Responding to the Coronavirus Crisis
Update on Moldova (15/05/20)

EBRD Policy Comparator

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Economic channels of disruption

**GVC disruption, remittances, private consumption**
- Weaker demand for Moldovan exports, especially for automotive components industry which is well integrated into global supply chains.
- Expected drop in remittances, which amount to 15% of GDP, will lower disposable incomes and domestic consumption.
- Virus containment measures have stopped the activities of many services enterprises.

Selected crisis impact indicators

**EBRD GDP growth outlook (May 2020)**
- 2020: -4.0%
- 2021: 5.0%

**Money transfers from abroad**
- March: -6.2% y/y

**Goods exports**
- % change, in nominal terms
- March: -18.3% y/y

**Exchange rate change**
- (minus means depreciation)
- March: -2.2% m/m
- April: +1.5%

Crisis response measures to date

**Targeted fiscal and monetary policy measures**
- On March 17, a state of emergency was declared throughout the territory of Moldova until May 15, 2020.
- Monetary and macro-prudential measures were enacted to inject liquidity and increase the resilience of banks.
- The government will subsidize 100% of the income tax and social contributions for employees in enterprises that had to stop working because of the declared state of emergency, and 60% to other enterprises.
- Individual entrepreneurs will be reimbursed for social contributions during the state of emergency.

Selected crisis response indicators

**Increased social benefits**
- Unemployment benefits were increased to the level of minimum wage

**Payment holidays for loans**
- Banks are allowed to extend till June 30
- VAT
- In the Horeca sector, the VAT rate has been reduced from 20% to 15%.
- IMF Board approved US$ 235 million through RCF and RFI
- Signed loan agreement with Russia for EUR 200 mil.

Key short-term priorities

*Provide external financing, support SMEs and vulnerable households*

To learn more about EBRD’s support to Moldova: [https://www.ebrd.com/moldova.html](https://www.ebrd.com/moldova.html)

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