Impact of Covid-19 on Wholesale and retail (non-food)
Sector overview and impact

Highest contribution (16%) to the total GVA of Republic of Moldova as for 1st semester of 2020

60% of companies have a low level of process automation

73% of respondents face liquidity shortage
88% of respondents answered that during state of emergency and state of medical emergency generated by Covid-19 pandemic they did not receive any government support.

Being asked about the measures that should be implemented by the Government, most of the respondents believe that fiscal and financial incentives related to already existing loans and debts would help them overcome the crisis.
Economic model – forecasted scenarios

- Realistic  - Optimistic  - Pessimistic

Evolution based on real data  Evolution based on forecasted data
Main challenges

Adapting to the COVID-19 situation and moving part of the trade activity towards the online channels was rather difficult due to reduced internet penetration at country level and reduced pre-COVID-19 digitization level of companies.

Information based on the UNDP-led socio-economic impact assessment, conducted with UNFPA, in collaboration with the State Chancellery and in close collaboration with the rest of UN System organizations. PwC is the contracted partner to conduct this study.

All figures reflect sample population of the survey conducted during August-October 2020 among 450 companies.
Impact of Covid-19 on Transportation and storage
Massive dropdown both in transported passengers and goods, especially due to lockdown movements restrictions.

The average number of employees decreased in Q2 2020 (compared with the similar period of 2019) with 15.7%.

64% of companies have a low level of process automation.
65% of respondents face liquidity shortage

Most of the respondents believes that in order to overcome the crisis the Government should implement measures related to fiscal incentives, while commercial promotion on the domestic and foreign markets in terms of donors support.
Prospects and main challenges

Economic model – forecasted scenarios

Evolution based on real data

Evolution based on forecasted data
Main challenges

The transportation sector was affected mainly due to the **reduced passengers’ mobility** and **reduced demand for goods**.

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Impact of Covid-19 on Hospitality
In the Q2 2020, a severe decrease of almost 100% in Moldovan tourists travelling abroad and internal tourism of 66% was registered.

The number of total tourists registered a decrease of 74%, whilst the number of total overnights of accommodation a total decrease of 70%, in S1 2020, compared to the similar period of 2019.

The average number of employees decreased in Q2 2020 (compared with Q2 2019) with more than 60%.
66% of companies have a low level of process automation

77% of respondents face liquidity shortage
Economic model – forecasted scenarios

- Realistic  – Optimistic  – Pessimistic
Main challenges

Hospitality employees were among the most affected in the overall economy especially the ones working in the urban areas, although 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.

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Impact of Covid-19 on Manufacturing (light industry)
More than 30,000 employees in the manufacturing sector, especially from the light industry, were impacted by the COVID-19 restrictions.

Out of the three sub-sectors in the light industry only the production of leather and related products increased in June compared to the previous year by 10.5%.

7% of companies have applied for insolvency protection.
67% of companies have a **low level of process automation**

69% of respondents face **liquidity shortage**

81% of respondents **registered a negative turnover fluctuation**

53% of the companies **stopped their activity during the pandemic**
Prospects and main challenges

Economic model – forecasted scenarios

Evolution based on real data
Evolution based on forecasted data
Main challenges

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

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All figures reflect sample population of the survey conducted during August-October 2020 among 450 companies.
Impact of Covid-19 on Agriculture
Disruption occurred due to prolonged drought in first 4 months

In S1 2020 (compared to same period 2019) the exports decreased 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 by 40.6%

8% of companies have applied for insolvency protection
More than 70% of companies have a low level of process automation

91% of companies answered that their profitability registered a significant decrease

74% of respondents face liquidity shortage
Economic model – forecasted scenarios

- Realistic  - Optimistic  - Pessimistic

Evolution based on real data  Evolution based on forecasted data
Main challenges

- 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

- 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.

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Impact of Covid-19 on Healthcare services
Covid-19 has pushed the Healthcare system over the tipping point. The medical personnel is overwhelmed and exposed to burnout in day-to-day activities and towards the infection.

53 hospitals are part of the anti-COVID-19 healthcare system.
Out of the almost **5,000 health care** workers which were diagnosed with COVID-19 until Sep 7th, 2020, **26.4%** were medical doctors.
All forces gathered for good: resident physicians and pharmacists, undergraduate students and pupils from faculties and, respectively, secondary schools with medical profile were involved in intensive care within COVID-19 hospitals.

They were rewarded with monthly scholarships in academic years 2020-2021 and 2021-2022, for supporting the COVID-19 hospitals for more than 3 months.
Impact of Covid-19 on Education system
Academic year 2020-2021, started with having the possibility to chose (based on the pandemic evolution and severity) between one of the 6 operational models of how the educational process can be performed in the educational institutions.

Main challenges of remote learning: limited access to internet (60.8% per household) as well as poor access to IT devices (laptop, tablet or smartphone).

About 3000 teachers (10.6% of total) do not have access to ICT technology (laptop, tablet or access to internet).
Moldova ranks **79th** in the world according to Human Capital Index for 2020 of **0.58**. The index is calculated since 2018 on 174 countries, divided among regions and according to their income level. [www.worldbank.org/en/publication/human-capital](http://www.worldbank.org/en/publication/human-capital)

UNICEF, UNESCO, PAM and World Bank have issued general guidelines for a safe return to school, for both parents and students.

Closures of schools affect variable domains: disruption in learning process, ability of many parents to go to work and digital abilities that should be enriched overnight.