

## 2021 SME COUNTRY FACT SHEET

# MOLDOVA

### Brief introduction

- The COVID-19 pandemic, combined with a severe drought, significantly impacted the Moldovan economy in 2020. Employment in the economy as a whole is estimated to have dropped by almost 8.0% in 2020 compared to the previous year, with value added falling by an estimated 6.7%.
- The sectors most affected by this overall downturn in economic activity were *accommodation and food services, transportation and storage and wholesale and retail trade*.

### SME DEVELOPMENT 2018-2019



SMEs in the 'non-financial business sector'. Estimates produced by DIW Econ.

	ENTERPRISES		PERSONS EMPLOYED		VALUE ADDED	
	NUMBER	SHARE	NUMBER	SHARE	€ MILLION	SHARE
<b>SMEs</b> (0 -249 persons employed)	35 066	99.5%	270 875	69.1%	2 451	68.4%
<b>LARGE ENTERPRISES</b> (250+ persons employed)	175	0.5%	121 277	30.9%	1 132	31.6%

Data for 2019. These data are estimates processed by DIW Econ, based on data provided by the Statistical Office of Moldova.

## SME-RELATED STRENGTHS AND CHALLENGES

### KEY STRENGTHS

- Ongoing fiscal policies and digitalisation programmes have helped develop Moldova's ICT sector. As reported by national official sources, the ICT sector in Moldova represented 7% of GDP in 2019 (EU average: 4%) with the country's strong IT sector alone representing 3.1% of GDP.
- According to the National Bureau of Statistics, the turnover of small and medium-sized enterprises (SMEs) in Moldova's IT sector grew by approximately 15% in 2019 compared to 2018, aligned with the two-digit growth trend of previous years for SMEs in this sector.

### KEY CHALLENGES

- As reported by the National Bank of Moldova, the country's exports cover only 47% of its imports, resulting in a trade deficit with most countries around the world.
- The low levels of product sophistication and economic diversification in Moldova are major obstacles for longer-term economic growth. The country came 71st in the global ranking of economic complexity, while it ranked 60th in 2012, as reported by the Atlas Country & Product Complexity Rankings.
- The massive migration trends that started in the early 2000s has created a talent shortage in Moldova. In 2020, the active working force in Moldova reached 39.9% of total population, against the EU average of 73.2%, according to the National Bureau of Statistics in Moldova.

## OTHER KEY SME-RELATED BRIEF INSIGHTS



### IMPACT OF COVID-19 CRISIS ON SMES

The government carried out a series of actions to support SMEs in 2020. These included measures such as the SME Digitisation Support Tool to support the digital transformation of SMEs.



### GREEN TRANSITION OF SMES

As reported by the Environmental Agency, compared to EU countries, Moldova emits fewer industrial pollutants due to the severe decline in industrial production over the last 30 years (1.39 metric tons per capita per year, against the EU average of 8.89 metric tons per capita per year).



### REGULATORY BURDEN

Over the last 5 years, Moldova has made some progress in developing an increasingly favourable environment for SMEs, especially in terms of regulatory burden. It has eliminated many unnecessary laws and regulations (e.g. through the 'guillotine' packages), as reported by the OECD.



### MARKET ACCESS

A new programme, 'Supporting SME with high growth and internalization potential', was adopted in 2020 to provide grants covering up to 50% of costs to help selected SMEs with their business plans.



### SCALE-UP ENVIRONMENT

According to official sources, in 2019, the turnover of SMEs grew by 9.1% and constituted 39.1% of all sales in the economy.



### DIGITALISATION OF SMES

In 2020, a new digital strategy was adopted, – 'Moldova digitala 2020' – which focuses on 3 pillars: i) improving internet access; ii) increasing digital content; iii) increasing digital training and SME involvement.



### ACCESS TO FINANCE

As reported by official sources, the National Bank of Moldova reduced the interest reference rate to a historic low, from 19.5% (Sept. 2015) to 2.65% (Nov. 2020). This has increased opportunities for SMEs to access credit.