INVEST MOLDOVA

FOREIGN INVESTORS ASSOCIATION
REPUBLIC OF MOLDOVA

REPORT 4.0

FOREIGN DIRECT INVESTMENTS

The impact on the economy of the Republic of Moldova (2015-2024)

Developed by:

bis BUSINESS INTELLIGENCE SERVICES

contents

Abbreviations

AIM	Invest Moldova Agency
BIS	SC Business Intelligent Services SRL
EU	European Union
FDI	Foreign Direct Investments
FIA	Foreign Investors Association
GDP	Gross Domestic Product
GVA	Gross Value-Added
MDL	Moldovan leu
mil.	Million
NBM	National Bank of Moldova
NBS	National Bureau of Statistics
ROS	Return on Sales
SFS	State Fiscal Service
SSC	Social Security Contribution
UNCTAD	United Nations Conference on Trade and Development
USD	US dollar
CIS	Commonwealth of Independent States
IT&C	Information Technology & Communications
CAGR	Compound Annual Growth Rate
SDGs	Sustainable Development Goals

Key messages

FDI: Global, regional and local developments

1. Global foreign direct investment (FDI) declined by 11% in 2024, marking the second consecutive year of contraction and confirming a pronounced slowdown in productive capital flows. In developed economies, the decline was particularly severe (–22%), including a –58% collapse in Europe. While developing economies appear broadly stable overall, the underlying structural reality remains fragile: a large share of global capital is concentrated in a limited number of countries, while many economies are bypassed by the investments needed for infrastructure, energy, technology, and job-creating industries.

2. The investment landscape in 2024 was strongly shaped by geopolitical tensions, trade fragmentation, and increasingly intense industrial policy competition. These developments have heightened volatility and eroded long-term investor confidence, prompting multinational companies to prioritize short-term risk management over strategic expansion. At the same time, international financing for infrastructure declined sharply (–26%), affecting sectors critical to sustainable development.

3. The structure of FDI in the Republic of Moldova in 2024 indicates a clear shift in the financing model: the reinvestment of profits has become the main driver of FDI dynamics, while new capital inflows remain limited. This trend reflects the operational strength of existing investors, but also highlights the need to strengthen policies aimed at attracting new, value-added investment projects within a stable investment climate aligned with European standards.

4. In 2024, Moldova's FDI stock remained robust, and the marginal decline of 0.9% does not reflect capital withdrawals, but rather valuation effects driven by the depreciation of the national currency and price adjustments. Solid net inflows (USD 458 million) and the dominant share of equity capital (65.7%) confirm the stability of the existing investment base and its orientation toward consolidating current operations, sustaining Moldova's position as a functional investment destination despite a challenging regional environment.

5. Foreign direct investment in the Republic of Moldova is strongly concentrated in the European space. In 2024, the European Union accounted for 86% of foreign equity participations and shareholdings, consolidating its position as the central pillar of FDI in the economy. By contrast, the contribution of CIS countries and other regions continues to decline, reflecting the strategic reorientation of capital toward European markets and Moldova's deepening integration into the EU economic space.
6. The Republic of Moldova attracts a limited number of Greenfield projects (an average of 6.4 projects per year over 2015–2024), well below the level observed in comparable countries. However, announced investments are, on average, high in value, at approximately USD 33.4 million per project – a level comparable to Romania and North Macedonia and higher than in economies such as Estonia or Lithuania. This profile indicates Moldova's ability to attract large, capital-intensive projects, while also highlighting the absence of a diversified and steady flow of new investments.
7. Although Greenfield projects contribute to the expansion of productive capacity, their overall economic impact remains limited, as a significant share of the operations developed in the Republic of Moldova are characterized by low technological intensity, modest value added, and weak integration of local suppliers into the value chains of FDI enterprises. The experience of the Baltic states and several transition economies (Georgia, Armenia, Azerbaijan) demonstrates that accelerating reforms, modernizing industrial infrastructure, and strengthening institutional capacity are essential for increasing both the number and quality of Greenfield projects attracted.
8. Over the 2015–2024 period, the Republic of Moldova has positioned itself in the lower tier of the regional ranking in terms of FDI attraction, both in cumulative per-capita inflows and relative to GDP. Nevertheless, recent years have seen a stabilization of inflows and a gradual improvement in key indicators, suggesting the presence of an investment base capable of supporting a more positive trajectory in the next stages.
9. Although the level of FDI stock per capita remains among the lowest in the region, developments over the past decade point to steady progress, with the indicator doubling compared to 2015 and reaching USD 2,277 in 2024. The 30.1% share of GDP reflects a relevant investment presence, supported primarily by investors already active in the market, providing a foundation for further investment expansion, conditional on continued structural reforms and alignment with regional best practices.

FDI: Economic impact, comparative performance, and structural transformation

10. The investment model of the Republic of Moldova is undergoing a clear structural transformation, characterized by the consolidation of wholly foreign-owned companies and the gradual decline in the share of mixed-ownership enterprises. This evolution reflects investors' preference for simpler and more efficient ownership structures, better suited to a volatile economic and geopolitical environment. At the same time, the reorientation of FDI toward sectors such as IT&C, business support services, and energy points to deeper integration into international value chains, even though the impact on the overall volume of FDI remains gradual due to the predominance of asset-light investment models.

11. Despite their relatively small numerical presence in the business landscape, FDI enterprises play a major economic role. They account for only 5.7% of total enterprises and 13.7% of employment, yet generate 23.2% of total sales revenues, hold 20.7% of the economy's fixed assets, and concentrate a substantial share of profits and budget revenues. In 2024, FDI enterprises recorded the highest profit level of the past decade, confirming their financial resilience and their capacity for rapid recovery following pandemic-related and regional shocks.

12. In the labor market, FDI enterprises stand out due to their larger average size, higher productivity, and significantly above-average wage levels. In 2024, labor productivity in FDI enterprises was approximately 74% higher than in domestic private firms, while the average monthly wage paid was around 93% higher. Through these characteristics, FDI contributes directly to workforce professionalization, talent retention, and the support of a gradual wage convergence process with European economies.

13. The fiscal and social impact of FDI enterprises is also significant. In 2024, they generated over 23% of corporate income tax revenues, approximately 15% of the total wage bill, and around 14% of mandatory state social security contributions, playing an essential role in public budget financing and in supporting the sustainability of social protection systems.

14. From a macroeconomic perspective, the participation of FDI in GDP formation was marked by volatility over the 2015–2024 period. In 2024, net FDI inflows reached USD 458.4 million (2.52% of GDP), driven predominantly by the reinvestment of profits, indicating continued confidence among existing investors and the consolidation of ongoing operations. The decline in the FDI stock-to-GDP ratio to 30.1% mainly reflects GDP expansion and exchange-rate effects, rather than capital withdrawals.

15. At the same time, enterprises with foreign capital generated MDL 60.54 billion in GDP in 2024, equivalent to 18.7% of total GDP, and contributed 20.1% of gross value added at the sectoral level, with high shares in financial activities, IT&C, energy, and a significant presence in manufacturing. The structure of GDP

generated by FDI enterprises differs markedly from that of the overall economy, being more concentrated in higher-productivity and market-oriented activities, while the total economy remains more diversified and relatively more dependent on traditional sectors.

16. Overall, foreign direct investment represents an important pillar of the Republic of Moldova’s economy, not only through the scale of its economic and fiscal contributions, but also through its role in raising productivity, strengthening the industrial base, and integrating the national economy into regional and global value chains. Recent developments point to a growing complementarity between foreign capital and the domestic private sector, which is undergoing an accelerated maturation process—an essential combination for sustainable, balanced, and competitive economic growth over the medium and long term.

Methodology and approach

The study on the impact of foreign direct investment (FDI) on the economy of the Republic of Moldova was prepared by the consulting company Business Intelligent Services (BIS), at the initiative of the Invest Moldova Agency (AIM), in partnership with the Foreign Investors Association (FIA). The study represents the fourth edition of this periodic analytical exercise dedicated to assessing the role of FDI in the country's economic development.

The main objective of the study is to assess the impact of FDI on the national economy, by evaluating its contribution to employment, productivity, value added creation, investment in fixed assets, budget revenues, and the structural modernization of the economy.

To ensure a rigorous analytical approach and comprehensive coverage of the subject, the authors relied on a wide range of official statistical sources. The analysis is primarily based on publicly available data provided by the National Bureau of Statistics (NBS) and the National Bank of Moldova (NBM), accessed through official statistical databases and periodic publications.

To deepen the analysis, additional datasets with a higher level of disaggregation were obtained from the National Bureau of Statistics and the State Fiscal Service (SFS) in response to official data requests submitted by the authors. These datasets enabled a more granular assessment of the performance of FDI enterprises compared with privately owned domestic companies, as well as enterprises under public ownership.

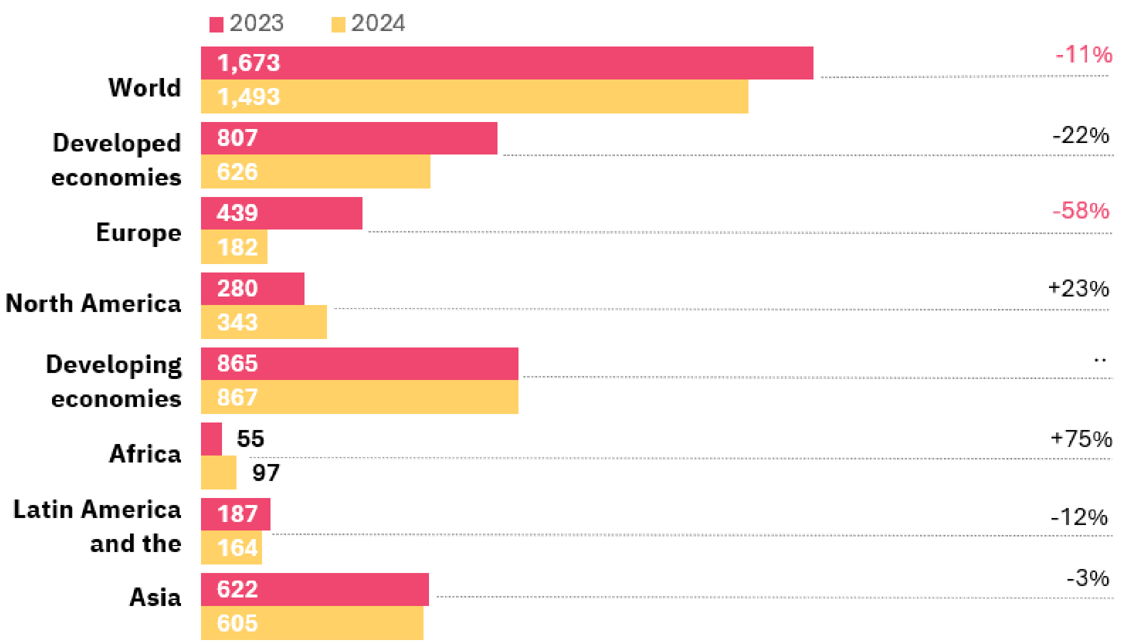
For the assessment of the Republic of Moldova's positioning in a regional and international context, as well as for the analysis of global FDI trends, the study draws on information from the UNCTADSTAT database and analytical publications of the United Nations Conference on Trade and Development (UNCTAD), including the World Investment Report. These sources allow for benchmarking Moldova's performance against comparable economies and provide a framework for interpreting FDI developments in a global environment marked by economic and geopolitical volatility.

Chapter 1
FDI: Global, regional and local developments

1.1 Global and regional trends

Global foreign direct investment fell by 11%, marking the second consecutive year of decline and confirming a deepening slowdown in productive capital flows, according to the World Investment Report 2025, released by UN Trade and Development (UNCTAD). Although global foreign direct investment (FDI) rose by 4% in 2024 to USD 1.5 trillion the increase is the result of, among other factors, volatile financial conduit flows through several European economies, which often serve as transfer points for investments.

Figure 1 **FDI inflows, global and by group of economies, 2023–2024** (billions of USD and percentages)



Source: UNCTAD

Investment flows dropped sharply across developed economies (-22%), particularly in Europe (-58%). In developing countries, inflows appeared broadly stable, but this stability concealed a deeper crisis: in too many economies, capital is stagnating or entirely bypassing the sectors that matter most— infrastructure, energy, technology, and the industries that drive job creation.

The investment landscape in 2024 was shaped by geopolitical tensions, trade fragmentation, and intensifying industrial policy competition—factors that heighten uncertainty and discourage long–term investment. In this context, multinational companies are increasingly prioritizing short-term risk management, adversely affecting investment flows to more vulnerable economies.

International project finance – critical for infrastructure – declined by 26% in 2024, with particularly sharp reductions in renewable energy, transport, and water and sanitation. FDI in the digital economy increased by 14%, but remains concentrated in just ten countries, exacerbating existing divides in infrastructure, skills, and absorptive capacity.

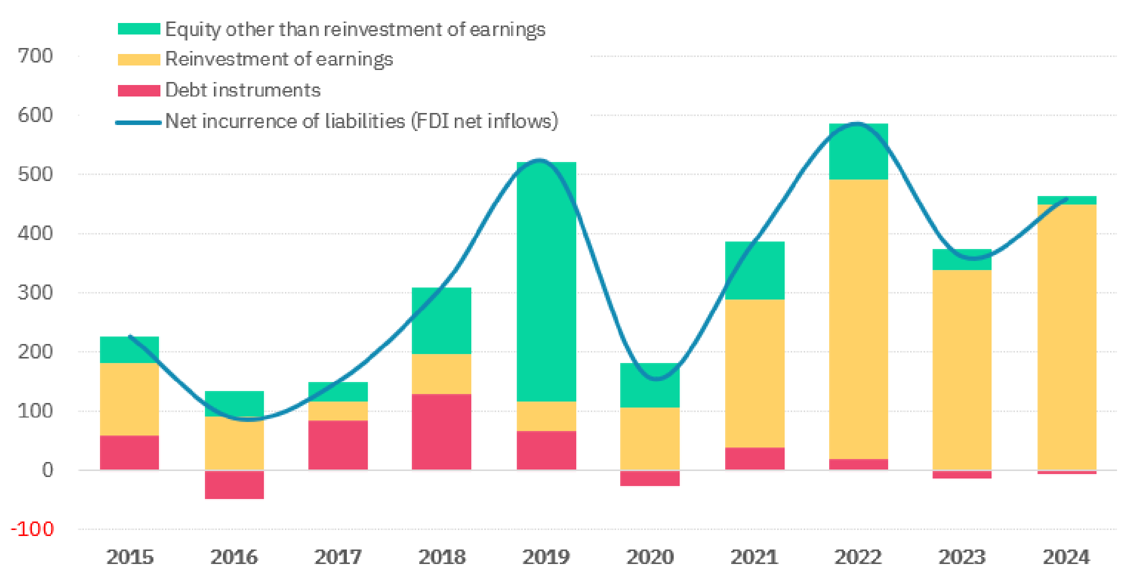
UNCTAD underscores that current levels of FDI are insufficient to meet global development needs, including an estimated annual financing gap of USD 4 trillion to achieve the Sustainable Development Goals (SDGs) in developing countries. Reversing this trend requires not only more capital, but smarter capital – strategically directed, long-term, and aligned with sustainable development objectives.

1.2 FDI in the Moldovan economy

FDI net inflows

Net foreign direct investment inflows into the Republic of Moldova over the period 2015–2024 displayed a highly volatile trajectory, shaped by successive economic shocks, the effects of the COVID-19 pandemic, regional instability, and shifts in investor strategies.

Figure 2 **Direct investments: net incurrence of liabilities, by instruments** (annually) (mil. USD)



Source: NBM, International Accounts of the Republic of Moldova

The lowest level was recorded in 2016 (USD 87.44 million), while 2022 marked a historical peak, with net inflows reaching USD 586.02 million. Over the past three years, FDI dynamics have stabilized, remaining above the average level observed over the previous decade.

According to National Bank of Moldova data, the net incurrence of FDI liabilities in 2024, amounting to a total of USD 458.37 million, was driven by the following components:

- New equity participation in enterprises in the Republic of Moldova, totaling USD 14.36 million (gross inflows of USD 67.42 million and investment withdrawals of USD 53.06 million).

  New equity inflows remain modest, reflecting heightened investor caution in launching new projects or increasing capital in the current regional context.

- Reinvestment of earnings by foreign investors in their Moldovan subsidiaries, with a net value of USD 450.53 million.

  For the fourth consecutive year, this component represented the main source of FDI growth, significantly exceeding all other instruments. The high level of reinvested earnings indicates that existing investors are choosing to retain and expand their operations in the Republic of Moldova rather than repatriate profits.

- Net repayments of debt instruments (including loans and trade credits) by resident enterprises to their direct investors abroad, amounting to USD 6.52 million (gross debt accumulation of USD 191.62 million and repayments of USD 198.14 million).

  The debt component recorded a net decline, highlighting a shift among FDI enterprises toward reducing intragroup exposure and optimizing their financial structures.

Over the past four years, reinvested earnings have become the main driver of FDI in the Republic of Moldova, consistently exceeding new equity participation and intragroup lending. This trend reflects both the performance of companies already operating in the economy and the broader regional and macroeconomic context. The key underlying factors include:

- Profitability of existing investments.

FDI enterprises have generally recorded solid financial results, particularly in sectors such as manufacturing, telecommunications, financial services, and retail. Strong profitability has made local reinvestment attractive, including for capacity expansion, equipment modernization, and product portfolio diversification.

› Confidence in the Moldovan market and growth prospects.

The decision to retain capital within the economy signals confidence in relative macroeconomic stability, the resilience of the domestic market, and the continuity of reforms. FDI enterprises are opting to consolidate existing operations, suggesting a perception of a more predictable and favorable investment environment compared to other markets in the region.

› Gradual improvement of the business environment.

Reforms aimed at digitalization, reducing bureaucracy, simplifying tax procedures, and improving business support infrastructure have created more conducive conditions for the operation and expansion of foreign-owned companies. These improvements lower compliance costs and increase the attractiveness of reinvestment as a strategic option.

› Exchange rate considerations and risk management.

Although at the end of 2024 the Moldovan leu depreciated by 6.2% against the US dollar and appreciated slightly against the euro (+0.2%), exchange rate volatility remained moderate. On an annual average basis, the leu appreciated by around 2% against both currencies, supporting a relatively predictable environment for investors. In this context, profit reinvestment by FDI companies also serves as a prudent foreign-exchange risk management strategy amid a region marked by heightened uncertainty.

Overall, the structure of FDI flows in 2024 confirms a structural shift in the financing model of foreign investment in the Republic of Moldova: new capital inflows remain limited, intragroup debt plays a secondary and volatile role, while reinvested earnings have become the dominant source of FDI growth. This development reflects the confidence of existing investors, while also underscoring the need to strengthen policies aimed at attracting new, competitive, and value-added investments. Maintaining a stable, predictable investment climate aligned with European standards will be essential to transform reinvested earnings into a sustainable driver of economic modernization and to stimulate the attraction of new investment projects in the coming years.

Inward FDI stocks

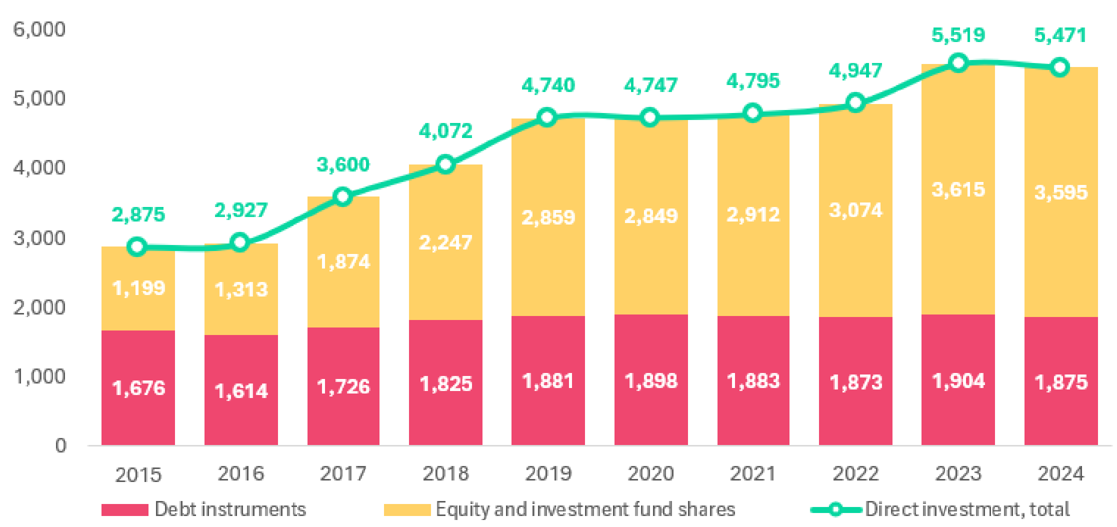
As of 31 December 2024, the total stock of FDI liabilities was estimated at USD 5,471 million, marking a slight decline of 0.9% compared to end-2023. This downward movement was not driven by capital withdrawals, but primarily by valuation effects.

The reduction in the FDI stock in 2024 was mainly attributable to price changes (–USD 235.61 million), exchange rate fluctuations (–USD 251.26 million), and other changes, reclassifications, and statistical adjustments (–USD 19.89 million).

These valuation effects offset the positive impact of net effective FDI inflows amounting to USD 458.37 million, which otherwise contributed to an increase in the FDI liability position. In other words, the FDI stock would have increased in 2024 in the absence of revaluation factors, particularly the depreciation of the Moldovan leu against the US dollar (–6.2% in 2024).

From a structural perspective, equity and investment fund shares continued to account for the majority of the FDI stock, representing 65.7%, compared to 34.3% for debt instruments. This structure reflects investors' predominant preference for equity capital and reinvested earnings, rather than intragroup debt financing.

Figure 3 **Inward FDI stocks (direct investment liabilities), at the end of the year** (mil. USD)



Source: NBM, International Accounts of the Republic of Moldova

Within debt instruments, the composition remains heterogeneous:

- USD 1,028.24 million – loans contracted from direct investors;
- USD 293.56 million – trade credits and advance payments;
- USD 553.48 million – other accounts payable to direct investors.

This distribution indicates that, while intragroup loan financing continues to play an important role, its relative contribution remains modest compared to equity capital, reinforcing the structural trend observed in recent years.

Overall, the evolution of the FDI stock in 2024 reflects a sound investment position, supported by strong net capital inflows and the dominant role of equity in the FDI structure. Although price adjustments and the depreciation of the national currency reduced the USD value of the stock, the underlying investment fundamentals remain robust, and foreign-owned enterprises continue to demonstrate a strong commitment to maintaining and expanding their presence in the Republic of Moldova. The consolidation of this trend in the coming years will depend on the economy's ability to provide a competitive, predictable, and investment-friendly environment conducive to attracting new investment projects.

Inward FDI stocks by geographical distribution

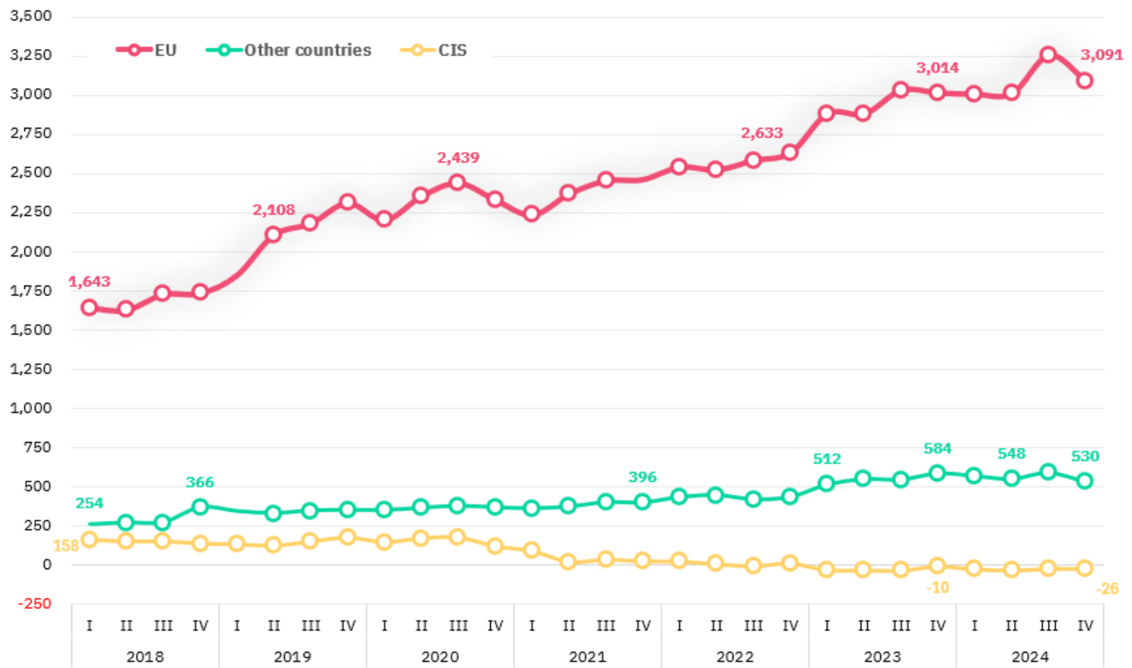
In 2024, foreign direct investment in the form of equity and investment fund shares declined marginally by 0.5% compared to the previous year. This development does not signal a weakening of new investment activity or a slowdown in reinvested earnings, but rather reflects negative valuation effects and the depreciation of the Moldovan leu against the US dollar (-6.2%), which reduced the USD-denominated value of equity holdings recorded in MDL or other currencies.

Against this backdrop, the geographical structure of FDI reveals distinct dynamics. The European Union remains by far the main source of capital, with a 3% increase compared to 2023, reaching USD 3,091.38 million, equivalent to 86% of total FDI. This trend reinforces the dominant role of European capital and confirms the Republic of Moldova's ongoing economic alignment with the EU.

FDI originating from other countries (non-EU, non-CIS) declined by 9%, to USD 529.70 million. This decrease is attributable both to price adjustments affecting certain equity holdings and to the impact of exchange rate fluctuations on their USD-denominated book values.

As regards CIS countries, equity and investment fund shares recorded a negative net value in 2024 (–USD 25.60 million). This trend reflects financial losses in some companies, capital withdrawals, or negative revaluations that reduced the value of investments originating from the region.

Figure 4 **Position of direct investments – equity, by geographic region, at the end of period** (mil. USD)

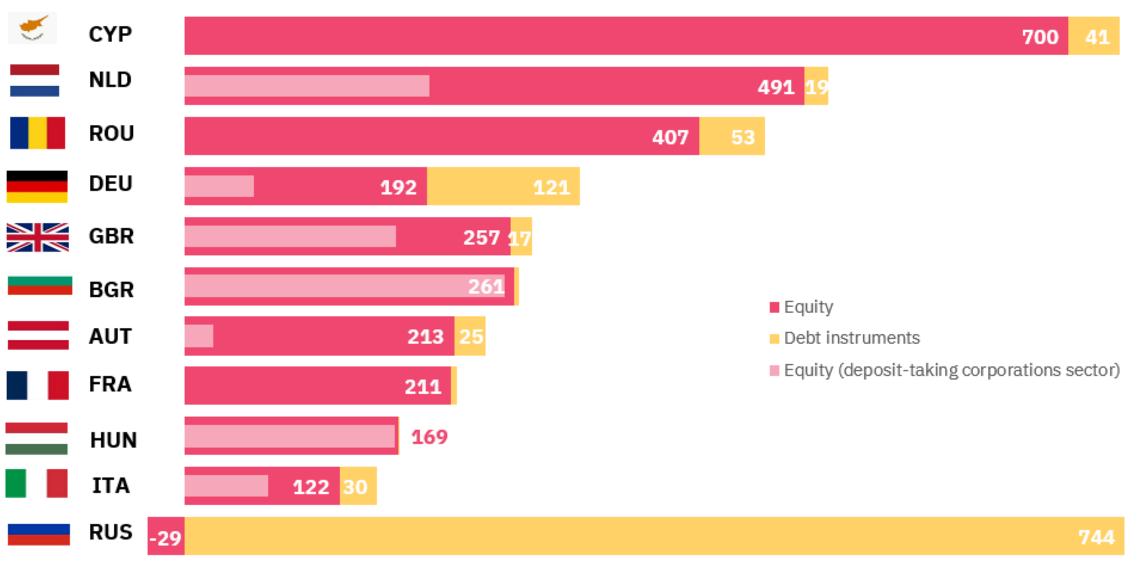


Source: NBM, International Accounts of the Republic of Moldova and authors' calculations

Overall, the geographical structure of FDI confirms the Republic of Moldova's clear orientation toward European investors, while the share of investments originating from CIS countries and other jurisdictions continues to decline. Although the overall dynamics of equity holdings in 2024 were moderated by exchange rate effects, the investment position remains solid, and European capital further consolidates its predominance.

The top five source countries of foreign direct investment in the form of equity and investment fund shares are Cyprus, the Netherlands, Romania, Germany, and the United Kingdom (UK).

Figure 5 **Inward FDI stocks as of 31-Dec 2024, by main countries** (mil. USD)



Source: NBM, International Accounts of the Republic of Moldova and authors' calculations

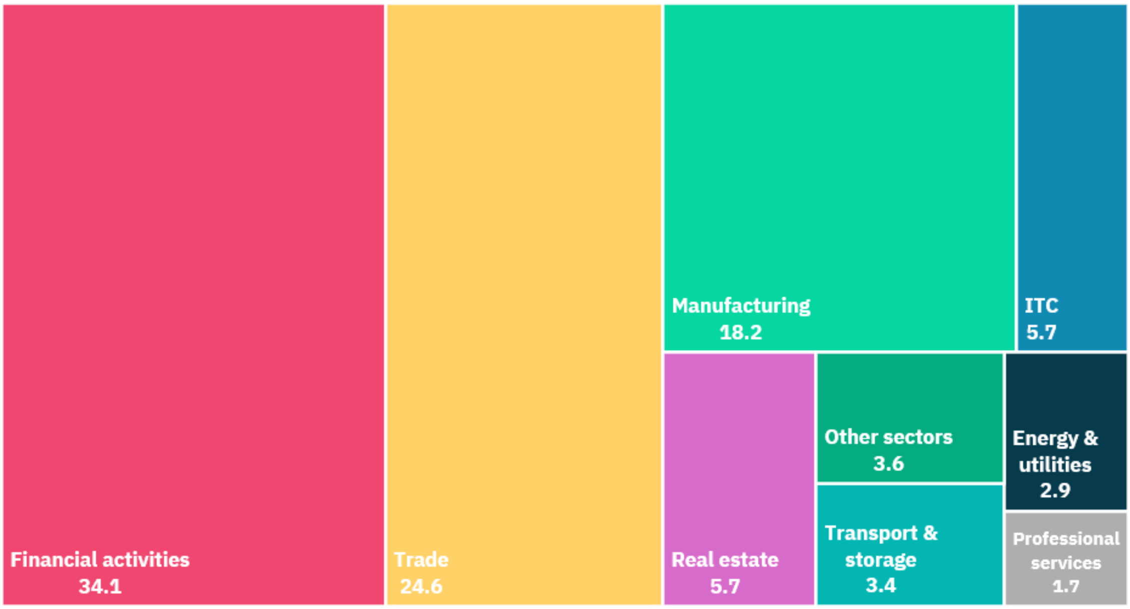
FDI distribution by economic activities (by the accumulated equity)

According to National Bank of Moldova data as of 31 December 2024, the main economic activities attracting foreign direct investment are:

- Financial and insurance activities – 34.1% of the FDI stock;
- Wholesale and retail trade and repair of motor vehicles – 24.6%;
- Manufacturing – 18.6%.

These sectors continue to represent core hubs for foreign capital, jointly accounting for nearly 80% of total FDI in the form of equity capital.

Figure 6	**Direct investment in domestic economy, equity as of 31-Dec 2024, by industry** (percentages)



Source: NBM, International Accounts of the Republic of Moldova and authors' calculations

1.3 FDI: Moldova's regional performance

International comparative analysis provides an important framework for understanding the Republic of Moldova's positioning in the competition for foreign direct investment (FDI). The reference group—Romania, Ukraine, the Russian Federation, Armenia, Georgia, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Estonia, Latvia, Lithuania, and Slovakia—includes both Moldova's direct competitors for FDI and economies with which the country maintains relevant historical or economic ties.

Although some countries, such as the Russian Federation, differ significantly in terms of market size or level of development, they are included in the analysis due to their role in shaping regional FDI dynamics and their historical influence on the investment environment of the Republic of Moldova.

Number of *'Greenfield'* FDI projects announced

Greenfield projects are a core indicator of an economy's competitiveness, as they directly contribute to the expansion of productive capacity, job creation, sectoral diversification, and technology transfer.

Over the period 2015–2024, the Republic of Moldova recorded an average of 6.4 Greenfield projects per year, a level comparable to Albania (5.6) and Montenegro (7.5). However, most peer countries outperform Moldova, attracting two to three times more projects annually. In particular, small transition economies or countries from the former Soviet space—such as Armenia (10.9), Azerbaijan (16.3), and Georgia (16.8) –

significantly exceed Moldova's performance. North Macedonia, with 16.3 projects per year, confirms the same trend.

The Baltic states stand out clearly: Lithuania attracts an average of 62.9 projects per year, Latvia 26, and Estonia 21.5—levels that reflect a highly competitive investment environment, modern industrial infrastructure, advanced digitalization, and deep integration into European value chains.

Sectoral structure and limitations of the current investment model

Over the past decade, manufacturing has been the main destination of Greenfield projects in the Republic of Moldova, particularly in the automotive and electrical equipment manufacturing segments. According to the international fDi Markets monitor, German and Japanese investors have been the most active.

Although foreign investors operate according to high standards, their overall impact on the economy remains limited because:

- The projects attracted are concentrated in low-technology production segments;
- The locally generated value added is modest;
- Linkages between FDI firms and local suppliers remain underdeveloped.

As a result, Moldova's challenge is not only the limited number of projects, but also the insufficient attraction of investments with a more advanced technological and economic profile.

Moldova attracts few projects, but relatively large in size

A positive aspect is the value of Greenfield investments attracted. Over the period 2015–2024, the average investment value per project in the Republic of Moldova amounted to USD 33.4 million, a level that is:

- Comparable to Romania and North Macedonia;
- Higher than in Estonia and Lithuania (which attract a large number of projects, but of smaller size); and
- Similar to investment patterns observed in Albania, Azerbaijan, or Montenegro, where projects are relatively few but capital-intensive.

This profile suggests that Moldova primarily attracts large, production-oriented (capital-intensive) projects, even though it has not yet succeeded in generating a more diversified and higher-volume pipeline of new investments.

Reform needs and strategic directions

Below-average performance in terms of the number of Greenfield projects reflects Moldova's difficulty in converting its competitive advantages into new investments. Countries that have managed to advance—such as Lithuania, Estonia, or Georgia—have implemented consistent structural reforms, focused on:

› Digitalization and simplification of administrative procedures;
› Modernization of industrial infrastructure;
› Proactive export promotion policies;
› Development of innovation ecosystems; and
› Integration of local firms into international value chains.

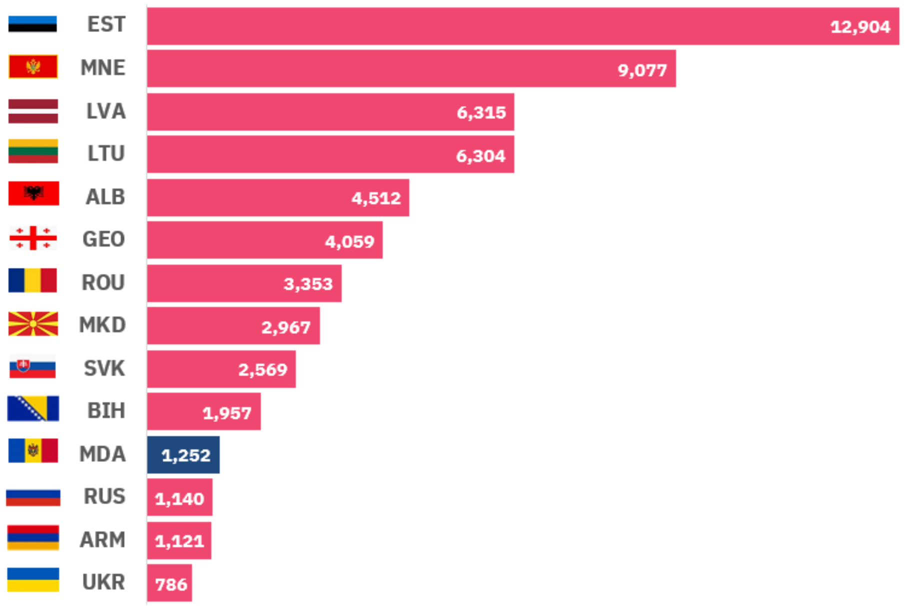
For the Republic of Moldova to narrow the gap with the region's higher-performing economies, it is necessary to accelerate structural reforms, develop modern industrial zones, strengthen investment promotion institutions, and—most importantly—create an ecosystem capable of attracting not only large projects, but also a larger and more diversified pool of Greenfield investments.

In the absence of such measures, Moldova risks remaining on the periphery of regional value chains, with limited benefits in terms of technology transfer, productivity gains, and spillover effects to the local economy.

FDI inflows per capita between 2015-2024

Over the past decade, the performance of the peer countries in attracting foreign direct investment (FDI) has diverged significantly, shaped by factors such as domestic economic potential, industrial structure, business environment stability, institutional quality, and openness to investment.

Figure 7 **FDI inflow (cumulative) per capita: Moldova vs. other comparable countries** (2015-2024), (USD per capita)



Source: UNCTADSTAT, NBM, NBS

Among the most dynamic economies are Montenegro, the Baltic states, and Albania – countries that have combined coherent economic liberalization strategies, infrastructure investment, and sustained improvements in the investment climate.

During 2015–2024, these countries attracted a cumulative FDI inflow per capita at least 3.6 times higher than that of the Republic of Moldova. Their stronger performance reflects the ability to capitalize on investment opportunities, integrate local firms into global production and services value chains, and provide investors with a predictable and competitive business environment.

The Republic of Moldova ranks in the lower part of the distribution, with a cumulative inflow of only USD 1,252 per capita over the same period. This outcome is driven by structural factors such as small market size, vulnerability to regional shocks, a moderate level of industrial sophistication, and a gradual pace of institutional and economic modernization, all of which have constrained the country's capacity to attract larger volumes of new foreign capital.

To narrow the gap with higher-performing economies, the Republic of Moldova must accelerate measures aimed at improving infrastructure, strengthening the rule of law, diversifying the industrial base, simplifying administrative procedures, and reducing risks perceived by investors. A coherent effort in these areas can enhance investor confidence, increase economic competitiveness, and contribute to attracting high-quality FDI with a structural impact on economic development.

Share of FDI inflows in GDP

The indicator relating annual foreign direct investment (FDI) inflows to gross domestic product (GDP) provides an important perspective on an economy's capacity to attract new investment. In 2024, the Republic of Moldova recorded an FDI inflow ratio of 2.5% of GDP, slightly higher than in 2023 (2.2%), but below the peak reached in 2022 (4.0%).

In comparison with other economies in the region, Moldova falls within the mid-range. Significantly stronger performances are observed in countries such as Montenegro (7.4%), Albania (6.5%), and Georgia (4.0%), which succeed in attracting substantially larger FDI volumes relative to the size of their GDP. At the same time, the Republic of Moldova outperforms economies such as Romania (1.6%), Slovakia (1.3%), and Ukraine (1.7%), suggesting a relatively competitive performance in relative terms.

Moldova's result is shaped by two key structural characteristics. On the one hand, the country's small GDP size mechanically amplifies the FDI-to-GDP ratio, even in years with moderate inflows. On the other hand, the volatility of FDI inflows—driven by the geopolitical context, investor perceptions regarding the stability of the economic environment, and the economy's capacity to absorb new investments—generates significant year-to-year fluctuations. For this reason, the indicator must be interpreted with caution: a relatively high ratio does not necessarily signal strong investment performance in absolute terms or when compared with metrics such as FDI per capita, the value of Greenfield projects, or the dynamics of the FDI stock.

Overall, the FDI-to-GDP ratio provides a useful perspective on Moldova's regional positioning, but its interpretation requires correlation with the absolute level of attracted investments and the evolution of other complementary indicators. While recent values point to a stabilization of inflows, overall investment performance remains moderate when assessed in a broader comparative context.

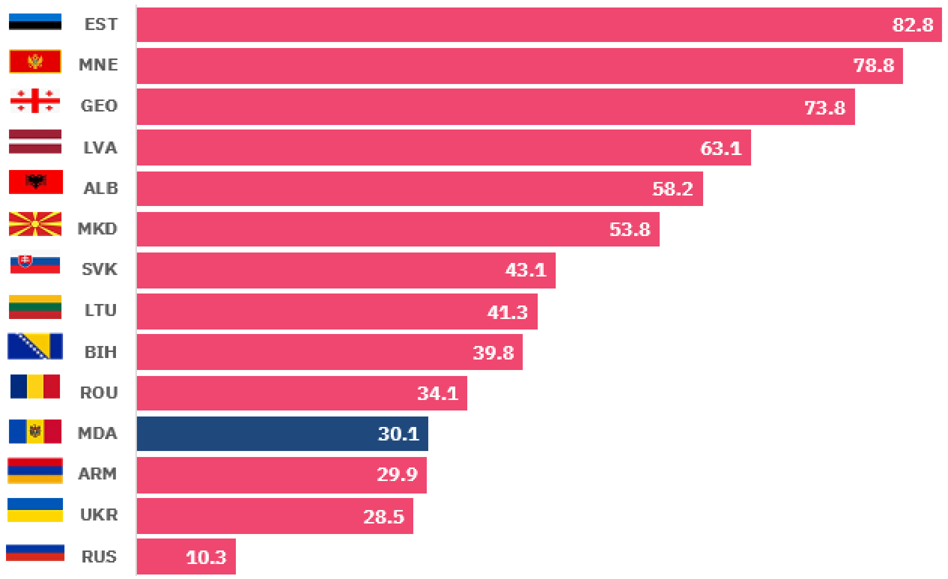
FDI stocks per capita & share in GDP

The stock of foreign direct investment (FDI) per capita is a fundamental indicator for assessing the depth of foreign capital embedded in an economy. Data for 2024 reveal substantial disparities across countries in the region.

In the Republic of Moldova, the FDI stock per capita reached USD 2,277 in 2024, placing the country in the lower tier of the regional ranking. Only Ukraine (USD 1,441) and the Russian Federation (USD 1,492) record lower levels. By contrast, economies with more advanced investment integration – such as Estonia, Latvia, Lithuania, Slovakia, and Montenegro – reach values ranging from USD 9,000 to over USD 25,000 per capita. This gap highlights these countries' superior capacity to attract, retain, and effectively utilize foreign capital, supported by economic stability, structural reforms, and high-productivity sectors.

Comparing the FDI stock with gross domestic product (GDP) provides a complementary perspective on the degree of foreign capital integration in the economy. In 2024, the FDI stock accounted for 30.1% of GDP, slightly below 2023 (33.0%), but broadly in line with the average of recent years.

Figure 8 **Share of FDI stocks in GDP: Moldova vs. other comparable countries**
end of 2023, percentages



Source: UNCTADSTAT, NBM, NBS

In comparative terms, many economies in the region—particularly the Baltic states, Slovakia, and several Balkan countries—record significantly higher ratios, reflecting deeper integration into international value chains and a greater capacity to attract more complex investment projects.

Overall, the indicators show that the presence of foreign capital in the Republic of Moldova’s economy is significant, but still modest relative to its economic potential and the performance of other countries in the region. The steady growth of the FDI stock over the past decade is a positive development; however, the pace of this growth has remained below that of economies with more consistent and competitive investment attraction policies.

Strengthening the investment framework – through the reduction of administrative barriers, fiscal predictability, infrastructure modernization, and the development of high value-added sectors – will be decisive for increasing the share of FDI in GDP and for bringing Moldova closer to the performance levels of the region’s best-performing economies.

Chapter 2
FDI enterprises vs. local private and public enterprises

The analysis of the performance of enterprises with foreign direct investment (FDI) and their comparison with domestically owned companies is based on data provided by the National Bureau of Statistics (NBS), using the official methodology for identifying FDI enterprises[1].

A decade of turbulence and structural transformation in the investment landscape of the Republic of Moldova

According to data from the National Bureau of Statistics (NBS), in 2024 the total number of reporting enterprises amounted to 68,725[2], representing an increase of 7.8% compared to 2023. The overwhelming majority are privately owned domestic enterprises, accounting for 92.7% of the total.

Enterprises with foreign direct investment (FDI) accounted for 5.7%, of which 3.9% were foreign-owned companies and 1.8% mixed-ownership companies—a significant decline compared to 2015, when FDI enterprises represented 8.6% of the total (5.0% foreign-owned and 3.6% mixed-ownership).

Public enterprises remain marginal, with a share of only 1.7%, including 1.6% fully state-owned and 0.1% mixed public–private enterprises.

Over the past decade, the business environment has been severely affected by multiple crises, including the financial turbulence of 2015, the COVID-19 pandemic, the armed conflict in Ukraine, and disruptions to logistics and energy supply chains.

The 2015 crisis had the strongest impact on domestically owned private enterprises, whose number declined by 2,430 units (–5.1% compared to 2014). By contrast, FDI enterprises demonstrated greater resilience, decreasing by only 83 units (–1.9%).

In the years preceding the pandemic, the number of FDI companies remained relatively stable: declines in mixed-ownership enterprises were offset by growth in fully foreign-

[1] According to the NBS definition, FDI enterprises are identified depending on the form of ownership and include foreign-owned enterprises (whose share of foreign capital is 100%) and joint ventures (whose share of foreign capital is between 0% and 100%).

[2] The information is based on financial statements submitted by entities that use the double-entry accounting system, excluding banks, insurance companies, citizens' savings and loan associations, non-commercial organizations, and budgetary institutions.

owned companies. The COVID-19 pandemic, however, also affected foreign investors, particularly those integrated into global value chains.

The war in Ukraine further intensified geopolitical uncertainty, prompting some investors to prioritize more stable markets. In 2023, the number of mixed-ownership enterprises declined by an additional 140 units, reaching the lowest level of the decade. In the same year, the total number of FDI enterprises fell to 3,794, marking the lowest level recorded over the past ten years.

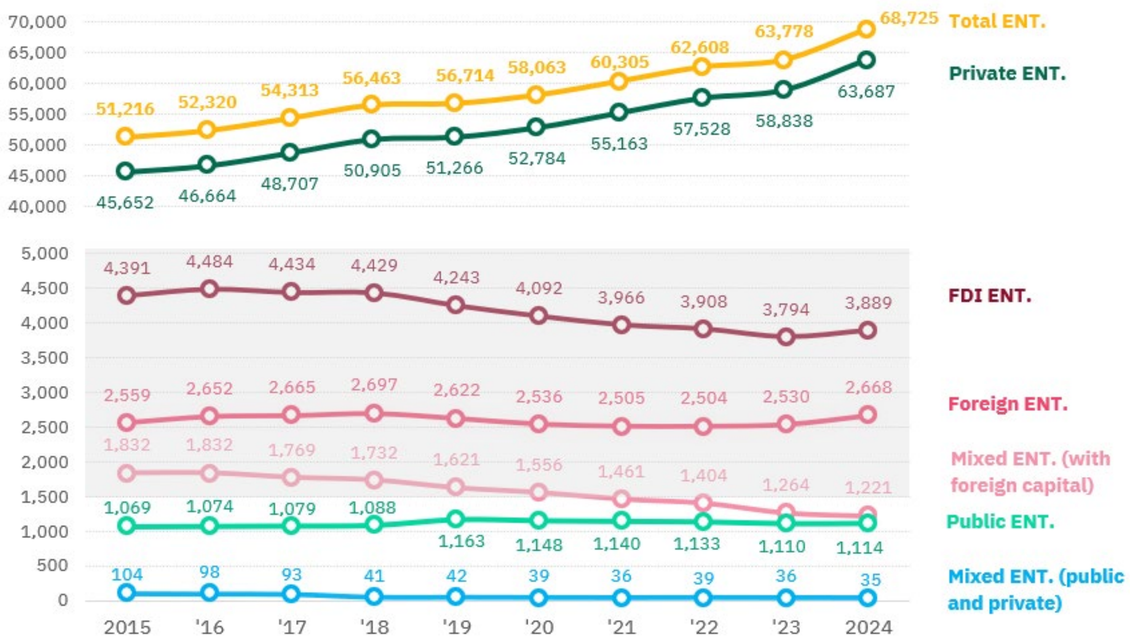
2024 – a turning point in FDI structure: consolidation of fully foreign-owned enterprises

The year 2024 marks a clear structural shift in the composition of FDI enterprises. The mixed-ownership model continues to contract rapidly, declining to 1,221 companies, a new historical low.

By contrast, fully foreign-owned companies have strengthened significantly. In 2024, their number increased by 5.5% (+138 companies)—the fastest growth rate of the past decade—reaching 2,668 enterprises, a level comparable to the pre-pandemic period.

After seven consecutive years of decline, the total number of FDI enterprises increased again (+2.5%), reaching 3,889 companies. This recovery was driven exclusively by the expansion of fully foreign-owned firms.

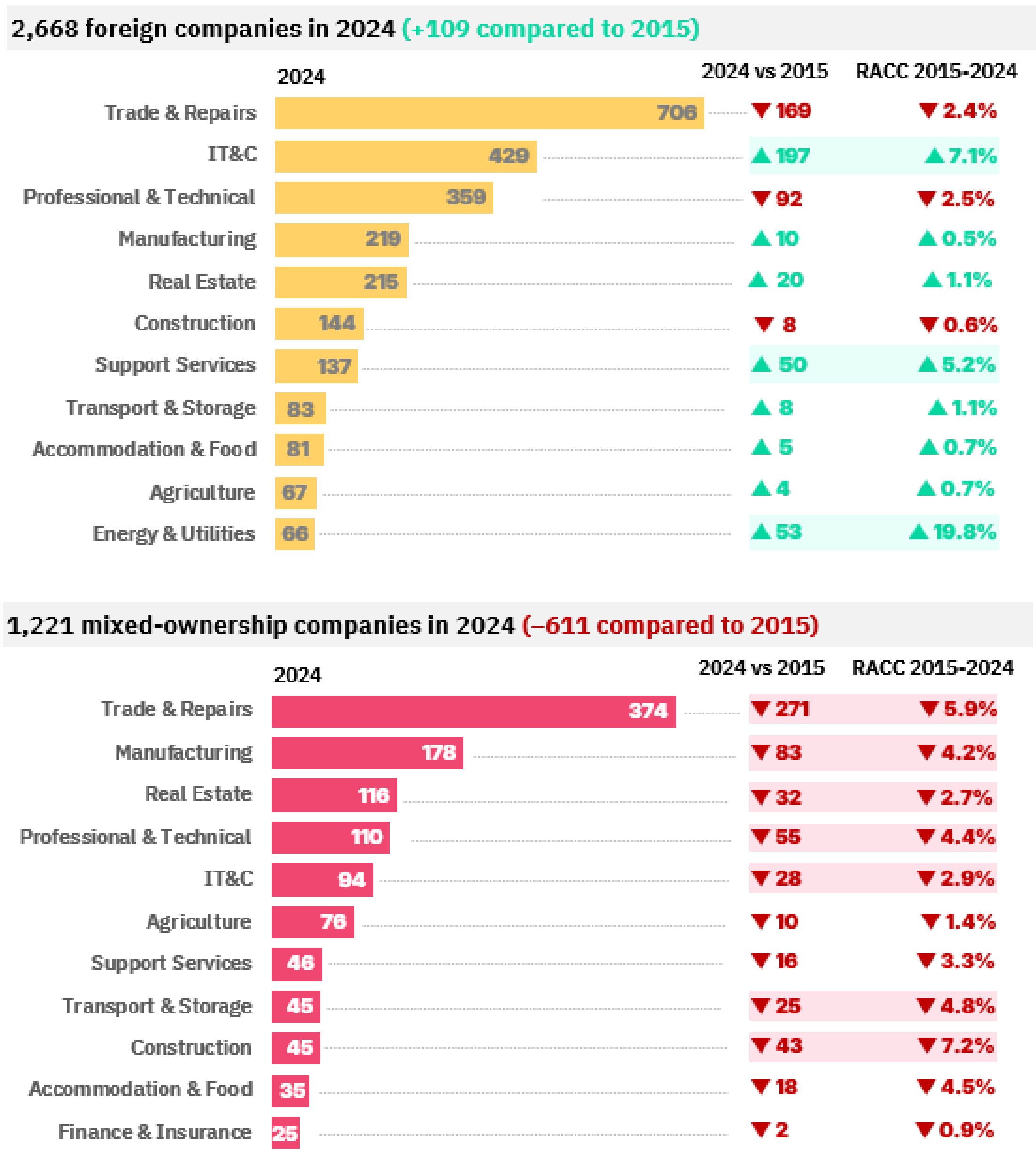
Figure 9 **Evolution of the number of enterprises during 2015-2024, according to the forms of ownership** (units)



Source: NBS data

This structural reconfiguration points to an increasingly clear preference among investors for investment presence models based on direct control, unified governance, and simpler corporate structures, at the expense of mixed-ownership arrangements, which are more vulnerable to economic and geopolitical volatility.

Figure 10 **Number of FDI enterprises in 2024 and their evolution over 2015–2024, by sectoral distribution** (units and percentages)



Source: NBS data

Changes are also evident at the sectoral level. The growth of fully foreign-owned companies is concentrated in dynamic sectors with strong international integration:

› IT&C – the largest absolute increase (+197 companies) and the highest compound annual growth rate (CAGR of 7.1%);
› Support services – driven by the acceleration of global outsourcing processes;

- Energy and utilities – propelled by the energy transition and infrastructure investments;

Real estate activities – a sector that has shown steady expansion over the past decade.

Although the expansion of IT&C, support services, and energy points to an increasingly clear investor orientation toward higher value-added activities, this evolution has not yet translated into a significant improvement in Moldova's overall FDI performance. The underlying reasons are structural: new investments are generally less capital-intensive, still account for a relatively small share of total FDI, and generate limited local integration effects, as the business models in these sectors are predominantly asset-light and oriented toward exports or outsourcing.

As a result, while the direction of change is positive, the impact on total FDI volumes remains moderate, and the structural transformation is only gradually reflected in aggregate statistics.

By contrast, mixed-ownership companies declined across almost all sectors of the economy, with the largest reductions recorded in trade, manufacturing, professional and technical services, and construction. The cumulative decline of 611 mixed-ownership companies reflects both the exit of some domestic investors and the conversion of existing firms into fully foreign-owned enterprises.

The 2015–2024 period marks a profound structural reconfiguration of FDI in the Republic of Moldova: the mixed-ownership model is in accelerated decline, while fully foreign-owned companies are becoming the predominant form of investment presence. The expansion of IT&C, support services, and energy reflects investors' orientation toward higher value-added activities and strong international integration.

These developments have direct implications for investment attraction policies, underscoring the need for a modern, competitive investment framework adapted to a rapidly evolving geopolitical environment.

Average number of employees

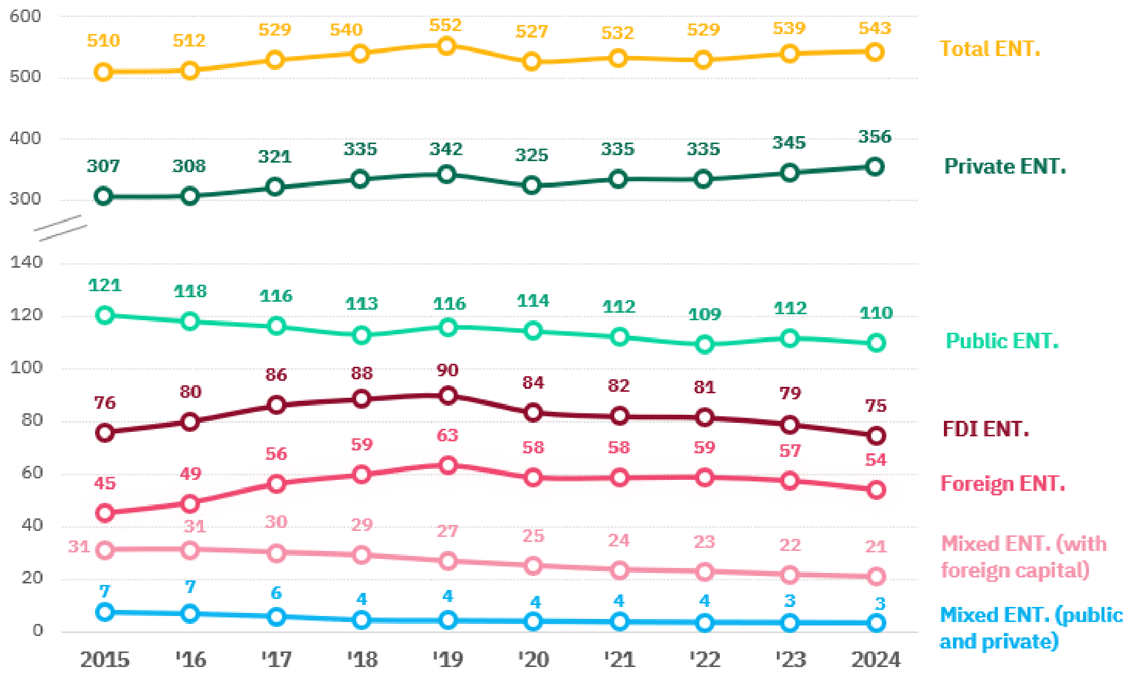
In 2024, enterprises in the Republic of Moldova employed approximately 543 thousand workers, a level close to the pre-pandemic benchmark. Employment remains dominated by domestically owned private enterprises, which account for 65.5% of total employment. Public and mixed public–private enterprises provide 20.8% of jobs, while **FDI enterprises employ 13.7% of the workforce—of which 9.9% are in fully foreign-owned companies and 3.8% in mixed-ownership firms.**

Average firm size varies significantly by ownership type. The national average stands at 7.9 employees per enterprise, but public and mixed public–private enterprises are substantially larger, with 98 and 95 employees, respectively. **FDI enterprises, averaging 19.2 employees**, fall between public entities and domestically owned private firms. By contrast, domestic private firms—the most numerous—employ only

5.6 workers per company, making them structurally more vulnerable to economic shocks and market volatility.

Between 2015 and 2019, total employment increased from 510 thousand to 552 thousand, driven primarily by the domestic private sector (+35.7 thousand jobs). Over the same period, public and mixed enterprises recorded employment declines, reflecting restructuring and privatization processes. FDI enterprises expanded robustly prior to the pandemic, increasing employment from 76 thousand to 90 thousand, a rise driven entirely by fully foreign-owned firms (+18.3 thousand), while mixed-ownership companies continued to shed jobs.

Figure 11 **Evolution of the average number of employees in enterprises with different forms of ownership during 2015-2024** (thousand people)



Source: NBS data

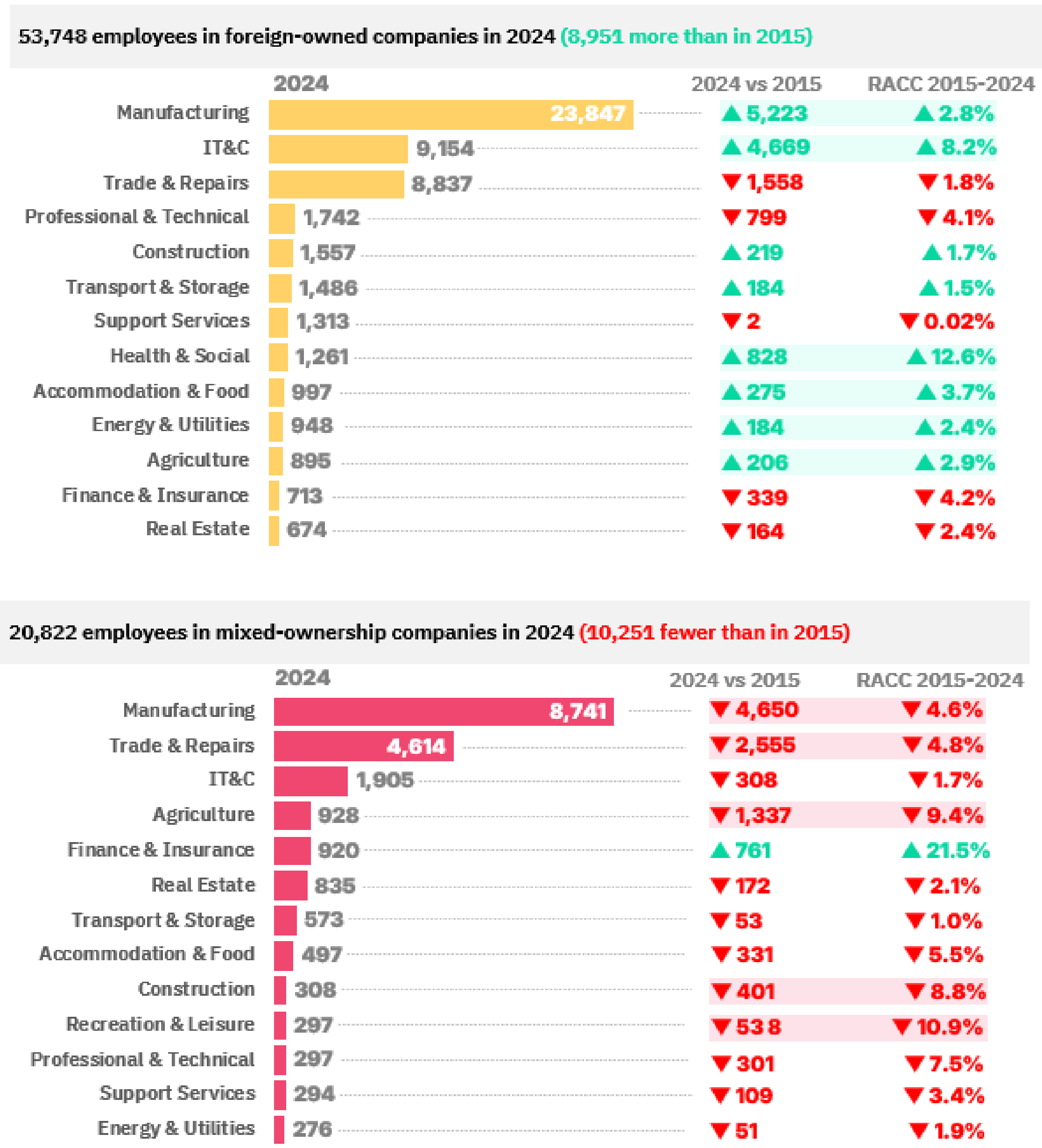
The COVID-19 pandemic triggered a sharp contraction in the labor market: 25.4 thousand jobs were lost nationwide, and FDI enterprises were disproportionately affected (–6.3 thousand employees), particularly foreign-owned firms, due to disruptions in global value chains.

Following 2021, employment gradually recovered. The domestic private sector resumed strong growth, reaching a historic high of 355.6 thousand employees in 2024, underscoring its central role in labor market dynamics. At the same time, public and mixed enterprises continued their structural decline.

Fully foreign-owned enterprises reached a peak in 2019, employing 63.1 thousand workers, supported by the expansion of manufacturing, the rise of the IT&C sector, and the consolidation of trade-related activities. Thereafter, employment levels stabilized in the 57–58 thousand range, before declining to 53.7 thousand employees in 2024, reflecting the recalibration of certain industrial activities and the exit of several major investors (notably Fujikura and Coroplast). The sectoral distribution highlights several key employment hubs of FDI enterprises in 2024:

- Manufacturing – 23.8 thousand employees, remaining the primary pillar of employment;
- IT&C – 9.2 thousand employees, the fastest-growing sector, driven by the expansion of digital services and Moldova's competitive positioning;
- Wholesale and retail trade; repair activities – 8.8 thousand employees;
- Additional employment gains are also observed in professional activities, construction, transport and storage, energy, and agriculture.

Figure 12 **Number of employees in FDI enterprises in 2024 and their evolution over 2015–2024, by sectoral distribution** (unități și procente)



Sursa: Datele BNS

The expansion of foreign-owned companies reflects both the consolidation of existing investments and the launch of new production and service lines, generating direct effects on productivity, exports, and skills development in the labor market.

By contrast, mixed-ownership companies have continued to significantly reduce their workforce. In 2024, they employed 20.8 thousand people, 10.3 thousand fewer than in 2015. The most significant job losses occurred in manufacturing, trade, construction, and transport. Only a limited number of sectors—such as finance and insurance or agriculture—maintained a positive trend, confirming that hybrid investment models remain relevant only in specific niches.

Overall, FDI enterprises—particularly fully foreign-owned companies—remain a strategic employer in Moldova's economy, contributing to the modernization of the employment structure, integration into global value chains, and human capital development. At the same time, the domestic private sector continues to be the main driver of employment, while mixed-ownership and public enterprises maintain a downward trend, reflecting the structural adjustments of the past decade.

Analysis of sales revenue

In 2024, enterprises in the Republic of Moldova generated total revenues of MDL 668.6 billion, an increase of 5.1% compared to the previous year. The contribution structure remains stable: domestically owned private enterprises accounted for 63.7% of total sales, FDI enterprises for 23.3% (15.0% fully foreign-owned and 8.2% mixed-ownership), while public and public–private enterprises contributed 13.0%.

FDI enterprises continue to stand out in terms of higher productivity levels. In 2024, their labor productivity (measured as average turnover per employee) was 74% higher than that of domestically owned private firms—a gap that, while still substantial, has gradually narrowed compared to 2022 and 2023. This superior performance reflects more efficient resource use, managerial know-how, and integration into global value chains.

Mixed-ownership enterprises remain, on average, the most productive, recording MDL 2,643 thousand per employee in 2024 (average turnover per employee), despite a decline for the second consecutive year. Even so, their productivity exceeds that of domestic firms by 121%, highlighting the advantages of combining foreign capital with local expertise.

Fully foreign-owned enterprises recorded productivity of MDL 1,869 thousand per employee (average turnover per employee; +7.8% compared to 2023), 56% higher than domestically owned private firms and 52% above the national average, confirming their central role in economic modernization.

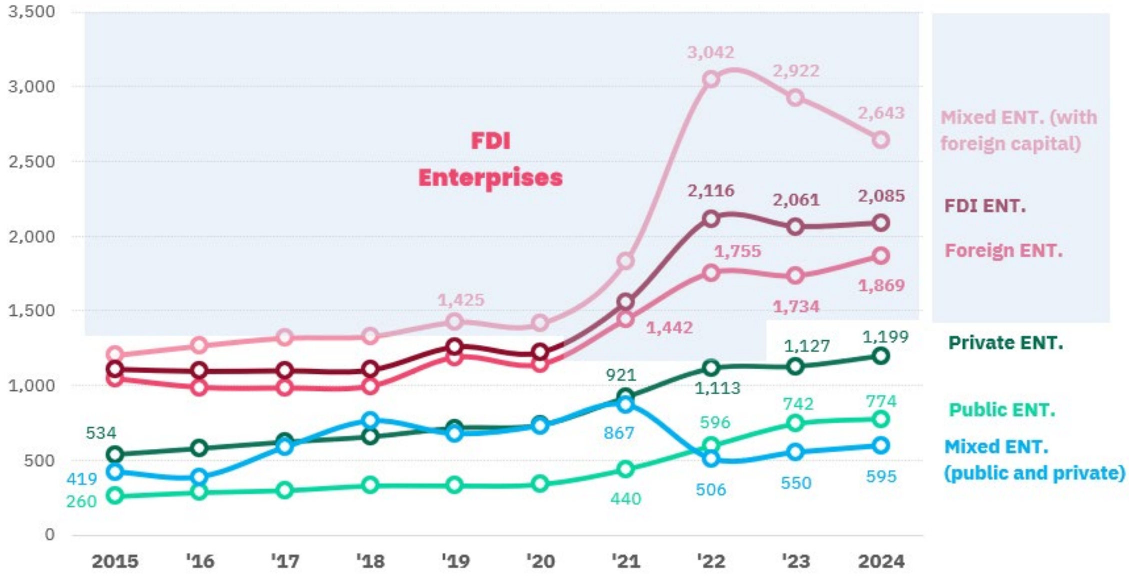
Domestically owned private enterprises achieved productivity of MDL 1,199 thousand per employee (average turnover per employee; +6.4% year-on-year), very close to the national average. While the trend is positive, productivity gaps vis-à-vis FDI enterprises remain significant.

Public enterprises continue to display the lowest productivity levels, despite a long-term upward trend, signaling the need for structural reforms.

The productivity advantage of FDI enterprises is evident across all major sectors of the economy, supported by advanced technology, international connectivity, operational efficiency, and higher managerial standards. By contrast, domestic private and public enterprises require substantial investment in digitalization, innovation, and modernization to close persistent gaps.

In this context, mixed-ownership and fully foreign-owned companies remain the pillars of productivity in the Republic of Moldova, contributing disproportionately to overall economic value added.

Figure 13 **Sales revenue sales per 1 employee in enterprises with different forms of ownership during 2015-2024** (MDL thousand)



Source: NBS data

Analysis of the profit (loss) before tax

In 2024, enterprises in the Republic of Moldova recorded pre-tax profits of MDL 50.7 billion, representing an increase of 9.8% compared to 2023. The profit structure remains dominated by the domestically owned private sector, which generated 77.8% of total profits, benefiting from steady productivity gains and an increasingly diversified economic activity base.

FDI enterprises contributed 19.5% of total profits, of which 12.2% was generated by fully foreign-owned companies and 7.3% by mixed-ownership enterprises.

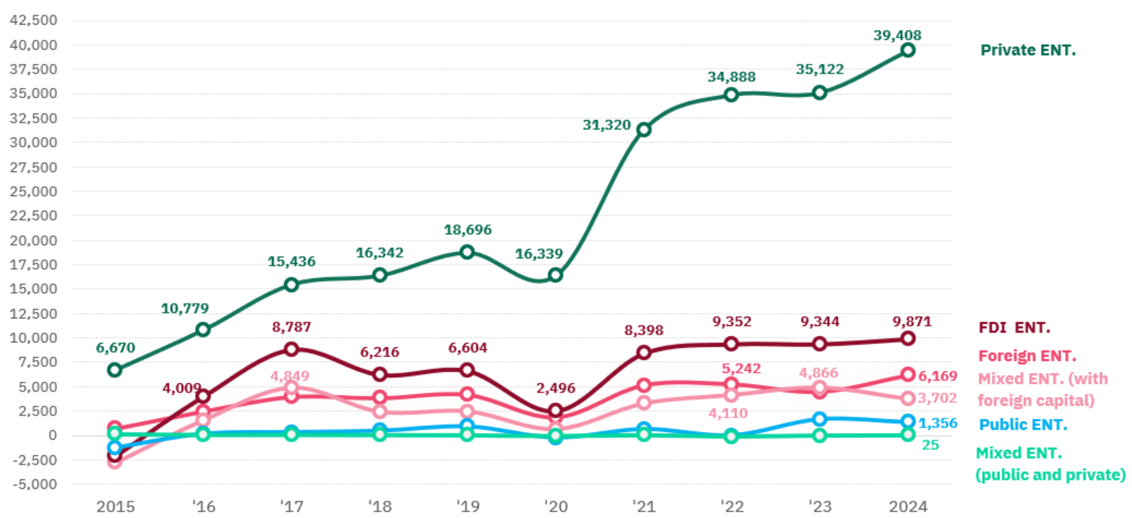
Public enterprises and mixed public–private entities continue to underperform, contributing only 2.7% and 0.05%, respectively—confirming persistent efficiency and governance vulnerabilities.

Following the sharp decline triggered by the 2015 crisis, FDI enterprises returned to profitability relatively quickly, exceeding MDL 6 billion annually during 2017–2019, with a peak of MDL 8.8 billion in 2017. The COVID-19 pandemic led to a severe adjustment, with profits declining by 2.6 times to MDL 2.5 billion. The subsequent recovery, however, was faster than the economy-wide average: over 2021–2024, FDI companies consistently surpassed pre-pandemic profit levels, reaching a new record of MDL 9.87 billion in 2024—the highest level of the past decade.

At the same time, domestically owned private enterprises recorded the fastest profit growth of the past decade, reflecting a broad process of operational optimization, competitive adaptation, and expansion of the entrepreneurial base (+18,035 firms over ten years, the highest annual growth rate).

Public enterprises and mixed enterprises with state participation continue to deliver modest performance, operating close to the break-even threshold and contributing only marginally to consolidated profits. This pattern points to persistent structural challenges, including low efficiency, underinvestment, and governance constraints.

Figure 14 **Profit (loss) before tax of enterprises with different forms of ownership during 2015-2024** (MDL millions)



Source: NBS data

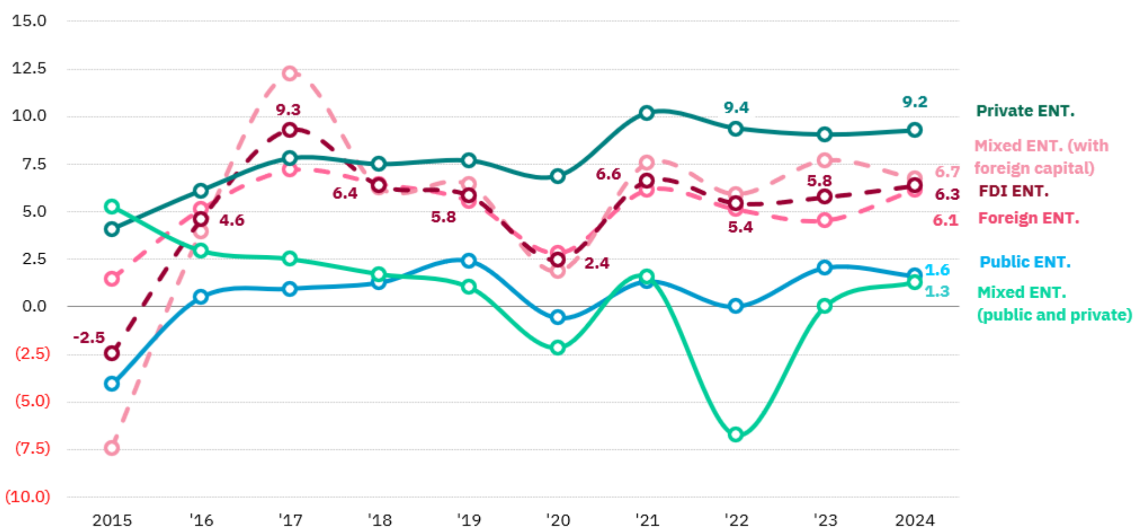
At the national level, sales profitability increased slightly, reaching 7.58% in 2024, up from 7.25% in 2023:

› FDI enterprises recorded an average profitability of 6.35%, below the national average, but this outcome is structurally driven by the sectors in which they operate—namely capital-intensive industries (manufacturing, energy, telecommunications), which are characterized by lower margins but higher value added.

- Mixed-ownership FDI enterprises reported a profitability rate of 6.73%.
- Fully foreign-owned enterprises recorded 6.14%.
- Domestically owned private enterprises achieved the highest profitability, at 7.58%, supported by activities with higher margins, particularly trade and services.
- Public enterprises remain at the lower end of the ranking, reflecting persistent structural challenges.

Overall, FDI enterprises generate strategic value for the economy through higher productivity, modern technologies, stronger governance standards, and international integration, even though nominal profitability levels remain moderate due to the sectoral composition of their activities.

Figure 15 **Return on sales of enterprises with different forms of ownership during 2015-2024** (percentages)



Source: NBS data

Corporate income tax expenses

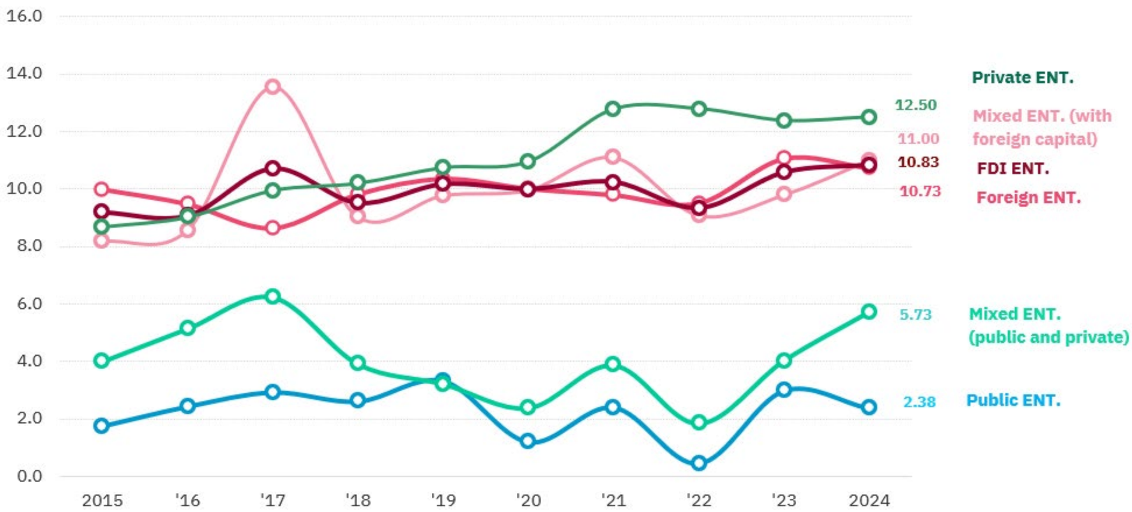
In 2024, enterprises in the Republic of Moldova paid MDL 7.2 billion in corporate income tax, an increase of 6.5% compared to 2023.

The structure of fiscal contributions remains strongly concentrated in the domestically owned private sector, which generated 73.8% of total corporate income tax revenues collected by the budget. FDI enterprises accounted for 23.3% of the total, of which 14.9% was contributed by fully foreign-owned companies and 8.4% by mixed-ownership enterprises. Public enterprises and mixed enterprises with public participation recorded the lowest contributions, at 2.8% and 0.2%, respectively.

Analyzing corporate income tax relative to sales revenues provides additional insight into financial performance and fiscal discipline. The highest ratio—MDL 12.50 in tax for every MDL 1,000 in revenues—was recorded by domestically owned private enterprises, reflecting a relatively higher proportional fiscal contribution.

For FDI enterprises, the average ratio amounted to MDL 10.83 per MDL 1,000 in revenues, reflecting both higher operational efficiency and the impact of specific tax regimes applicable to certain activities, such as incentives in free economic zones or the single tax regime under Moldova IT Park. Even under these conditions, FDI companies make a substantial absolute fiscal contribution, driven by their large scale of operations, high productivity, and central role in high value-added sectors.

Figure 16 **Income tax expenses rate to MDL 1,000 sales revenue for enterprises with different forms of ownership during 2015-2024** (MDL)



Source: NBS data

Gross wages paid [3]

According to data from the State Fiscal Service (SFS), in 2024 the total amount of wages accrued for payment (gross wage income calculated for the fiscal reporting period) amounted to approximately MDL 98.2 billion. Enterprises with foreign direct investment (FDI) made a significant contribution, accounting for MDL 14.5 billion, which

[3] This section, together with the subsequent section on employers' compulsory state social insurance contributions for employees, was prepared based on administrative and statistical data provided by the State Tax Service, relating to gross wages accrued for payment and the associated tax obligations.

Information on employees and wage income was extracted from tax returns submitted to the State Tax Service for tax administration purposes, depending on the object of taxation, as follows:

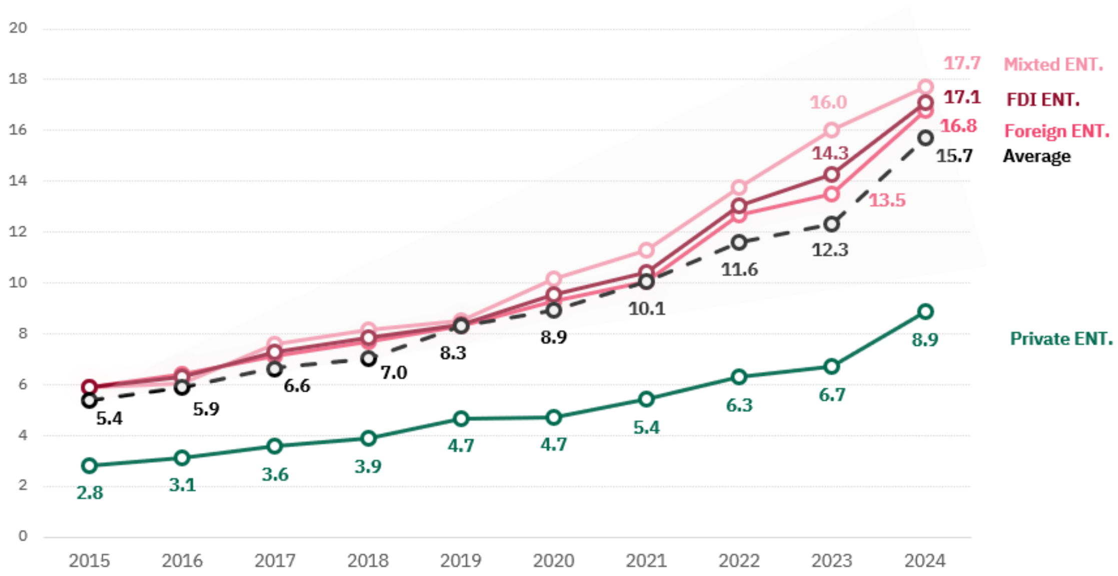
- Declaration on the withholding of personal income tax, mandatory health insurance contributions, and compulsory state social insurance contributions calculated (Form IPC21);
- Information notes on wages and other payments made by employers for the benefit of employees, as well as payments made to residents from sources of income other than wages, and the personal income tax withheld from such payments (Form IALS21);
- Local taxes return (Form TL13).

represents 14.8% of total wages paid in the economy. Of this amount, MDL 9.65 billion was generated by wholly foreign-owned companies, while MDL 4.87 billion came from joint ventures with foreign participation.

Gross wage levels in FDI enterprises are substantially higher than those observed in domestically owned firms. In 2024, joint ventures with foreign participation paid an average gross monthly wage of approximately MDL 17.7 thousand, while wholly foreign-owned companies reached a level of around MDL 16.8 thousand. Overall, the average gross monthly wage in FDI enterprises amounted to MDL 17.1 thousand, which is 93% higher than the average wage paid by local private companies, which stood at MDL 8.9 thousand in 2024.

The substantial wage differentials between FDI enterprises and domestic firms reflect the strategic role of foreign investment in economic modernization. Higher remuneration levels in FDI companies support workforce professionalization, facilitate the transfer of skills and know-how, and contribute to enhanced national competitiveness. Through higher management standards and advanced human resource practices, these enterprises generate long-term structural benefits, strengthening the attractiveness of the Republic of Moldova for investment and accelerating convergence with more developed economies in the region.

Figure 17 **Evolution of the average gross monthly wage (accrued for payment), 2015–2024** (MDL thousand)



Source: SFS data

Employer Social Security Contributions (SSC)

Employers' expenditures on mandatory social security contributions (SSC) are directly determined by the level of remuneration paid to employees. In 2024, enterprises with foreign direct investment (FDI) transferred a total of MDL 3.5 billion to the state social insurance budget, accounting for 13.9% of total employer social security contributions across the entire economy.

Of this amount, wholly foreign-owned companies contributed MDL 2.3 billion (9.2% of the national total), while joint ventures with foreign participation accounted for MDL 1.2 billion (4.7%). This substantial share reflects both the higher wage levels in FDI enterprises and their concentration in sectors with higher productivity and value added.

On average, FDI enterprises paid approximately MDL 49.2 thousand per employee in employer social security contributions in 2024—nearly twice the level recorded in local private enterprises, where contributions amounted to MDL 26.0 thousand per employee. This gap highlights the significant wage differential and underscores the role of FDI companies in supporting the financing base of the public social security system.

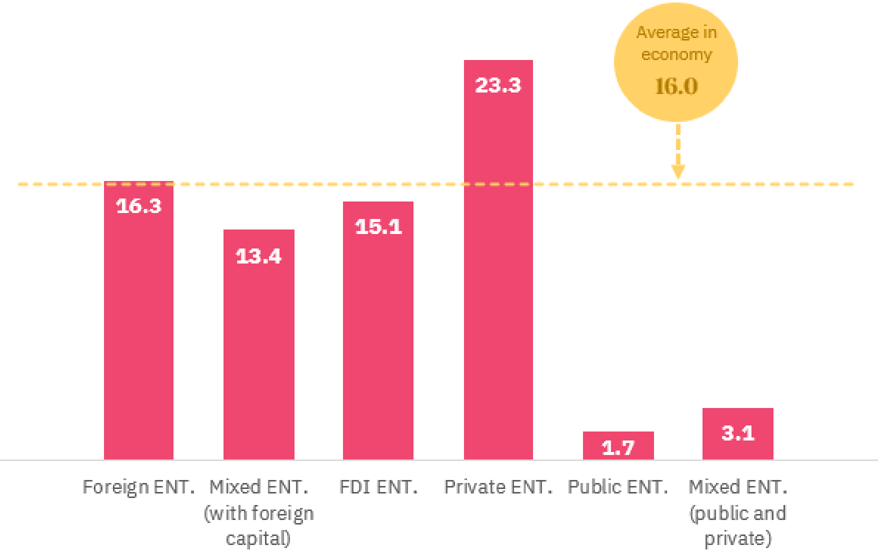
The higher contributions made by these enterprises therefore extend beyond their direct economic impact, having a measurable effect on the sustainability of social security funds and on the state's capacity to maintain an adequate level of social protection. By offering higher wages, FDI companies simultaneously contribute to improving employees' living standards and to strengthening the financial stability of the national social security system.

Fixed asset turnover ratio

In 2024, FDI enterprises accounted for 20.7% of the total fixed assets of reporting enterprises in the Republic of Moldova, of which 12.0% were held by wholly foreign-owned companies and 8.7% by joint-venture enterprises. The return on fixed assets—calculated as the ratio between profit before tax and the value of fixed assets—varies significantly depending on the structural and sectoral characteristics of each category of enterprise.

Capital-intensive industries, such as manufacturing, electricity generation and supply, and utilities, naturally exhibit lower returns on fixed assets, given the substantial investment requirements in infrastructure and technology. By contrast, service sectors, which operate with relatively limited fixed assets, tend to record significantly higher values of this indicator.

Figure 18	**Fixed asset turnover ratio of enterprises with different forms of ownership in 2024** (percentages)



Source: Calculated based on NBS data

In 2024, domestically owned private enterprises recorded the highest return on fixed assets, at 23.3%, significantly above the national average of 16.0%. This outcome reflects their concentration in sectors with rapid capital turnover, such as trade and real estate activities, where the volume of fixed assets is relatively low.

For FDI enterprises, the return on fixed assets amounted to 15.1%, close to the national average. Fully foreign-owned enterprises recorded a return of 16.3%, while mixed-ownership enterprises posted 13.4%. These moderate levels are linked to the sectoral structure of FDI, which is concentrated in capital-intensive industries—such as manufacturing, logistics, and telecommunications—where margins are lower, but the contribution to productivity growth and economic modernization is substantial.

The lowest returns were reported by mixed enterprises with public participation (3.1%) and fully public enterprises (1.7%). These outcomes point to persistent structural challenges, including low operational efficiency, delayed investment, and predominant exposure to sectors characterized by large fixed-asset bases and long payback cycles.

Overall, the data highlight significant differences across ownership models and economic structures. Domestically owned private enterprises benefit from greater exposure to sectors with relatively low fixed capital intensity, while FDI enterprises operate mainly in capital-intensive industries, where nominal returns tend to be moderate, but the economic impact—in terms of productivity, technology transfer, and global integration—is substantially more pronounced.

Chapter 3
Impact of FDI on the economy of the Republic of Moldova

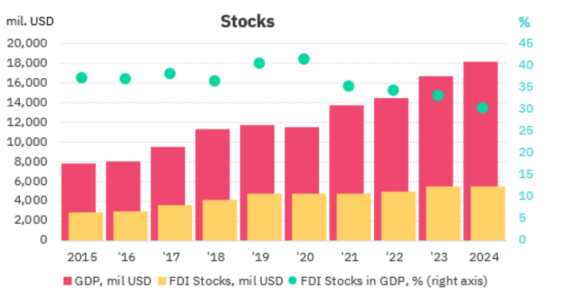
Contribution of FDI enterprises to GDP

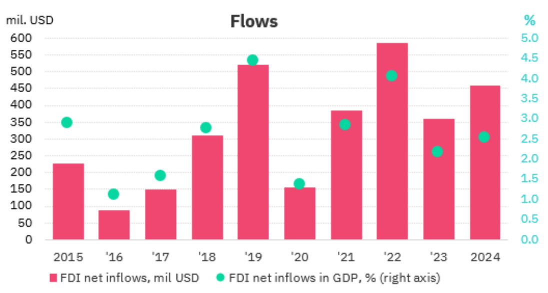
The participation of foreign direct investment (FDI) in GDP formation is a key indicator of the role played by foreign investors in emerging economies. In the Republic of Moldova, the evolution of this indicator over the period 2015–2024 reflects both the structural transformation of the domestic economy and changes in the regional and global environment that have influenced investment decisions.

The share of net FDI inflows in GDP varied significantly over this period. The highest level was recorded in 2019 (4.44%), against the backdrop of strong investment inflows. By contrast, 2016 marked the lowest level (1.10%), reflecting reduced capital inflows and an unfavorable external investment climate.

In 2024, net foreign direct investment (FDI) inflows reached USD 458.4 million, equivalent to 2.52% of GDP, marking a moderate increase compared to 2023 (2.16%). This development was driven primarily by the reinvestment of earnings, which remained the dominant component of FDI flows, reflecting the solid performance of foreign-owned companies and their decision to consolidate existing operations in a volatile geopolitical environment.

Figure 19 **Share of FDI stocks and inflows in GDP, 2015-2024**





Source: NBM, International Accounts of the Republic of Moldova

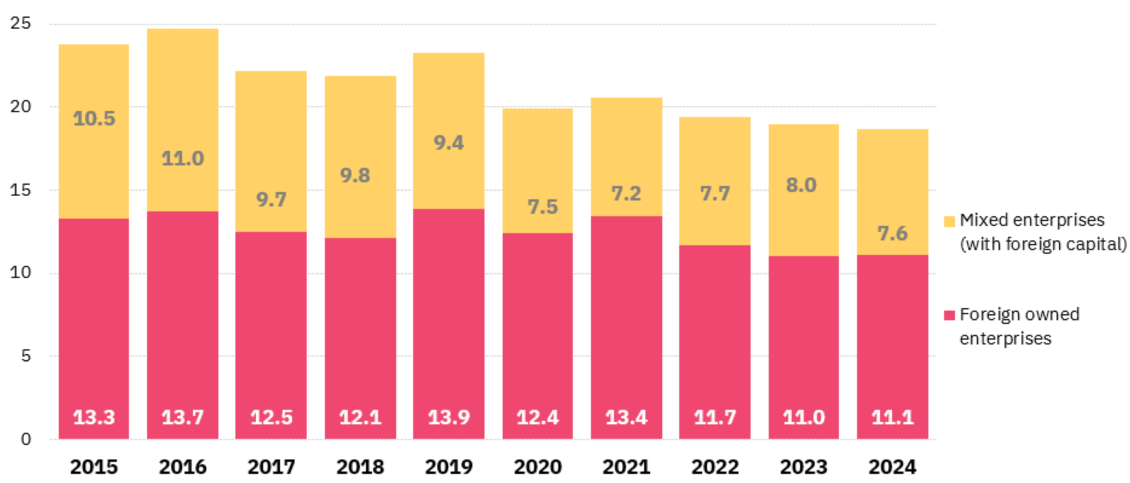
From a stock perspective, the FDI-to-GDP ratio has shown a downward trend in recent years. Following a peak of 41.2% in 2020—partly influenced by the GDP contraction caused by the pandemic—the share of the FDI stock declined to 30.1% in 2024. This decline is not the result of capital withdrawals, but rather reflects GDP expansion combined with negative valuation effects and the depreciation of the national currency, which reduced the USD-denominated value of the FDI stock.

In 2024, enterprises with foreign capital generated MDL 60.54 billion in GDP, accounting for 18.7% of the Republic of Moldova's total GDP.

Although the combined share of foreign-owned enterprises (wholly foreign-owned and joint ventures) in GDP formation has declined gradually from levels exceeding 23% in the 2015–2019 period, the absolute value of GDP generated by FDI enterprises has continued to increase. This trend reflects the operational resilience and continuity of foreign-owned companies in an economic environment characterized by successive external shocks, geopolitical uncertainty, and macroeconomic volatility.

At the same time, the domestic private sector recorded a faster growth dynamic than foreign-owned enterprises during 2021–2024, indicating a gradual maturation of the local business environment and an enhanced potential for integration into regional and global value chains. Maintaining a balanced and complementary interaction between domestic and foreign capital will remain a key factor in ensuring sustainable, balanced, and competitive economic growth over the medium and long term.

Figure 20 **Share of Foreign-Owned Enterprises in GDP, 2015–2024** (percentages)



Source: NBM, International Accounts of the Republic of Moldova

Share of FDI enterprises in Gross Value Added (GVA), by economic sector

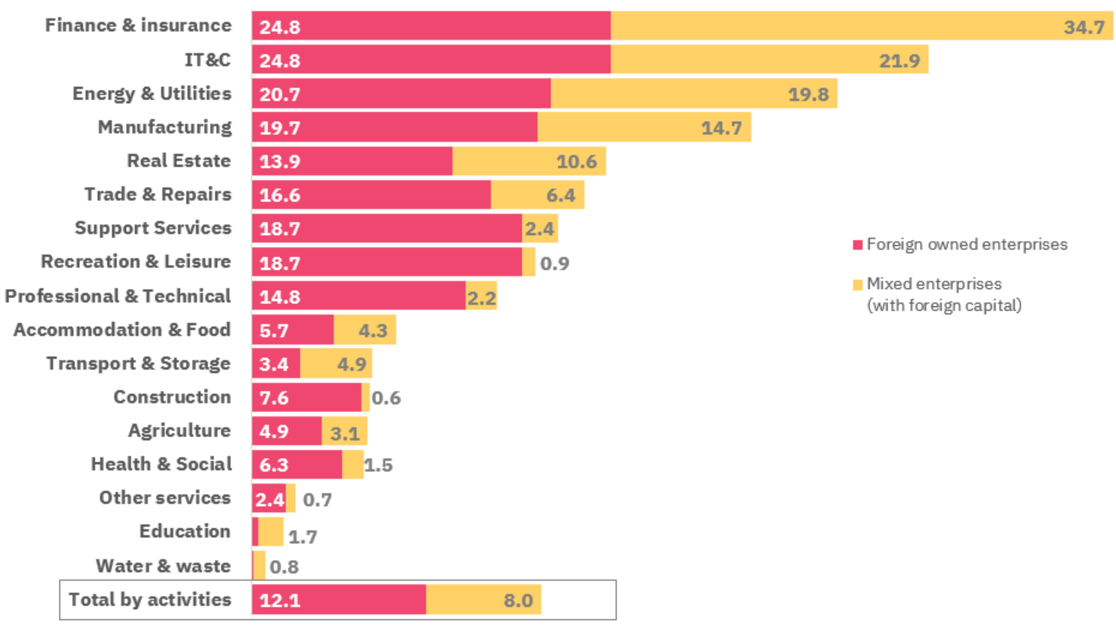
In 2024, enterprises with FDI – both wholly foreign-owned companies and mixed-ownership enterprises – accounted for 20.1% of the gross value added (GVA) generated in the economy of the Republic of Moldova. Of this share, 12.1% was generated by wholly foreign-owned enterprises, while 8.0% came from joint ventures with foreign participation.

The sectoral distribution of GVA generated by FDI enterprises highlights strong and concentrated contributions in key economic activities, as follows:

› Financial and insurance activities – the highest contribution, accounting for 59.5% of total sectoral GVA;
› Information and communications – 46.7%;
› Electricity and heat supply, gas and water – 40.4% of total GVA;
› Manufacturing – a share of 34.5%;
› Real estate activities – 24.5%;
› Wholesale and retail trade; repair activities – 23.0%;
› Administrative and support service activities – 21.1%.

These figures underscore the strategic role of FDI enterprises in high–value-added sectors, confirming their essential contribution to the structural transformation, modernization, and diversification of the Republic of Moldova's economy.

Figure 21 **Share of FDI enterprises in gross value added, by economic sector, 2024** (percentages)



Source: NBS data

Structure of GDP generated by FDI enterprises, by economic activities

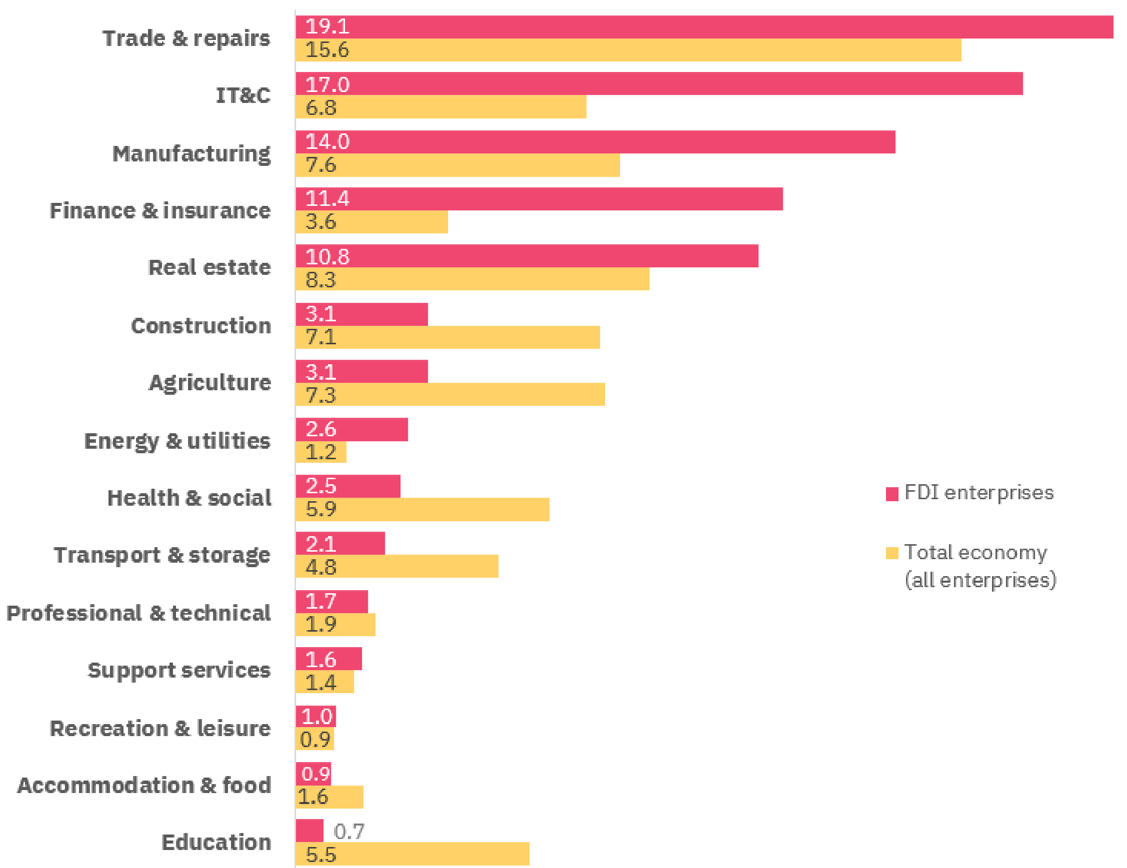
The structure of GDP generated by enterprises with foreign direct investment (FDI) differs significantly from that of the overall economy of the Republic of Moldova, reflecting a much stronger concentration in activities with higher value added and greater technological intensity compared to the national economy as a whole. This feature highlights the strategic role of FDI in the structural modernization of the economy.

In the case of foreign-owned companies, value added is predominantly concentrated in the following activities:

› Wholesale and retail trade – 19.1%;
› Information and communications – 17.0%;
› Manufacturing – 14.0%;
› Financial and insurance activities – 11.4%;
› Real estate activities – 10.8%.

Overall, these sectors account for approximately 72.4% of the GDP generated by FDI enterprises, indicating a high degree of sectoral specialization and an orientation toward activities with higher productivity and deeper integration into modern economic value chains.

Figura 22 **Structure of GDP by economic activities: FDI enterprises vs. total economy,** (procentages)



Source: NBS data

At the level of the national economy, the structure of gross value added is more diversified, being dominated by a broader mix of activities, the most significant of which include:

› Wholesale and retail trade – 15.6%;
› Real estate activities – 8.3%;
› Manufacturing – 7.6%;
› Agriculture – 7.3%;
› Construction – 7.1%.

Together, these sectors generate around 46% of total GDP, indicating a more fragmented structure and a relatively higher dependence on traditional economic activities.

This structural divergence confirms that FDI enterprises play a crucial role in industrial, technological, and financial sectors, contributing decisively to productivity growth, modernization of the economic base, and the long-term competitiveness of the Republic of Moldova.

Share of FDI enterprises in the total number of companies

Over the past decade, the share of enterprises with foreign direct investment (FDI) in the total number of active companies in the Republic of Moldova has followed a downward trend, declining from 8.6% in 2015 to 5.7% in 2024. This decline does not indicate a large-scale withdrawal of foreign capital, but rather is primarily driven by changes in mixed-ownership enterprises—a structure that has become increasingly less attractive in the current environment.

Mixed enterprises experienced a pronounced decline, falling from 1,832 companies in 2014 to 1,221 in 2024. Their share in the total number of companies decreased from 3.6% in 2015 to 1.8% in 2024. This contraction is associated with internal restructuring processes, the exit of local partners, full takeovers by foreign investors, as well as the higher vulnerability of mixed ownership structures during periods of economic and geopolitical volatility.

By contrast, the number of wholly foreign-owned enterprises remained relatively stable over the decade. In 2024, they totaled 2,668 companies, a level close to the peak recorded during the period under review (2,697 in 2018). Nevertheless, the rapid expansion of the domestic entrepreneurial base led to a decline in their relative share, which fell to 3.9% of total enterprises.

Overall, these developments reflect a process of structural consolidation within the FDI segment: while the total number of FDI enterprises has declined modestly, the composition has shifted in favor of wholly foreign-owned companies—entities that are generally more robust, more efficient, and better aligned with modern investment models. This transition has unfolded against a backdrop of significant geopolitical changes and the continued expansion of the domestic private sector.

Table 1 **Evolution of the share of FDI enterprises in the total number of enterprises during 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	5.0	5.1	4.9	4.8	4.6	4.4	4.2	4.0	4.0	3.9
Mixed entreprises (with foreign capital)	3.6	3.5	3.3	3.1	2.9	2.7	2.4	2.2	2.0	1.8
Total FDI enterprises	**8.6**	**8.6**	**8.2**	**7.8**	**7.5**	**7.0**	**6.6**	**6.2**	**6.0**	**5.7**

Source: NBS data

Share of FDI enterprises in employment

Over the past decade, the share of employment in foreign direct investment (FDI) enterprises declined moderately, from 14.9% in 2015 to 13.7% in 2024. This reduction does not reflect a withdrawal of foreign investors, but is entirely driven by declining employment in mixed-ownership enterprises—a business model that has gradually lost relevance within Moldova's investment landscape.

Wholly foreign-owned enterprises, on the other hand, recorded a robust performance. Their workforce expanded from 44.8 thousand employees in 2015 to 53.8 thousand in 2023, reaching a historical peak in 2019 (approximately 63 thousand employees). This growth was driven by the expansion of manufacturing, the strong performance of the IT&C sector, and the consolidation of export-oriented activities.

Mixed enterprises, meanwhile, experienced a pronounced contraction in employment, declining from 31.1 thousand employees in 2015 to just 20.8 thousand in 2024—a reduction of more than 10 thousand jobs. This decline reflects corporate restructuring, full takeovers by foreign investors, and the market exit of less competitive firms.

The size structure of FDI enterprises has also evolved gradually. While in 2015 both foreign-owned and mixed enterprises employed, on average, around 17 workers, by 2024 wholly foreign-owned companies had increased their average workforce to 20 employees, whereas mixed enterprises remained broadly unchanged. This divergence highlights the expansion of operational capacity among foreign investors and the stagnation of the mixed-ownership model.

Overall, developments over the 2015–2024 period point to a strengthening role of wholly foreign-owned enterprises in the labor market, while the mixed investment model continues a structural decline, experiencing a decline in both its share of total FDI and its contribution to employment.

Table 2 **Evolution of the share of FDI enterprises in the total number of employees during 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	8.8	9.5	10.6	11.0	11.4	11.1	11.0	11.1	10.6	9.9
Mixed entreprises (with foreign capital)	6.1	6.1	5.7	5.4	4.8	4.7	4.4	4.3	4.0	3.8
Total FDI enterprises	**14.9**	**15.6**	**16.3**	**16.4**	**16.3**	**15.9**	**15.4**	**15.4**	**14.6**	**13.7**

Source: NBS data

Share of FDI enterprises in sales revenue

Over the 2015–2024 period, the share of foreign direct investment (FDI) enterprises in total sales revenue declined from 29.8% to 23.2%. This decrease does not signal weaker performance by FDI enterprises; rather, it primarily reflects the rapid expansion of the domestic private sector, which grew at a faster pace than the foreign investment segment.

Throughout the decade, FDI enterprises continued to generate a significantly higher volume of revenues than their share in employment would suggest. In 2024, FDI companies employed only 13.7% of the total workforce, yet accounted for 23.2% of total sales revenue, confirming the higher productivity and operational efficiency of foreign-owned firms.

The decline in the revenue share is therefore not associated with a deterioration in FDI performance, but with structural changes in the economy. On the one hand, domestic private enterprises recorded strong gains in both performance and numbers; on the other hand, the mixed-ownership segment—traditionally an important component of FDI—contracted significantly, reducing its contribution to total revenues.

In 2024, the productivity gap between FDI enterprises and domestic private companies remained substantial, at around 74%. This differential underscores the strategic role of foreign investment in economic modernization, the adoption of advanced technologies, the upgrading of managerial standards, and integration into international value chains.

Table 3 **Evolution of the share of FDI enterprises in total sales revenue during 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	16.6	16.0	16.6	16.6	18.8	17.5	17.2	16.8	15.6	15.0
Mixed enterprises (with foreign capital)	13.2	13.1	12.0	10.8	9.6	9.3	8.8	11.4	9.9	8.2
Total FDI enterprises	**29.8**	**29.1**	**28.6**	**27.4**	**28.4**	**26.7**	**26.1**	**28.2**	**25.5**	**23.2**

Source: NBS data

Share of FDI enterprises in corporate income tax payments

Enterprises with foreign direct investment (FDI) continue to play an important role in the formation of budget revenues in the Republic of Moldova, particularly through corporate income tax. While their relative share of total corporate income tax revenues has declined over the past decade, FDI enterprises remain major fiscal contributors, reflecting the scale of their economic operations and their high level of tax compliance.

Over the 2015–2024 period, the share of FDI enterprises in total corporate income tax revenues decreased from 34.2% to 23.3%. This decline does not indicate weaker performance among foreign-owned companies, but rather reflects the accelerated growth of fiscal contributions from the domestic private sector, driven by an expanding number of enterprises, improved profitability, and the strengthening of local entrepreneurial capacity.

Indeed, over the past decade, corporate income tax paid by FDI enterprises increased by a factor of 2.2, while tax contributions from domestic enterprises grew by 3.7 times, leading to a recalibration of the relative shares between the two groups.

Table 4	**Evolution of the share of FDI enterprises in corporate income tax payments during 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	20.6	18.3	15.3	17.8	19.9	18.1	15.3	15.2	16.2	14.9
Mixed entreprises (with foreign capital)	13.5	13.6	17.3	10.7	9.5	9.6	8.9	9.9	9.1	8.4
Total FDI enterprises	**34.2**	**31.9**	**32.5**	**28.4**	**29.4**	**27.7**	**24.2**	**25.1**	**25.3**	**23.3**

Source: NBS data

In 2024, FDI enterprises contributed 23.3% of total corporate income tax revenues, reaffirming their significant fiscal role. This level of contribution reflects both the scale of economic activity generated by foreign-owned companies and their strong fiscal discipline, which are essential for the stability of public finances and the budgetary resilience of the Republic of Moldova.

Share of FDI Enterprises in the total gross wages paid

Over the past decade, the share of foreign direct investment (FDI) enterprises in the total gross wage bill has shown a slight downward trend. While in 2015 FDI enterprises accounted for 15.6% of total salaries paid, this share declined to 14.8% in 2024. This development does not indicate a reduced role of FDI enterprises in the labor market, but rather reflects the much faster expansion of the wage bill in the domestic private sector, driven by an increasing number of enterprises and the diversification of local economic activities.

Table 5	**Evolution of the share of FDI enterprises in the total wage bill during the fiscal period 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	9.9	10.3	10.9	11.2	11.3	10.7	10.6	11.0	10.3	9.8
Mixed entreprises (with foreign capital)	5.7	5.9	5.8	5.7	5.4	5.2	5.3	5.2	5.2	5.0
Total FDI enterprises	**15.6**	**16.1**	**16.7**	**16.9**	**16.7**	**16.0**	**15.9**	**16.2**	**15.5**	**14.8**

Source: State Fiscal Service (SFS data)

Despite their slightly reduced share in the total wage bill, FDI enterprises continue to stand out for significantly higher wage levels. In 2024, they paid an average monthly wage approximately 93% higher than that paid by domestic private enterprises. This gap highlights the higher productivity of FDI companies, their concentration in capital- and technology-intensive sectors where wage standards are structurally higher, and their essential role in attracting, developing, and retaining skilled labor.

Through competitive wages and higher professional requirements, FDI enterprises contribute to the professionalization of human capital, the growth of household disposable income, and the gradual convergence of wage levels in the Republic of Moldova with those in European economies.

The share of FDI enterprises in fixed assets

Enterprises with foreign direct investment (FDI) play a structural role in the formation and modernization of fixed assets in the Republic of Moldova – ranging from industrial equipment and technological infrastructure to utilities, production capacities, and socially used assets that underpin long-term productivity and competitiveness. In 2024, FDI enterprises accounted for 20.7% of total fixed assets in the economy, of which 12.0% were held by wholly foreign-owned enterprises and 8.7% by mixed-ownership enterprises.

Although the share of fixed assets held by FDI enterprises declined over the past decade – from 27.8% in 2015 to 20.7% in 2024 – the absolute value of these assets increased by approximately 31%. This confirms continued investment in technologies, production lines, and operational capacities, even amid heightened geopolitical uncertainty.

Table 6 **Evolution of the share of FDI enterprises in total fixed assets, during 2015-2024** (percentages)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign-owned enterprises	13.6	14.2	14.3	14.9	15.1	15.2	14.3	13.7	12.8	12.0
Mixed entreprises (with foreign capital)	14.2	13.7	13.3	12.3	12.3	11.3	11.1	10.6	9.2	8.7
Total FDI enterprises	**27.8**	**27.8**	**27.6**	**27.2**	**27.4**	**26.5**	**25.4**	**24.3**	**22.0**	**20.7**

Source: NBS data

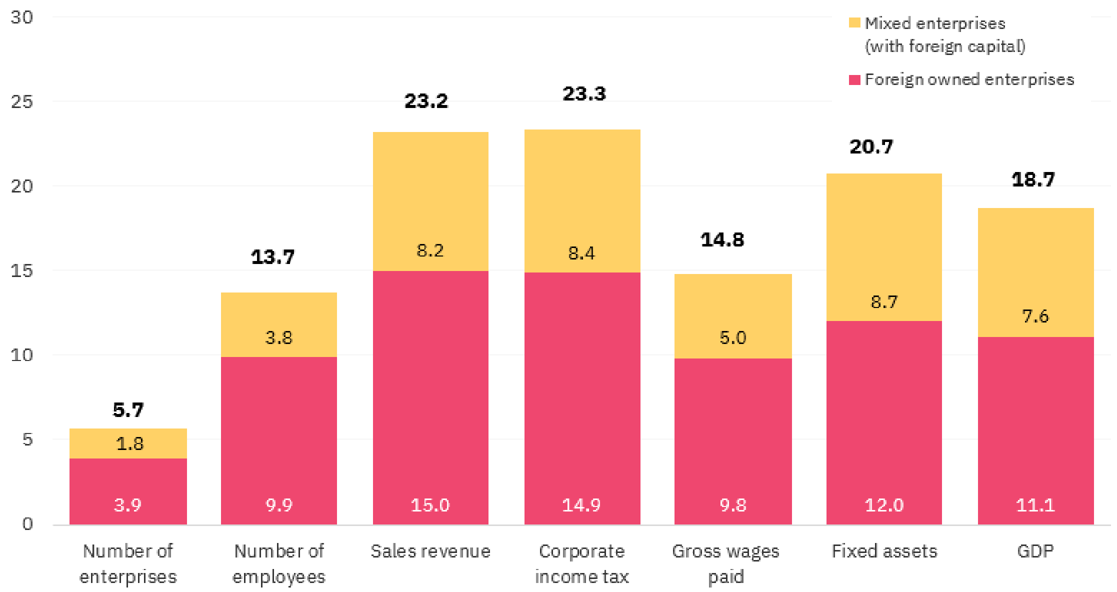
This seemingly paradoxical trend – a declining share alongside rising absolute values—is explained by the accelerated expansion of the domestic private sector. Over the 2015–2024 period, fixed assets held by local enterprises increased by approximately 2.2 times, significantly reshaping the relative structure of the economy. As a result, the role of FDI has not diminished but has been rebalanced within a much larger and more dynamic entrepreneurial ecosystem.

Despite the reduction in their relative share of total fixed assets, FDI enterprises remain a critical pillar of long-term investment, contributing to the modernization of industrial infrastructure, technology transfer, and the expansion of productive capacities. Strengthening and expanding the FDI base will be essential to accelerating structural transformation and to further integrating the Republic of Moldova into European and global value chains.

In conclusion, enterprises with FDI make a substantial contribution to the economic and social development of the Republic of Moldova. Although they represent a relatively small share of the total number of enterprises, they record higher levels of productivity, wages, and value added, playing a systemic role in GDP formation, the generation of budget revenues, and the sustainability of public social protection systems.

By concentrating on higher-productivity activities, integrating into international value chains, and maintaining investment and economic activity in a volatile environment, FDI enterprises emerge as an important pillar of the national economy and a key driver of sustainable and competitive economic growth over the medium and long term.

Figure 23 **Contribution of FDI enterprises to key economic indicators, 2024** (percentages)



Source: NBS and SFS data