

Presentation of the Input Paper for Moldova

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Economic profile of Moldova



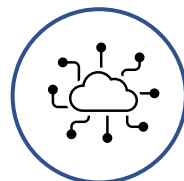
Moldova's economic ties with the EU have markedly intensified over the years and recently deepened through its EU candidate status and its recent inclusion in the EU Single Market Programme. Moldova is also an important partner in the Danube macro-region.



Moldova has experienced **economic volatility** recently, **facing strategic challenges** such as the energy crisis and the impact of Russia's aggression against Ukraine.

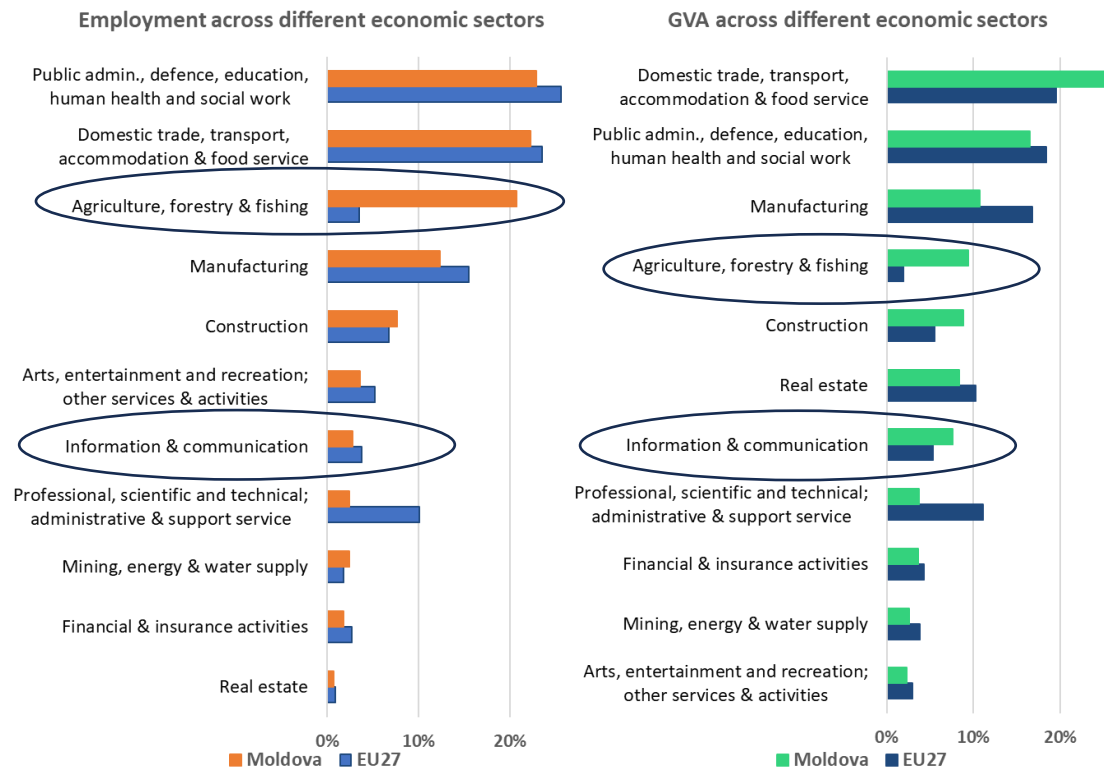


The **agricultural sector is a vital part of Moldova's economy**, with agriculture, forestry, and fishing contributing substantially to national employment and Gross Value Added (GVA).



The **ICT sector has seen remarkable growth**, driving Moldova's digital transformation and fostering the development of a robust digital ecosystem.

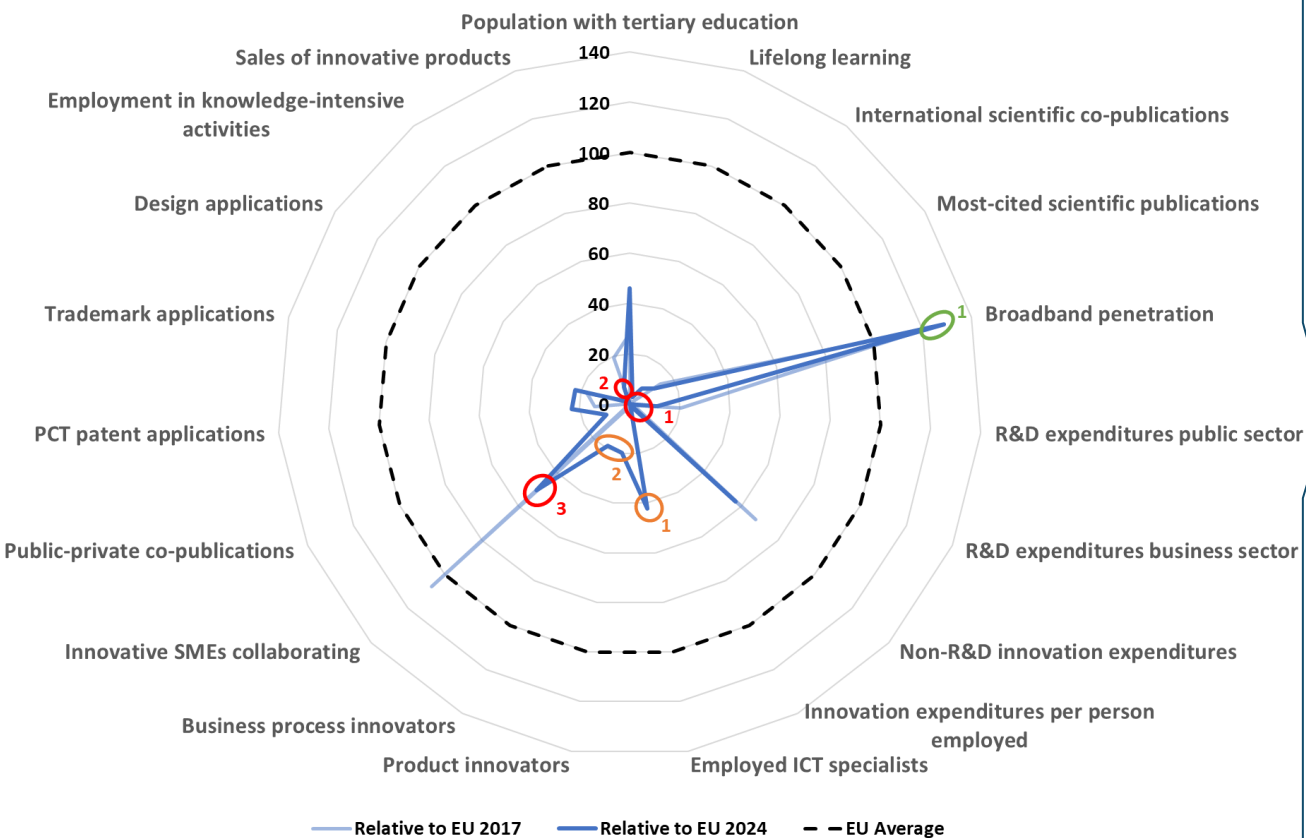
Employment and GVA shares across the Industrial Ecosystems



Source: ECCP (2024), own elaboration based on Statistica Moldovei and Eurostat.

Moldova's national innovation performance

EIS 2024: Moldova as an “Emerging Innovator”



Summary assessment

- Moldova's **innovation ecosystem is still in its early stages**, facing challenges such as limited knowledge sharing between different actors, low R&D investment, and shortage of skilled workers.
- While R&D expenditure is low compared to the EU, it is **average compared to other non-EU countries** in the region.

Relative strengths & improvements in the EIS 2024

- Broadband penetration (relative to EU average), Employed ICT specialists (positive performance change)
- SMEs introducing product and business process innovations (positive performance change)

Areas for improvement according to the EIS 2024

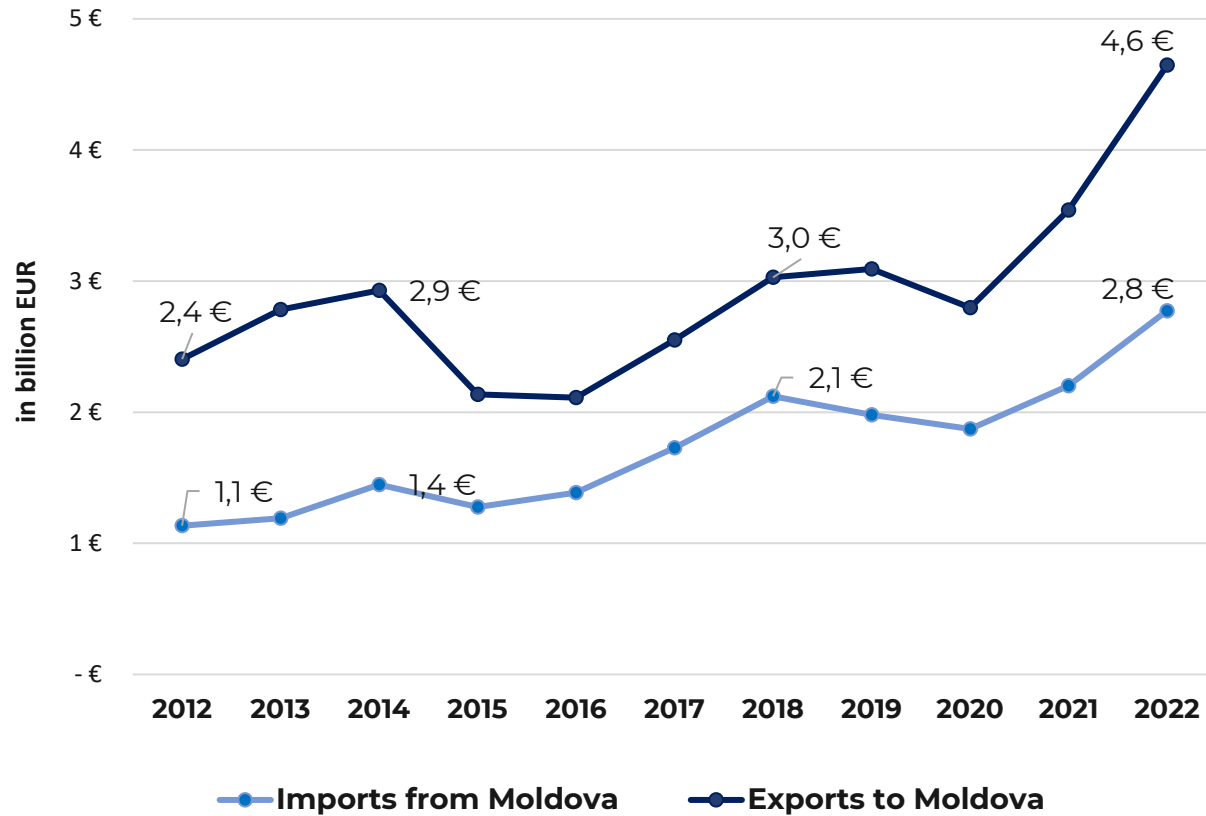
- R&D expenditure in the business sector
- Employment in knowledge intensive enterprises
- Innovative SMEs collaborating

Source: ECCP (2024) based on data from the European Innovation Scoreboard 2024.

EU-Moldovan trade structure



Trade flows between EU27 and Moldova, in bn Euro



Source: ECCP (2024), own calculation based on UN Comtrade Database. Data retrieved on 18.07.2024

- **Trade volume** between the EU27 & Moldova has grown steadily over the last decade, totaling around €7.5 billion in 2022.
- The EU is Moldova's **most important trading partner**, accounting for more than 50% of the country's total trade which can be linked to the 2016 Association Agreement & the integration of Moldova into the Single Market.
- **Romania** is the most important European trading partner for Moldova, since it accounts for 42% of all imports from Moldova to the EU and almost 50% of all exports from the EU to Moldova.
- Moldovan trade with **Russia** has decreased drastically following Russia's full-scale invasion of Ukraine & now only accounts for around 4% (RO: 27%) of the total trade of Moldova.
- **Key export sectors** are linked to services (esp. ICT), agriculture, textiles & electronics.

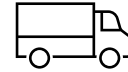
Value chain analysis: 6 industrial ecosystems with most promising potential for further cooperation

Agri-Food



- Food & live animals account for 19% of all EU imports from Moldova
- Sunflower seeds, sunflower & safflower oil, and maize among the 10 commodities imported from Moldova to the EU

Mobility-Transport-Automotive



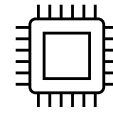
- Machinery & transport equipment stand for 25% of all traded goods
- Motor vehicles & parts of motor vehicles among 10 most exported commodities from the EU to Moldova
- Significant growth potential of this product

Digital



- Fast growing Moldovan IT sector
- Existing EU nearshoring initiatives of IT services in Moldova
- EU has opened the Digital Europe Programme

Electronics



- Electric conductors such as insulated wires & cables as well as apparatuses for switching/connecting electrical circuits as key traded commodities
- Parts of electrical apparatus show great growth potential

Energy Intensive Industries



- Chemicals & related products account for 15% of the EU exports to Moldova
- Top traded commodities include commodities such as bars & rods of iron/steel, petroleum oils and glass containers

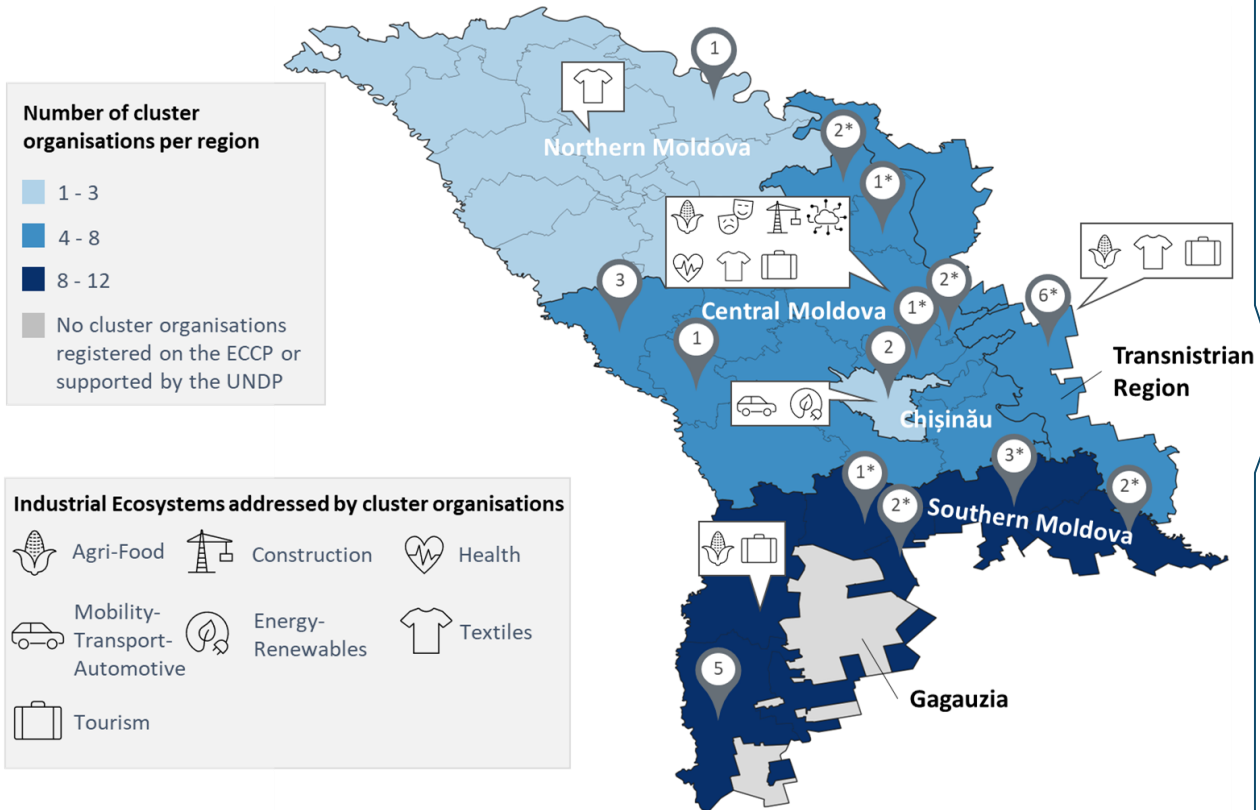
Health



- Medicaments as a key commodity exported from the EU to Moldova
- Moldova recently joined the EU's Joint Procurement Agreement & the EU4Health programme, deepening health cooperation & giving access to funding

ECCP cluster ecosystem in Moldova: Locations, sectors and structures

Cluster organisations¹ in the Republic of Moldova



20 Cluster Organisations (COs) from Moldova

- **17 UNDP-supported** cluster organisations
 - 3 micro-clusters under RIMP, 8 clusters under the EU4Moldova Focal Regions Programme and 6 clusters under AdTrade
 - 8 of which are registered on the ECCP
- Furthermore, **3 more cluster organisations** registered on the ECCP, including the SORINTEX Fashion Cluster
- Cover **7 out of 14** EU Industrial Ecosystems
- **Top 3 ecosystems:** Agri-food (12 COs), Tourism (4 COs), Textiles (2 COs)

Structure of cluster organisations





- **Small COs** with most having less than 50 members and 1-5 employees
- COs are **relatively new**, with the majority of UNDP-supported cluster organisations being established in 2022 or 2023

Source: ECCP (2024). Own elaboration based on <https://reporting.clustercollaboration.eu/all/>; last access 25.09.2024. Note that the asterisk (*) indicates that a CO is active in more than one district.

¹ Registered on the ECCP and/or supported by the UNDP.

Clusters and regional economic competitiveness

Cluster organisations are **positively correlated** with a range of **economic competitiveness indicators**:

Business environment		Firm behaviour		Innovation potential		Economic returns	
							
Birth of enterprises	++	Business R&D invest	++	PCT patents per capita	++	GDP per capita	++
Human resources in Science & Tech	++					Apparent labour productivity	++
						Employment rate	++
						Employment in tech & knowledge sectors	++

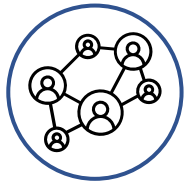
++ Positive correlation ++ Weak positive correlation

Source: ECCP (2024). The symbols in the table indicate Pearson correlation coefficients that are significant at 95% level. Positive/negative Correlations include coefficients ≥ 0.3 , weak correlations include coefficients ≥ 0.1 .

Outlook: Building on the potential for interregional cooperation



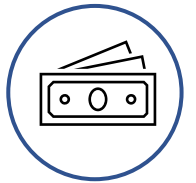
Danube Region represents a large share of the European economy (almost 20% of EU27 GDP) as well as a variety of sectoral strengths



Potential for cluster cooperation:
More than 160 relevant cluster organisations in the Danube Region identified for collaboration with Moldovan clusters



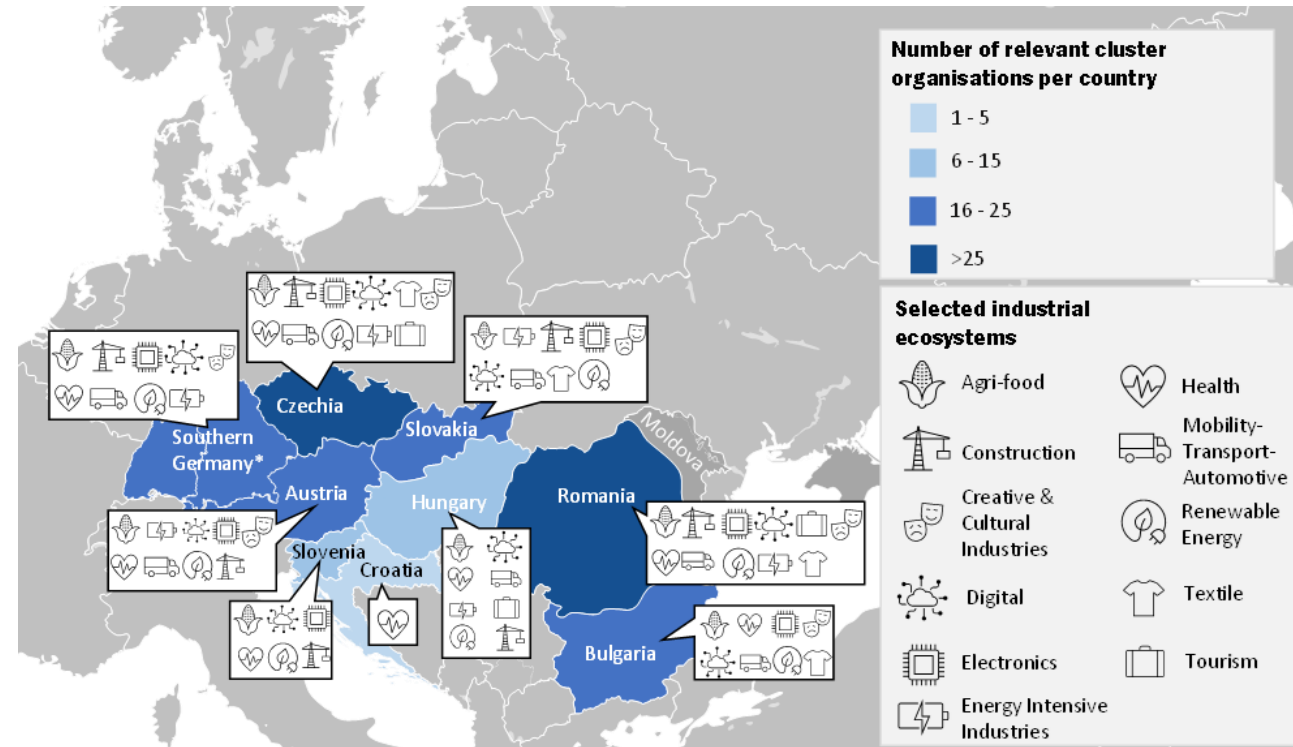
Fostering of international cooperation by activities of the UNDP, the EU4Business Initiative Moldova and the Supply Chain Resilience Platform



EU funding calls in the EU Single Market Programme & new calls to be published in the Danube Region Programme in 2025



Cluster organisations in the Danube Region in the 10 industrial ecosystems identified through the value chain analysis & the industrial ecosystems of Moldovan clusters



Source: ECCP (2024), own elaboration based on ECCP profile data. An **overview of the individual cluster organisations** is provided in the Input Paper

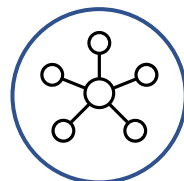
Final Remarks



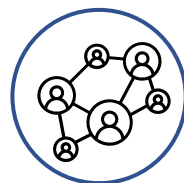
Moldova's economy has been volatile recently, facing ongoing challenges. The **Agricultural sector remains a dominant sector**, while the **ICT sector has seen strong growth**.



The **EU is the most important trading partner for Moldova**. Six industrial ecosystem identified as particularly relevant.

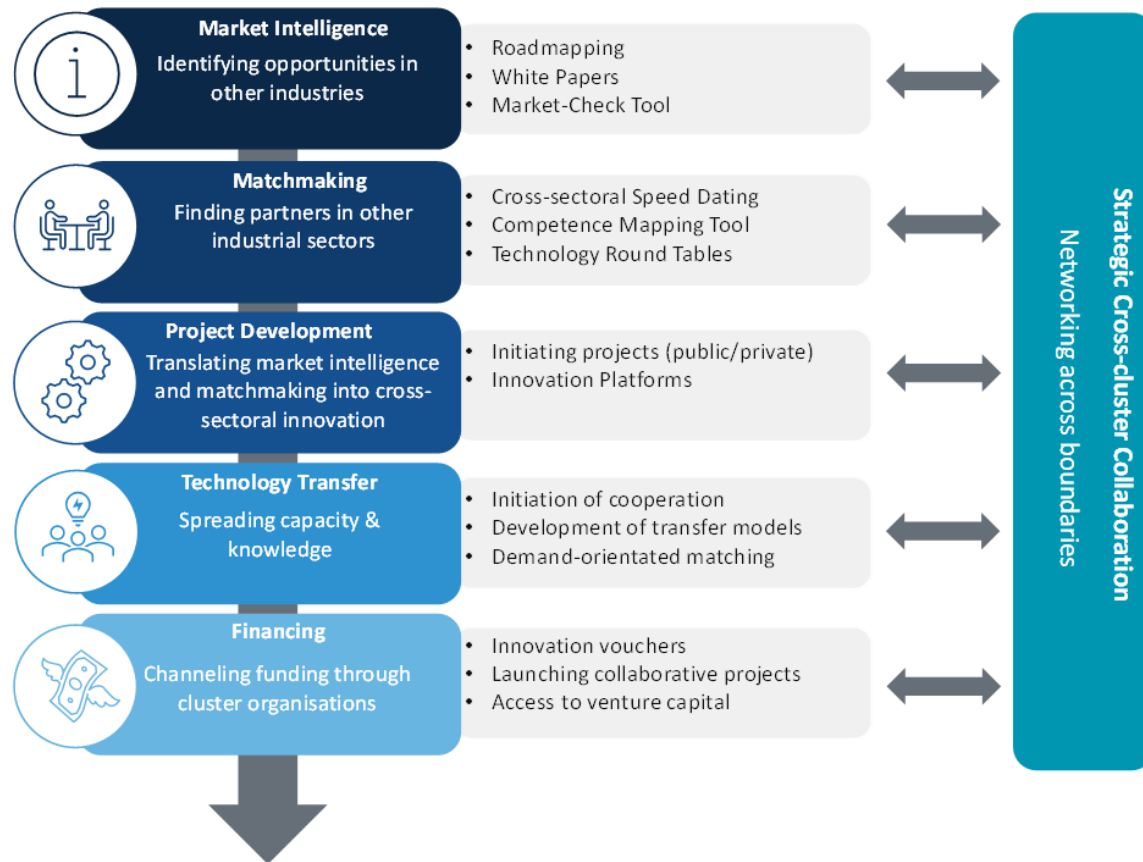


Moldova has **20 cluster organisations**, with 17 receiving UNDP support with a predominantly regional focus, spanning across **seven ecosystems**, with Agri-Food being the most dominant.



The cluster landscape in the EU & especially the Danube Region provide many different starting points for **further developing interregional value chains** between Moldova & the EU

Role of cluster organisations in building regional supply chains



Source: ECCP (2024), based on European Cluster Observatory (2014): Cluster Collaboration and Business Support Tools to Facilitate Entrepreneurship, Cross-sectoral Collaboration and Growth

Make sure to check out the Input Paper!

