



TECHNICAL UNIVERSITY OF MOLDOVA

**THE ROLE OF INVESTMENTS IN THE
DEVELOPMENT OF THE AGRI-FOOD SECTOR IN
THE REPUBLIC OF MOLDOVA**

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MBA thesis

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ABSTRACT

This thesis examines the role and effectiveness of investments in the development of the agri-food sector in the Republic of Moldova, focusing on the period 2019–2025 and using data from 2026 to evaluate the current policy framework. The purpose of the research is to assess how the evolution, structure, and sources of investment funding are reflected in modernization, productivity, value added, competitiveness, and resilience. The research employs a mixed-methods approach, predominantly quantitative, supplemented by a qualitative analysis of policies and official documents. The study analyzes time series data on investment, agricultural production, gross domestic product, employment, subsidy and financing mechanisms, as well as the regulatory and strategic framework. The results highlight that increased investment is a necessary but not sufficient condition for improving the sector's performance. Production volatility, water shortages, unequal access to financing, limited processing and post-harvest capacities, farm fragmentation, and insufficient post-investment evaluation reduce the efficiency of invested capital. The analysis also shows that the new multiannual agricultural policy framework for 2026–2030 lays the groundwork for a clearer focus on performance and results. Priorities are established for irrigation and water management, processing and storage, the modernization of animal husbandry, digitalization, energy efficiency, cooperation, and human capital. The study proposes improving incentive mechanisms by combining grants with loans and guarantees, expanding advance payments, tailoring support to the beneficiary's profile, applying the principle of additionality, and monitoring results after the investment is made. The central conclusion is that the impact of investments can be amplified by directing capital toward structural constraints and by shifting from evaluating the absorption of funds to evaluating the resulting economic change.

Keywords: investments; agri-food sector; subsidies; productivity; value added; resilience; competitiveness.

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INTRODUCTION

The agri-food sector is of strategic importance to the economy of the Republic of Moldova due to its contribution to production, employment, exports, rural development, and food security. At the same time, the sector's performance is affected by persistent structural vulnerabilities: dependence on weather conditions, a shortage of water for irrigation, fragmentation of farms, uneven access to financing, high input costs, insufficient processing and storage capacity, and market volatility. In this context, investment is the primary mechanism through which the technical and technological infrastructure can be modernized, and enterprises can transition from the predominant production and marketing of raw materials to higher-value-added activities.

The relevance of this topic is amplified by changes in the Republic of Moldova's agricultural and investment policies. The 2019–2025 period included severe climate shocks, the COVID-19 pandemic, rising costs, and regional disruptions, as well as the expansion of investment support mechanisms. Starting in 2026, the Strategic Agricultural Policy Program 2026–2030 (PSPA) reinforces the transition toward multiyear planning and performance-oriented interventions. Under these circumstances, the relevant question is not only whether the volume of investment is increasing, but above all whether the resources invested actually contribute to modernization, productivity, value added, competitiveness, and resilience.

The research problem lies in the gap between the investment needs of Moldova's agri-food sector and the capacity of actual investments—including those supported by public policies—to drive technological modernization, increase productivity, boost value added, enhance climate resilience, and improve competitiveness. This problem highlights the need for an assessment that goes beyond a simple presentation of the amounts invested and examines the structure, financing mechanisms, and the relationship between investments and the sector's outcomes.

The purpose of this paper is to assess the role and effectiveness of investments in the development of the agri-food sector of the Republic of Moldova by analyzing their evolution, structure, funding sources, and effects on the sector's performance, as well as to provide a basis for recommendations aimed at enhancing the impact of investments on the modernization, productivity, value added, and competitiveness of the agri-food sector.

To achieve this goal, the following objectives were established: to provide a theoretical and methodological foundation for the role of investments in the development of the agri-food sector; to analyze the evolution and structure of investments during the 2019–2025 period; to identify the main sources and mechanisms of financing; to assess the relationship between investments and the sector's performance indicators; analyzing the role of subsidies and public policies; identifying the constraints

that limit investment activity and efficiency; and formulating recommendations to increase the economic and structural impact of investments.

The main research question was formulated as follows: To what extent have investments made in the agri-food sector of the Republic of Moldova during the 2019–2025 period contributed to its modernization and improved performance, and through what mechanisms can the impact of investment be enhanced in the coming period? The research is based on the premise that increasing the volume of investments is necessary, but the effect on development depends on the allocation of capital, complementarity with infrastructure and public policies, access to financing, and the ability to measure results.

The research methodology is mixed, predominantly quantitative, supplemented by a qualitative analysis of policies and documents. The study employs analysis of dynamics and structure, comparison, calculation of indices and rates of change, analysis of funding sources, ratios, and derived indicators, as well as triangulation of statistical results with information from official documents. The main sources are the National Bureau of Statistics, the Ministry of Agriculture and Food Industry, the Agency for Intervention and Payments in Agriculture, the National Bank of Moldova, national legislation, and sources from international organizations. Data from 2026 are used to update the policy framework and should not be confused with the main analysis period of 2019–2025.

The report is structured into three chapters. Chapter I presents the theoretical foundations, the role of investments, funding sources, and the evaluation methodology. Chapter II analyzes the evolution of the agri-food sector and investments, public support mechanisms, the relationship between investment and performance, and the main constraints. Chapter III evaluates the current policy framework, establishes investment priorities, proposes improvements to financing mechanisms, and formulates actionable recommendations. The final section summarizes the findings, addresses the research objectives, and highlights the study's limitations and directions for further research.

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