exposed to difficult personal circumstances, and can even succumb to exploitation, with cases of reported labor being reported. Thus, given the notable intention to re-emigrate during or after the COVID-19 pandemic, a solid system of facilitating access to proper information will empower safer and more dignified migration channels.

The policy could leverage on the experience of returning migrants to build a catalogue of crucial themes and thus build support for governance, fundamental freedoms, access to justice, and the rule of law

Policy content: An information program that could feature three distinct services that could advise and orient potential migrants to further bodies:

- General Information – This service would feature general information on emigration in a country, focusing both on the right to stay in a country, specific visa conditions, job portals – as well as general information related to language learning, housing conditions, financial services, healthcare accessibility and education;
- Contract review and transparency assessment – Advisory service focused on individual contract reviews and assessment of credibility of external parties; Given a high share of emigrants are in informality, this service would also evaluate and flag potential frauds or scams.
- Litigation and help line – Information service for difficult cases involving potential human rights violations or downright exploitation

Expected benefits and impact: The system will help each individual understand their legal situation, respectively his or her rights (including human rights), as well as measures to enforce their rights or ways to ask for help when the rights are not respected. Thus, the expected benefits are better labor matching and more informed decisions on behalf of the prospective migrants (which are often coming from the ranks of the vulnerable groups). Furthermore, it will also help the authorities in better monitoring the intention to emigrate and break down the associated trends and segments.

Linkage to already existing instruments: Not available

Connection to UNDS pillar: Pillar 5 – Social Cohesion and Community Resilience

Institutions responsible for implementation: Ministry of Health, Work and Social Protection

POLICY RECOMMENDATION 11

TITLE: Increase household resilience, particularly women-led households from vulnerable groups, by developing their ability to save through financial education and discipline

Justification: As most of the vulnerable groups in the sample declared their income and savings are not enough to cover monthly bills (highest for poor households, 76%), there is a signal of potential low savings balances among some segments of the population. While one's personal situation is shaped over the course of time, there are multiple decisions over the course of a person's lifetime that involve a financial element and have a financial implication. A clear and practical guide to financial education and discipline could enable better knowledge of the costs, benefits and risks of monthly money management.

Policy content: An information program that could be developed by the public authorities together with private financial institutions, and that would feature integrated educational content aimed at building core financial education and spending awareness:

- Multi-channel budgeting campaign, with core explanations and examples of real-life budgeting situations
- Information programs and leaflets on savings principles, saving strategies and savings products

Expected benefits and impact: The educational campaigns will enable the household and vulnerable groups to build resilience through increased savings.

Linkage to already existing instruments: Not available

Connection to UNDS pillar: Pillar 5 – Social Cohesion and Community Resilience

Institutions responsible for implementation: Ministry of Education, Culture and Research, Ministry of Finance

POLICY RECOMMENDATION 12

TITLE: Support national statistical system to adapt to new COVID-19 realities and build new capabilities to collect, (re)use and disseminate data and new evidence

Justification: Even before the COVID-19 pandemic, the national statistical system was struggling to cope with the volatile and complex environment and the increasing need for prompt evidence for policy/decision making, new and varied evidence, modern methods and methodologies, technological endowments, capacitated and sufficiently motivated staff, factual institutional collaboration and openness for data sharing and re-use and so on.

The COVID-19 crisis has impacted the statistical system in many ways and several weaknesses were brought to the forefront at multiple levels:

- Paper-based data collection processes (from households and businesses) and difficulties to remotely contact the respondents and collect data in a lockdown within difficult epidemiological context
- Emerging need for more and better-quality evidence, that is needed at higher frequency and in a timelier manner from both producers of official statistics and in particular from the administrative/departmental data sources
- Need for new types of evidence and insufficient capacities (institutional, human, financial), particularly at the level of the NBS, and external factors to integrate and triangulate such data for the purpose of statistical works.

Consequently, there is a need to accelerate the development of the national statistical ecosystem, with predominant focus on the NBS and other authorities and actors, further building the capacities in generating data, use new methodologies and tools, including GIS and machine learning tools, develop capacities and interest for use on alternative sources of data, including big data and thick data, as well as build capabilities for data triangulation and digitalized processing. There is also needed to expand the national ecosystem by developing new partnerships with 'non-traditional' partners, including in the private sector and/or global data holders (spatial agencies) for access to new types of evidence with the condition that data protection rules and principles are fully respected. Despite the significant progress, collection of sex-disaggregated data needs to be further strengthened and expanded to include all socio-economic sectors.

Policy content: Creation of an additional capacity, particularly at the NBS, to generate new sex-disaggregated and evidence based on ad-hoc and amended modules, new tools and methodologies for remote data collection, use of administrative, register-based and big data available from public authorities and private sector to ease statistical work overload, decrease the respondent burden, development of experimental services for developing new evidence on COVID-19 impact, particularly in areas of:

- Human wellbeing and inequalities – monitoring the impact of COVID-19 onto the households, income and non-income aspects, finetune and launch a national Multidimension Poverty Index, to capture patterns of non-income poverties
- Develop new use cases on food, energy, mobility and other types of poverties
- Online dashboards and open algorithms-based systems and platform integrating statistical, administrative and big data, including the development of flexible early warning systems based on high volume, frequency, quality and precision of data and services
- Consolidate use of Earth observation data, to support data use for evaluating the impact of the COVID-19 as seen from space, particularly in areas of agriculture, air pollution, mobility and so on;

Expected benefits and impact: Broad transversal benefits for the Government, decision-makers and development partners through availability of sex-disaggregated higher quality, frequency and timeliness of data and evidence for COVID-19 impact evaluation and recovery

Linkage to already existing instruments: The recommended policy is in line with the in-drafting new Strategy for the development of the national statistical system

Connection to UNDS pillar: with all Pillars

Institutions responsible for implementation: National Bureau of Statistics, other key actors of the national statistical system.

POLICY RECOMMENDATION 13

TITLE: Applying the principles and practices of good governance to respond and recover from COVID-19

Justification: The COVID-19 crisis unveiled the complexity of the development challenges faced by the country and people living in Moldova and equally the criticality of reflecting on the needs to apply several rules and good practices of the governance to be able to respond and recover from the COVID-19. Linearity of the solutions to problems is not acceptable and would not work, there is need to systemically approach the development issues and find/apply citizen-driven, human rights inclusive and gender sensitive solutions in line with the principles of the good governance.

Policy content:

In the current COVID-19 context, several aspects are recommended to be taken on board, in relation to good governance and recovery:

- Re-thinking the paradigm for public trust and finding/exploring new venues to bridge the gap, including the trust gap, between citizens and private sector and the government at all levels;
- Support digitalization of the government, particularly when it comes to social services; digitalize those services and in such ways as to bring these closer to end user, with specific focused being placed on social inclusion of most excluded and marginalized groups of population and businesses and inclusion of women;
- Build systems for risk governance and management of crises situations in the future;
- Support public sector innovation, with particular focus on building capacities for rapid and continuous exploration, solution mapping and experimentation with portfolio of solutions against key development challenges, with particular focus on most vulnerable groups of population and most affected business sector and economic agents;
- Build open government and efficient communication; invest in effective and efficient communication on COVID-19 related issues and tackle the misinformation, which has had a dramatic impact on the efficiency of measures for containment of the virus spread;
- Support public integrity;
- Build more transparent and modern systems for procurement;
- Support diversity and social inclusion, in particular for most vulnerable and excluded groups of population;
- Support more evidence-based policy making and robust evaluation, particularly for newly developed policies to support recovery after COVID-19;
- Build and strengthen policy coherence and coordination; fortify the role of the State Chancellery in policy coordination and alignment of the new strategies and related policy documents to the Agenda 2030 and nationalized SDGs;

Expected benefits and impact: Broad transversal benefits for the Government, decision-makers and development partners, more coherent policy framework, aligned to the 2030 agenda and nationalized SDGs.

Linkage to already existing instruments: Link to the Moldova 2030 Strategy.

Connection to UNDS pillar: with all Pillars.

Institutions responsible for implementation: All of the Government, State Chancellery and key line ministries and agencies, other.

7.2 Policy recommendation guidelines for the recovery of the selected economic sectors

Early anti-COVID-19 economic measures

At the end of March and beginning of April 2020, the Government of the Republic of Moldova adopted a series of **measures meant to protect and stimulate companies from all economic sectors**:

- Postponing the deadlines for submitting financial statements;
- Postponing some deadlines for paying monthly, quarterly and annual taxes;
- Eliminating the external audit requirement for 2019 for medium and large companies;
- Subsidizing payroll taxes for companies that suspended totally or partially their activity, but decided to keep their employees, placing them under standstill or technical unemployment;
- Subsidizing the interest rate for loans contracted by companies for salaries and investment purposes. The total amount of subsidies, to be paid between May and December 2020, is estimated at approximately EUR 4.5 mn;
- VAT refund for companies having recoverable VAT amounts that can be carried forward. The measure, in place between May and December 2020, is expected to target up to 10,000 companies and the total refunding effort is estimated at approximately EUR 50 mn;
- Increasing the unemployment monthly benefit (to approx. EUR 140) and enlarging the list of potential beneficiaries;
- Paying financial compensation for people getting infected with COVID-19 while at work (approx. EUR 800);
- Paying monthly financial bonus for people working in the healthcare and in the penitentiary system being involved in anti-COVID-19-related activities, during the pandemic;
- COVID-19 related donations made for the benefit of medical institutions or on the special accounts opened by the Ministry of Finance shall be treated as fully tax-deductible;
- Customs tax and VAT exemptions at the import of anti-COVID-19 protection equipment and goods;
- Customs facilities prioritization for manufacturing-related goods;

In July 2020, the Moldovan Government reached an agreement with the International Monetary Fund (IMF) for a 3-year (2020-2023) cooperation program. Benefiting from a total budget of \$ 558 million, the program will be dedicated to economic recovery following COVID-19 pandemic and to the implementation of institutional reforms²⁶².

By the end of September 2020, the Moldovan Government is expected to receive from EU the first EUR 50 million share out of an EUR 100 million loan²⁶³, awarded for 12 months within the Team Europe program launched in reaction to COVID-19 pandemic.

Starting 1 January 2021, social security contributions will be fully born by the employers in the amount of the 24% from the remuneration fund, while de health insurance contributions will be fully born by the employees at the single rate of 9%. Thus, the level of the social security and health insurance contributions borne by the employees will decrease in 2021 from 10.5% to 9%.

²⁶² <https://gov.md/ro/content/guvernul-ajuns-la-un-acord-cu-fondul-monetar-international>

²⁶³ https://ec.europa.eu/romania/news/20200423_asistenta_macrofinanciara_ro

In May 2020, the Labor Code was amended in order to introduce, define and allow tele-working and to clarify provisions regarding working remotely.

Two of the 16 Moldovan banks, Moldova Agroindbank and Moldindconbank, postponed the deadlines for companies for paying credit rates up to 3 months.

For the **hospitality industry**, the VAT was lowered from 20% to 15%, starting from May 2020.

In order to support **transportation and storage**, the Ministry of Economy and Infrastructure postponed with 2 months, from April to June, the deadline for finalizing the comfort categories classification of vehicles. The period of validity of the professional competence certificates, for both managers and drivers, was also extended with 2 months.

The Government also maintained the incentive, specifically targeting **agribusiness**, subsidizing 6% out of 18% (which represents the compulsory social security contributions due by employers) applied to the salary remuneration of the agricultural companies' employees, under the condition that at least 95% of the companies' total income is due to agricultural activities.

In September 2020, the Parliament adopted a set of measures meant to support **agriculture**²⁶⁴, sector which was severely impacted in 2020 mainly by the draught, but also by COVID-19. The measures included increasing the value of the VAT eligible for refund. Thus, the amount of recoverable VAT eligible for refund for agricultural companies impacted by 2020 climatic situation shall represent the minimum amount from the following two values:

- amount of recoverable VAT available as of December 2019, or
- amount of calculated and declared land tax, salary-related taxes (personal income tax, social security contributions, health insurance contributions) for the period May – December 2020.

In this regard, the condition of payment of the salary-related taxes in order to benefit from VAT refund has been abolished for agricultural entities impacted by 2020 draught. In addition, the VAT refunding period has been shortened from 25 days to 15 days. Another measure included subsidizing the interest loan, starting from 1 May 2020 until 31 December 2020, and extending, until the end of the year, the moratorium on tax, control of agricultural producers impacted by the draught.

For the **constructions sector**, the First House programme state subsidies were increased with approximately EUR 7.5 mn.

The Organisation for Small and Medium Enterprises Sector Development (ODIMM) implemented **several aid initiatives targeting SMEs in all economic sectors**:

- Launched the “issue of the day” service to explain and answer the FAQ regarding business activities in the state of emergency;
- Launched a virtual SMEs fair to support small local producers and replace physical market. The Facebook-based platform has more than 6,500 active members;
- Continued the “Credit Guarantee Fund” programme²⁶⁵, dedicate to SMEs, in place since 2007. Starting from May 2020, the National Bank of Moldova acknowledges the guarantees provided by ODIMM (up to 70% of the loan) as a credit risk mitigator;

²⁶⁴ Law no.176 dated 11.09.2020

²⁶⁵ <https://www.odimm.md/en/about-us/oblasti/guarantee>

- In April 2020, the “Women in Business” programme²⁶⁶ was initiated. The programme provides training, assistance and grants for purchasing equipment and services (Max: EUR 8,250), for SMEs (either new or created in the last 2 years) owned and managed by women and grants for development, R&D and innovation (Max: EUR 82,500), for SMEs having more than 2 years of activity, owned and managed by women;
- In March and April 2020, more than 100 businesswomen from Danube countries, including Moldova, benefitted from online training on entrepreneurship, as part of the EU-funded “Women in Business - Fostering the Young Women Entrepreneurship in the Danube Region” project²⁶⁷;
- Given that only 17% of the Moldovan SMEs have digital technologies integrated in their activities, ODIMM launched in June 2020 a funding instrument²⁶⁸ to encourage the digitization of SMEs business models, introduction of smart solution that stimulate productivity and connectivity under the new economic conditions. Support will be offered to companies based in Moldova, holding products or services developed as a consequence of their entrepreneurial activity. At least 100 SMEs will receive up to EUR 1,000 vouchers for advisory & mentorship services for creating webpage, social network profiles, products and services depiction, etc. At least 10 companies will receive up to EUR 10,000 for buying equipment and software enabling the company digitization;
- Initiated in 2019, the programme “Start for youth”²⁶⁹, dedicated to young entrepreneurs (18-35 years) will also continue. The participants will be trained and get assistance for starting and developing a small business. 70% of the supported SMEs have to be active in the rural area.
- In September 2020, ODIMM launched a new guarantee product²⁷⁰, dedicated to SMEs which witnessed a 30% decrease in revenue between March and June 2020, compared to the similar period of 2019. The state will provide 80% guarantees for any loan regarding working capital or investment (maximum limit: approx. EUR 256,000).

In terms of SMEs-related support measures dedicated to specific economic areas, ODIMM continues to implement a programme dedicated to **SMEs in agribusiness**, “Support for SMEs in rural areas”²⁷¹, that provides grants for small and medium businesses in the rural area. The programme has a total budget of EUR 5 mn (out of which EUR 4 mn is EU contribution) and is implemented between 2018 and 2021.

Another ODDIMM initiative, the “PARE 1+1” ODDIMM programme²⁷², initiated in 2010, is targeting **Moldovan men and women working abroad**. Co-funded by EU, the programme provides training, support and funding to any citizen of the Republic of Moldova currently working abroad, or to a first-degree relative of a person working abroad, who wants to start or to develop a business in Moldova. Economic sectors such as trade or banking are not eligible.

The UNDP-funded Migration and Local Development (MiDL) Phase 2 project is running between 2019 and 2022 (total expected budget for 2020-2022: approximately EUR 4.25 million)²⁷³. The programme is focused on **providing training to migrant workers** and implement initiatives to contribute to **local development** and to provide **income generating opportunities at local level**.

266 <https://www.odimm.md/ro/femei-in-afaceri>

267 <https://www.odimm.md/ro/proiecte-internationale/programul-transnational-dunarea/women-in-business>

268 <https://www.odimm.md/ro/digitalizarea>

269 <https://www.odimm.md/ro/presa/anunturi/4643-odimm-anunta-inscrierea-la-programul-start-pentru-tineri-doritorii-sunt-invitati-sa-si-aleaga-etapa-la-care-vor-sa-se-inregistreze>

270 <https://monitorul.fisc.md/editorial/noul-produs-de-garantare-pentru-imm.html>

271 <https://www.odimm.md/en/projects/support-in-rural-areas>

272 <https://www.odimm.md/en/press/press-releases/4548-one-billion-lei-in-the-country-s-economy-through-pare-1-1>

273 https://www.md.undp.org/content/moldova/en/home/projects/MIDL_Project_2.html

In May 2020, EBRD, with the financial support of EU, launched in 30 countries, including Moldova, the “Know How to...in a Crisis” e-learning platform **for SMEs**²⁷⁴, targeting both entrepreneurs and employees. The free-to-use platform aims to provide training and assistance regarding strategic, financial, management and human resources issues triggered by COVID-19 pandemic.

At the same time, the bank Mobiasbanca received a EUR 5 mn loan from EBRD²⁷⁵ for on-lending to private **micro, small and medium-sized enterprises (MSMEs)**. The lending programme started in June 2020.

In July 2020, EBRD announced an additional EUR 5 million loan to Mobiasbanca-OTP Group for on-lending supported by EU grants under the EU4Business-EBRD credit line²⁷⁶. The EU4Business-EBRD Credit line is a joint initiative of EU and EBRD launched in 2016 in order to provide aid to Moldovan SMEs.

Between August and October 2020, the Start Up Academy 2020 programme²⁷⁷ provides digitalization and entrepreneurial training for more than 300 SMEs. The program is implemented with the support of Tekwill (the high-tech hub hosted by the Technical University of Moldova and launched in May 2017 as a Centre of Excellence of the ICT sector²⁷⁸), StartUp Moldova (a platform for generating, piloting, and implementing new ideas launched in May 2020), United States Agency for International Development (USAID), the Government of Sweden and ODIMM.

In September 2020, EU-funded technical assistance “SME Policy Support Window” project²⁷⁹ was launched. With a total budget of EUR 2.6 million and a duration of 29 months, the project aims to support the sustainable and inclusive development of **rural-based SMEs**.

The National Office of Vine and Wine deployed, between June and August 2020, a project for evaluating the impact of COVID-19 pandemic on target markets for **Moldovan wine products**.

USAID continues to implement the 5-year long, \$21 million-worth High Value Agriculture Activity (HVAA) / Agricultura Performanta in Moldova (APM) project²⁸⁰, initiated in 2017, helping **local producers** to employ e-commerce by improving their websites, creating online shops and identifying solutions for online marketing to increase domestic consumption of local products. The project also contributes to the enhancement of the legal and operational frameworks of e-commerce in Moldova. The project is dedicated to awarding grants for **agribusiness**.

Initiated in 2016, the LEADER programme, meant to support business development, is currently implemented in 32 Local Actions Groups (GALs)²⁸¹. The programme is implemented with the support of several international and local organisations, including EU SARD (Support for Agriculture and Rural Development in ATU Gagauzia and Taracila), USAID, Polish Aid, Solidarity Fund PL in Moldova, UKID, British Embassy in Chişinău, HEKS (Switzerland), Ministry of Foreign Affairs of the Republic of Estonia, People in Need (Czech Republic), Craion Contact Cahul, and ProCoRe. In 2020, LEADER is running the call for the Pilot Initiatives Fund LEADER – EU 2020 dedicated to **innovative business proposals targeting both rural and urban areas**. Benefitting from a total budget of approximately EUR 200k, the Fund will finance 19 projects.

The Food and Agricultural Organisation (FAO) provided assistance to the Ministry of Agriculture, Regional Development and Environment by assessing the draught impact on the **agricultural production of Moldova** in 2020.

‘EU4Moldova: Focal Regions Programme’ funded by the EU and implemented by UNDP and UNICEF will support the private sector through dedicated assistance to Local Action Groups in Ungheni and Cahul regions (total

274 <https://www.ebrd.com/news/2020/ebrd-launches-online-learning-resource-for-small-businesses.html>

275 <https://www.ebrd.com/news/2020/ebrd-loan-of-5-million-to-moldovas-mobiasbanca.html>

276 <https://www.ebrd.com/news/2020/ebrd-and-eu-unlock-fresh-funding-for-smes-in-moldova.html>

277 <https://startupacademy.md/upgrade/>

278 <https://www.tekwill.md/news/startup-moldova-en>

279 <https://odimm.md/ro/presa/comunicate-de-presa/evenimente/4775-asistenta-europeana-pentru-dezvoltarea-imm-urilor-din-zonele-rurale-ale-republicii-moldova>

280 <https://chemonics.com/projects/transforming-moldovas-agriculture-sector/>

281 <https://leaderin.md/en/gal-uri-moldova/>

grant amount for 2020 is EUR 200,000). At the same time, the programme implies non-cash support for the private sector (total amount for 2020 - 770,000 eur) and training, coaching and mentoring assistance, as well as support for interventions in infrastructure modernization.²⁸²

Early measures and policies specifically targeting the **healthcare** system are presented in Chapter 5 of this report.

Policy recommendations

According to “A UN framework for the immediate socio-economic response to COVID-19” report, issued by UN in April 2020, the socio-economic response framework provided by the United Nations Development System (UNDS) in the first 12-18 month following the outbreak of COVID-19 pandemic comprises 5 streams of work (pillars):

- **Pillar 1** – Health First: Protecting Health Services and Systems during the Crisis
- **Pillar 2** – Protecting People: Social Protection and Basic Services
- **Pillar 3** – Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas
 - Business environment
 - MSMEs
 - Agriculture
 - Digitalization and innovation
- **Pillar 4** – Macroeconomic response and multilateral collaboration
- **Pillar 5** – Social cohesion and community resilience

The policy recommendations presented below were drafted in accordance with the UNDS socio-economic strategy, therefore connections with its pillars are clearly indicated. The recommendations target mainly the economic sectors which are the subject of this report: Wholesale and Retail Trade (non-food), Transportation and Storage, Hospitality, Manufacturing (Light Industry), Agribusiness and Healthcare.

In the survey presented in Chapter 4 of this report regarding the impact of COVID-19 on the most impacted economic sectors (wholesale and retail, transportation and storage, hospitality, light industries and agribusiness), 278 out of 450 companies (62%) of the companies indicated that their income dropped with more than 25% due to COVID-19 restrictions. Therefore, in all the policy recommendation below, we shall use 25% company revenue drop as threshold above which certain fiscal and economic measures should be taken.

In the same survey, which was carried out in August-September 2020, 172 out of 450 company owners (38%) indicated that see a risk of their business going bankrupt in the next 6 months or more due to COVID-19 pandemic. This is the one of the reasons for which we propose a number of policy recommendation targeting the survival of Moldovan companies, particularly SMEs, in the next 3-6 months.

According to NBS, the hospitality sector, where half of employees are women, had a 66.2% decrease in revenue in Q2 2020 compared to the same period in 2019. In first semester of 2020, the services provided by tourism agencies and tour-operators led to revenue with 75.3% lower than in 2019²⁸³. According to the survey presented in Chapter 4, 24 out of 97 companies in hospitality (24.7%) are totally or partially closed due to COVID-19, while 45.3% are currently only partially opened. These figures indicate that hospitality is the most impacted economic sector due to pandemic outbreak and associated restrictions. Therefore, specific measures for the hospitality industry will be inserted in many of the policy recommendations below.

²⁸² EU4Moldova

²⁸³ <https://statistica.gov.md/newsview.php?l=en&idc=168&id=6736>

POLICY RECOMMENDATION 1

TITLE: Support for reintegrating and recruiting workforce

Justification: According to the survey presented in Chapter 4 of this report, 268 out of 450 companies (59.5%) reported COVID-19-related personnel issues. 35 companies (7.7%) fired some of their employees, 73 companies (16.2%) reported that part of their employees were subject to technical unemployment, while workers in other 160 companies (35.5%) were asked to go in personal vacation. In the same survey, 164 out of 450 companies (36.4%) mentioned that, during the pandemic, their activity was totally closed, while 120 companies (26.7%) claimed they have continued their activity with a reduced number of employees.

At the same time, according to the NBS, the labor force (active population, including both employed and unemployed population) of Moldova dropped in Q2 2020 with 9% compared to Q2 2019²⁸⁴. The labor force participation rate of the population aged 15 and over (which refers to the proportion of the labor force aged 15 and over from the total population of the same age category) lowered from 43.4% in 2019 to 39.9% in 2020.

NBS also reported that in Q2 2020, the share of NEET youth was 18,9% out of the total number of young persons aged 15-24 years, 27,6 % between 15-29 years and 32,6% between 15-34 years.

The number of persons who had a job, but who did not work at all in Q2 2020, was approximately 163,000, 8 times higher than in Q2 2019. Their share in total employment increased from 2,5% in Q2 2019 to 20% in Q2 2020. 31.4% of the employees not working in Q2 2020 were in unpaid leave, 21.9% were home due to companies' cessation of activity, 20.3% were in technical unemployment, while 17.0% were in annual leave.

According to NBS, 24.4% of the employed population (approximately 200,000 people) reported that, in Q2 2020, their situation at work was affected due to COVID-19, to a greater extent women (30.9% of the total employed women) than men (18.5%) and urban population (33.3% out of the total urban employed population) than rural population (17.4%).

All the above data, together with the fact that, as per the end of September 2020, COVID-19 is far from being contained in Moldova, indicate the necessity of implementing measures for encouraging and supporting workforce reintegration and recruiting. Considering that women were affected to a larger extent than men by job losses, NEET women are more exposed to job market access risks, and older women reported higher drops in income during the pandemic compared to men, the workforce reintegration efforts need to clearly prioritise women across all groups.

Policy content:

- Partial subsidize (up to 50%) of the gross salary for employees which were subject to technical unemployment or unpaid leave due to COVID-19 related difficulties encountered by their employers. The measure should be in place for the first 3 months after re-integration.
- Partial subsidize (up to 50%) of the gross salary for newly hired employees of Moldova-based companies, if those employees had a valid employment contract with an employer based outside Moldova in the 12 months previous to March 2020. The measure should be in place for the first 3 months after hiring.
- Fully subsidizing social contributions for newly hired young people (< 35 years old) in companies active in Wholesale and Retail Trade (non-food), Transportation and Storage, Hospitality, Manufacturing (Light Industry). The measure should be in place for the first 2 years of employment.

284 <https://statistica.gov.md/newsview.php?l=en&idc=168&id=6749>

- Implementing the Kurzarbeit short-time work scheme for employers who choose to reduce their employees working hours, due to reduced market demand for the company products and services. The workers should be fully rewarded by the employer for the hours they effectively work and partially rewarded via governmental aid (replacement rate) for the difference between the work hours stipulated in their work contract and hours effectively worked. The replacement rate should be 60% of the workers normal payment. For the non-worked hours, the employer should pay 50% of the social and health systems contributions for each employee which is subject to the scheme. At least 10% of the workforce of a company should be subject to reduced hours work in order for the company to be eligible for the scheme. The measure should be in place for 12 months and subject to possible extension, pending on COVID-19 evolution.
- Identification of the specific norms and action plan that would support employees with children below a specific age and single mothers, both women and men, in the circumstances when the offline activity of schools and kindergartens is suspended.
- Identification of the specific norms and action plan that would support diverse forms of flexible work, apart from teleworking

Expected benefits and impact: According to the IMF, in March and April 2020, 20% of the workforce in Germany (approximately 10 million people) applied for the Kurzarbeit scheme, while only 0.4 million people became unemployed. Given that COVID-19 impact is still significant and that cold weather in the next 6 months might increase its impact on the Moldovan economy, implementing the Kurzarbeit scheme has the potential to significantly limit the possible increase in unemployment. Stimulating the employment of young people and of emigrants choosing to return home is essential for future development of the economy and for reversing the workforce migration trends which were dominant previous to COVID-19 outbreak.

Linkage to already existing instruments: The recommended policy is in line with the early adopted governmental measures regarding subsidizing payroll taxes for companies that suspended totally or partially their activity, but decided to keep their employees, placing them under standstill or technical unemployment, subsidizing the interest rate for loans contracted by companies for salaries and investment purposes, increasing the unemployment monthly benefit (to approx. 2800 MDL) and enlarging the list of potential beneficiaries.

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services; Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers.

Institutions responsible for implementation: Ministry of Finance, Ministry of Health, Labor and Social Protection

POLICY RECOMMENDATION 2

TITLE: Support for teleworking and working in shifts in factories

Justification: In the survey presented in Chapter 4, only 103 out of 450 companies in wholesale and retail (non-food), transportation and storage, agriculture, hospitality and light industry (22.9%) said that the type the activities they deploy allows their employees to be engaged in teleworking. According to a study published in August 2020, the average percentage of people employed in EU countries in all economic sectors which can technically perform their duties via teleworking is 37%²⁸⁵. According to NBS, 51,300 people in the whole Moldovan economy did work from home in Q2 2020, which represents only 6.1% of the total employed population of Moldova²⁸⁶. A study published by Eurofund stated that 37% of people currently working in the EU began to telework as a result of the pandemic. In order to lower this significant gap in terms of share of employees for which teleworking could be a choice, Moldovan authorities have to take several measures.

285 <https://voxeu.org/article/potential-teleworking-europe-and-risk-new-digital-divide>

286 <https://statistica.gov.md/newsview.php?l=en&idc=168&id=6749>

One of the most COVID-19 impacted sectors is the light industry manufacturing. Out of the 58 companies in the sector which answered the survey depicted in Chapter 4 of this report, 31 (53.4%) indicated that they had to temporarily close their business due to the pandemic, while 16 (27.6%) mentioned that they continued their activity with reduced personnel. Even after the partial or total re-opening, the factories in the light industry still face a crucial issue: how to follow the COVID-19 related rules regarding employee's protection during working hours without negatively impacting the productivity and the revenues. The same issues is faced by the majority of the other types of factories in the country. Governmental measures could help these factories overcome this difficult period.

Policy content:

- Awarding grants for companies running factories, particularly in the light industry, for procuring anti-COVID-19 personal protection equipment for employees
- Subsidizing utilities payment for companies running factories which, during the pandemic, choose to implement working in shifts or to increase of number shifts in order to protect the health of their employees. The measure should be applied during the state of public health emergency
- Adopting legal provisions for encouraging tele-working outside exceptional situations (such as emergency state or public health emergency state), including through facilitation of part-time and flexible forms of employment and promotion of work-life balance policies and equality at the workplace..

Expected benefits and impact: It is expected the measures will increase the number of employees performing tele-working, thus reducing, on short-term, the risk of COVID-19 infection. It is expected the measures will increase the number of employees performing tele-working, thus reducing, on short-term, the risk of COVID-19 infection. On long term, it would have positive impact on increases in female demand in part-time jobs or flexible work arrangements.

On a longer term, increasing the number of employees subject of tele-working will allow companies reduce their administrative costs, including lowering rent and utilities expenses.

Linkage to already existing instruments: The recommended policy is in line with the early adopted governmental measures regarding customs tax and VAT exemptions for anti-COVID-19 protection equipment and goods and customs facilities prioritization for manufacturing-related goods

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services; Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers.

Institutions responsible for implementation: Ministry of Finance, Ministry of Health, Labor and Social Protection

POLICY RECOMMENDATION 3

TITLE: Deferral of tax and social contributions payments for companies witnessing a drop in incomes

Justification: In the survey presented in Chapter 4, 410 out of 450 companies (91.1%) mentioned that they received no pandemic-assistance from either central or local authorities since the debut of the crisis. According to the same survey, the most important measures the Government should adopt in order to aid business environment in the above mentioned sectors is deferral in paying taxes and social security and health insurance contributions (indicated by 40% of the companies), followed by the implementation of a package of fiscal measures (30.4%), awarding grants (25.7%) and deferral in paying rents and credit rates (25.1%).

Policy content:

- Partial payment of social security and health insurance contributions (30%) during the state of public health emergency and 3 months after its ending for independent workers and for MSMEs witnessing a 25% drop of their revenue in the quarter prior to the one in which they are asking for the facility, compared to the same quarter of 2019. The remaining 70% should be paid in first 6 months after the ending of the above described period, in equal monthly shares.
- Partial payment of quarterly instalments for Corporate Income Tax (CIT) (30%) during the state of public health emergency and 3 months after its ending for companies witnessing a 25% drop of their revenue in the quarter prior to the one in which they are asking for the facility, compared to the same quarter of 2019. The remaining 70% should be paid in first 6 months after the ending of the above described period, in equal quarterly shares.
- Additional CIT deductions for the companies witnessing a 25% drop of their revenue in Q2 2020 compared to Q2 2019 and maintained their number of employees during the emergency state. Full deduction and non-consideration as facilities granted by the employer of the expenses incurred by the company to ensure the fight against the effects of COVID-19 or to ensure compliance with the rules to prevent the spread of COVID-19.
- Permission of carry-back of fiscal losses (currently losses can be carried only forward for the following five years).
- 0% rate CIT applied for the reinvested income of the companies.
- Diminishing of the interest for the late payment of the taxes for the companies witnessing a 25% drop of their revenue in the quarter prior to the one in which they are asking for the facility, compared to the same quarter of 2019. Excluding penalty for inaccurate estimation of the CIT to be paid in quarterly instalments.
- Introduction of special rules for allowing deduction for tax purposes of the bad debts. Given the current situation, as well as the forecasts for the evolution of the country's economy, there is a likelihood of an increase in cases of bad debt. In this situation, we consider it would be recommendable to provide for specific rules that would allow the full deduction for tax purposes of the bad debts incurred as a result of the impossibility of fulfilling the contractual obligations in connection with the pandemic situation.

Expected benefits and impact: Companies will get assistance and avoid major financial issues, included lack of working capital and logistic issues. On short term, one might expect a decrease in governmental incomes. However, in the absence of these measures, one can predict that, on medium term, a significant number of the targeted companies will get bankrupt, thus more significantly affecting the governmental incomes.

The implementation of the above-listed measures should be closely monitored by central and local authorities in order to avoid situations in which abuses, and frauds might occur.

Linkage to already existing instruments: The recommended policy is in line with the early adopted (March and April 2020) governmental measures regarding postponing some deadlines for paying quarterly and annual taxes, as with the VAT refunding for companies having recoverable VAT amounts that can be carried forward.

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas

Institutions responsible for implementation: Ministry of Finance

POLICY RECOMMENDATION 4

TITLE: Credit payment deferral for MSMEs

Justification: In the survey carried out on 450 Moldovan companies, presented in Chapter 4 of this report, 25.1% of the respondents indicated deferral in paying rents and credit rates as one of the most important measures to be taken by the Government.

Policy content:

- 6 months (October 2020 – March 2021) credit payment deferral for micro enterprises in hospitality
- 6 months (October 2020 – March 2021) credit payment deferral for micro enterprises in all the economic sectors (apart from hospitality) for loans essential for the activity (paying salaries, providing working capital)
- 6 months (October 2020 – March 2021) credit payment deferral for small and medium enterprises in all the economic sectors provided their monthly revenue dropped by more than 25% between March and June 2020, compared to the same period of the 2019

Expected benefits and impact: Companies, especially those active in the most COVID-19-impacted areas, are expected to benefit from the measure by using their incomes exclusively for paying salaries and running their business.

Linkage to already existing instruments: The recommended policy is in line with the early adopted (March and April 2020) governmental measures regarding subsidizing the interest rate for loans contracted by companies for salaries and investment purposes. At the same time, the policy is in line with the measure taken by Moldova Agroindbank and Moldindconbank, which postponed the deadlines for companies for paying credit rates up to 3 months.

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas

Institutions responsible for implementation: Ministry of Finance, ODIMM, Moldovan Banks Association (ABM), commercial banks

POLICY RECOMMENDATION 5

TITLE: Providing preferential interest loans and governmental guarantees for MSMEs

Justification: According to the survey presented in Chapter 4 of this report, 102 out of 450 companies (22.7%) experienced an income drop of more than 75% due to COVID-19. Another 13.1% reported a decrease of income larger than 50%. For all these companies, deferring the social contributions and the payments for existing credits will not prove enough to avoid bankruptcy. Getting new loans, benefiting from subsidized interest and / or governmental guarantees, has the potential to provide the means for continuing the business. At the same time, consistent efforts to ensure that women-led businesses are systematically included in the support mechanisms are of paramount importance to ensure a gender-inclusive business sector recovery plan. All information about incentives to be put in place shall be disseminated through specialized women in business networks, while dedicated efforts shall be employed to ensure that the design of support packages includes the voice and perspective of women-led businesses, as well.

Policy content:

- Governmental guarantees (up to 80%) and zero-interest loans for micro companies in hospitality, in the limit of maximum EUR 300 month per employee of the company, but not more than EUR 2,500.
- Governmental guarantees (up to 80%) and preferential interest loans for those SMEs in hospitality (apart from micro enterprises), transportation & storage, light industry, wholesale and retail (non-food) and agriculture which witnessed a revenue drop larger than 25% between March and June 2020, compared to the same period of the 2019
- Governmental guarantees (up to 80%) MSMEs in all the other economic sectors, which witnessed a revenue drop larger than 25% between March and June 2020, compared to the same period of the 2019. The 30% revenue drop threshold, currently in place in the guarantee product launched by ODIMM in September 2020, should be lowered to 25%.
- Increase the budget of the Credit Guarantee Fund (launched in 2019, capitalized from the state budget and managed by ODIMM) in order to accommodate all the above-mentioned measures.

Expected benefits and impact: Together with the deferral of tax and social contributions payments (Policy recommendation 1) and credit payments deferral for MSMEs (Policy recommendation 2), awarding preferential interest loans and governmental guarantees for MSMEs is expected to complete the package of measures meant to support Moldovan companies, particularly MSMEs from the most impacted economic sectors, to overcome the significant financial difficulties encountered during the pandemic.

Linkage to already existing instruments: This policy recommendation is in line with several instruments and programs currently run by ODIMM and its partners, the most recent being the one initiated in September 2020, when a new guarantee product, dedicated to SMEs which witnessed a 30% decrease in revenue between March and June 2020, compared to the similar period of 2019, was launched. It is also well aligned with the EU4Business-EBRD credit line joint initiative of EU and EBRD.

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas

Institutions responsible for implementation: Ministry of Finance, ODIMM, Moldovan Banks Association (ABM), commercial banks

POLICY RECOMMENDATION 6

TITLE: Deferral of deadline for submitting financial statement and audit reports

Justification: Given that, at the end of September 2020, COVID-19 pandemic is still far from being contained in Moldova (the average number of daily newly confirmed cases was, in the first 3 weeks of September, the largest since the outbreak of the crisis), one would expect companies to have serious issues in finalizing their financial statements and audit reports in due time. Therefore, a deadline extension is required.

Policy content: Extending the deadline for submitting 2020 financial statement and audit reports by the end of May 2021

Expected benefits and impact: Performing accurate financial and audit documents fully reflecting the companies activities in 2019.

Linkage to already existing instruments: The recommended policy is in line with the early adopted (March and April 2020) governmental measures regarding postponing the deadlines for submitting financial statements and eliminating the external audit requirement for 2019 for medium and large companies.

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers. Areas

Institutions responsible for implementation: Ministry of Finance

POLICY RECOMMENDATION 7

TITLE: E-commerce and transportation & storage support measures

Justification: Given the increased level of contagiousness of COVID-19 and the restriction measures taken by the Moldovan authorities, e-commerce could have been a viable solution especially for companies active in wholesale and retail (non-food), agribusiness (local producers) or other economic sectors. However, in the survey presented in Chapter 4, only 108 companies out of 450 (24%) mentioned that they considered employing e-commerce solutions. Out of these, only 57 (12.7%) managed to use them.

According to NBS, the transportation & storage sector had a 25.9% decrease in revenue in Q2 2020 compared to the same period in 2019²⁸⁷. Between January and July 2020, 48.8% less passengers were transported in Moldova compared to the first seven months in 2019, the passenger transportation decrease in revenue for the same period being 59.8%. For goods transportation, the decrease in revenue for January-July was 9.0%²⁸⁸.

An essential component for the development of e-commerce is the progress of Moldovan transportation & storage sector. Products which are sold online need to be transported and stored in safe and eco-friendly facilities. Therefore, providing facilities to the transportation & storage sector will not only aid this economic sector severely impacted by COVID-19, but will also help the e-commerce development.

Policy content:

- Simplifying and clarifying the legislation regarding e-commerce, both for transactions in Moldova and for export
- Introducing express provisions regarding tax deductions for e-commerce related expenses, including software procurement, personnel training and, if the case, subscription to national and international e-commerce platforms
- Reducing the VAT and / or local taxes for e-commerce transactions
- Introducing express provisions regarding tax deductions for e-commerce related procurement expenses of companies in transportation & storage
- Awarding grants for transportation companies investing in storage facilities
- Simplifying procedure of obtaining permissive acts for performing e-commerce activities
- Simplifying and clarifying legislation related to the use of electronic documents and electronic signature

Expected benefits and impact: Stimulating companies to employ e-commerce solutions will have a significant impact not only during social crisis, such as the current pandemic, but also on a long term. By either getting connected with national or international well-known e-commerce platforms or by developing their own e-commerce solutions, the Moldovan companies will have the opportunity of promoting their products and services

²⁸⁷ <https://agora.md/stiri/77268/analiza-impactul-coronacrisei-asupra-economiei-rmscaderi-de-pana-la-70-in-horeca-si-crestere-substantiala-in-sectorul-tic>

²⁸⁸ <https://statistica.gov.md/newsview.php?l=en&idc=168&id=6759>

both on the local and international markets. E-commerce has the potential of increasing the visibility and awareness of a brand, thus having a direct impact on companies' revenue.

Linkage to already existing instruments: The recommended policy is in line with the early adopted governmental and ODIMM measures regarding postponing the deadline for finalizing the comfort categories classification of vehicles, organizing a virtual SMEs fair to support small local producers and replace physical market, launching a funding instrument to encourage the digitization of SMEs business models.

Connection to UNDS pillar: Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers.

Institutions responsible for implementation: Ministry of Finance

POLICY RECOMMENDATION 8

TITLE: Support in Greening the Republic of Moldova's COVID-19 Recovery Plan

Justification: Recovery from the social and economic disruptions caused by the pandemic will require concerted policy action. The aim of this policy recommendation is to mainstream environment and climate considerations into the stimulus packages and financial incentives that will be adopted as part of the post-COVID-19 recovery measures. To that end, targets for public investment and existing policy frameworks which can be rapidly scaled up shall be explored and financial tools that would enable not only post-pandemic recovery, but also larger scale transformative changes towards more resilient and sustainable economy will be defined. In Moldova, the use and application of fiscal instruments designed to promote sustainable practices and values, are broadly underexplored. In a study conducted in 2018 by OECD, it was estimated that a reform of the VAT related energy subsidies for example could lead to a net budget surplus of 30 million USD, while also contributing to cuts in greenhouse gas emissions. As the country considers its recovery packages, there are opportunities to prioritize green policy choices that help promote environmental objectives and speed up structural change towards low-carbon transition, while increasing society's resilience to future shockwaves. The proposed policy measures focus on defining budget and tax policy tools which the government can use to implement stimulus packages supporting a green recovery fully aligned with the national environmental and low-emissions development objectives.

Policy content:

- On the basis of existing policy instruments (e.g. *NDS Moldova 2030, NDC2 commitments under the Paris Agreement, Green Economy Development Strategy, LEDS 2030, Climate Change Adaptation Strategy, Biodiversity Strategy, sectoral programmes on WSS, waste management, renewable energy and energy efficiency, clean public transport, etc.*) – **support the development of a pipeline with potential projects that would allow prioritization of “green” infrastructure investments.** To that end – precise definitions of “green investments” and “sustainable infrastructure” shall be formulated on the basis of the EU taxonomy for sustainable finance.
- Facilitate the establishment and operationalization of a **Stakeholders Alliance for Green Economy** (incl. representatives of business associations, NGOs, local governments, relevant state authorities), as e.g. a consultative body at the Minister of Economy and Infrastructure or at Government level.
- Screen relevant elements of adopted stimulus packages for their long-term implications (including benefits for jobs, contribution to reducing environmental impacts and enhancing resilience to climate change). On this basis **identify stimulus measures designed to support green and circular economy**, in line with the national objectives and international commitments.
- Support the development of **guidelines, standards and definitions on green financing** (green bonds, green mortgages, green investments etc.).
- Support the government of Moldova to establish a Sustainable National Budget that makes **greater use**

of green budgeting tools for the purpose of redirecting investment, consumption and taxation towards sustainable practices and away from environmentally harmful ones. Fiscal leverages can also be used to promote certain behaviors such as increased use of public transportation, and to encourage green businesses by reducing taxes for companies adopting sustainable practices, etc.

- Support the introduction of an enabling regulatory framework facilitating the application of **market-based incentives** to successfully reduce pollution and GHG emissions, while generating revenues for green investments (e.g. feed-in tariffs on renewable energy generation; tax credits for environmentally relevant investment; VAT exemptions on electric cars; provision of public funds for nature conservation projects, biodiversity offsetting schemes, etc.).

Expected benefits and impact: A green recovery will significantly enhance the resilience of the Moldovan economy and society against both the severe post-COVID-19 recession and aggravated environmental challenges. Such a recovery has the potential to create opportunities for income, jobs and growth, and at the same time accelerate action on medium and long-term environmental goals, both at national and global levels. Designing recovery packages with environmental and low-emissions development objectives in mind will help ensure that the recovery is solid enough and builds a more sustainable growth trajectory than before the pandemic. In addition, fiscal spending during recovery combined with green objectives will bring economic benefits, because of associated job creation and economies of scale from improved energy and resource efficiency.

Linkage to already existing instruments: The recommended policy is in line with a number of instruments already supporting or designed to support green investments in key economic sectors as agriculture, energy, water supply and sanitation, waste management and transport, etc. Most relevant of those are: GEF supported project promoting the environmental fiscal reform; USAID support for the High Value Agriculture Activity; EU-4Moldova Focal Regions project; EUWI+, EU4Energy and EU4Environment regional programmes; FAO support provided to sustainable and climate resilient agricultural practices; EU, Sweden, Germany, EBRD, EIB, KfW, SDC, ADA, – investments in water infrastructure, waste management, energy efficiency and public transport innovation projects at different stage of implementation.

Connection to UNDS pillar: Pillar 2 - Protecting People: Social Protection and Basic Services; Pillar 3 - Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers.

Institutions responsible for implementation: Ministry of Finance; Ministry of Agriculture, Regional Development and Environment; Ministry of Economy and Infrastructure.

Appendix

Appendix 1 - Research Methodology

Survey among vulnerable groups

Scope: Collecting a minimum of 50 questionnaires per each of the seven vulnerable groups indicated below.

Sampling: Non-probabilistic quota sampling. No hard quotas were followed within each group (eg: age, geography, gender etc.). Nevertheless, in the data collection process, attention was drawn to get respondents from different geographical areas and localities and with different socio-demographic characteristics.

Respondents were identified using definitions mentioned below. Snowball approach was used to identify members from each vulnerable group, in some cases social assistants were involved in order to help identify potential respondents.

Questionnaire: was provided by PwC, with the design being closely developed together with UNDP and other UN impacted agencies.

Data collection: TAPI (Tablet Assisted Personal Interview)

Deliverables from the Magenta Consulting: Data file containing answers of each respondent and excel file with tables and graphs.

Table 25. Number of interviews per each targeted vulnerable group

	No. Interviews
Small entrepreneurs/freelancers	52
Children and Youth	55
Vulnerable women	51
Poor households	51
Returning migrants	55
Older people	75
NEET Youth	51

Definitions used to identify members of each group

- **Children & Youth:** vulnerable due to their safety, their well-being, their access to education & health. Children 0-14 years, Youth 15-24 years
- **NEET Youth:** constituting about 25-30% of the total number of young people in the age segment 20-24 years, but a lower percentage being in the age segment 15-19 years (many being included in the formal education system), and a much higher percentage of young NEETs being in the 25-29 age group. We need to have representation on both segments, rural and urban and both genders.
- **Poor Households:** Poor households are impacted more by the pandemic crisis since they are left behind and lack necessities. Lowest income quintile, relative poverty (below 60% of median income) and / or absolute poverty

- **Vulnerable Women:** Women are affected by the pandemic due to job or income loss or are overwhelmed by remote working and taking care of children (one or many). Women that are victims of violence, exploitation, abuse or harassment during times of crisis and quarantine. Across all categories, both rural and urban.
- **Returning Migrants:** Permanent migrants that returned home and seasonal / cyclical migrants, being stuck without the possibility to return to the jobs abroad and no perspective of finding a job at home.
- **Older people:** Older people (60 +). Should cover the pensioners from urban and rural communities, both being affected. An important dimension in population ageing is gender. In Moldova on average, women tend to outlive men, thus comprising a majority of older persons. Should cover both women and men. Between 60-65 should not be more than 1/3 of our sample.
- **Freelancers/small entrepreneurs:** self-employed, craftsmen, micro, small entrepreneurs. Mainly the ones from non - industrial zone. Both rural and urban, both genders.

Data collection period: August 23 – September 8, 2020

B2B Survey

Scope: Conduct B2B survey among 400 enterprises from five targeted industries.

Sampling: Proportional and probabilistic sample (with random selection of the respondent).

To ensure the representativeness of data at a national level (right bank), a multistage stratified probability sample was used (where companies were selected randomly), that also complied with the quotas elaborated based on NBS (Criterion 1: Industry – 5 industries, Criterion 2: Company size – Micro, Small, Medium, Large and Criterion 3: Region – Chişinău, North, Center, South).

Data collection: CATI (Computer Assisted Telephone Interview). During data collection process, beside sample cells used below (Table i.2), the distribution of interviews by regions was ensured. Interviews were conducted with the people who are part of the company's management (founder, CEO, member of board of directors, accountant etc.).

Questionnaire: was provided by PwC, with the design being closely developed together with UNDP and other UN impacted agencies.

Deliverables from the Magenta Consulting: Data file containing answers of each respondent and excel file with tables and graphs.

Weighting: Data was weighted for industry and company size using last available population figures by National Bureau of Statistics.

Table 26. Number of interviews conducted per each industry

Industry	Large	Medium	Small	Micro	Total
Accommodation and food services	1	4	29	63	97
Agriculture	1	9	29	67	106
Wholesale and retail trade (non-food)	2	4	23	74	103
Light industry	1	4	17	36	58
Transportation and storage	2	2	16	66	86
Total	7	23	114	306	450

Data collection period: August 20 – September 15, 2020



UNDP MOLDOVA

UNITED NATIONS HOUSE
131, 31 AUGUST STR., Chisinau, MD-2012, Moldova
TEL.: (+373 22) 22-00-45 (switchboard)
FAX: (+373 22) 22-00-41

md.undp.org