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MOLDOVA

Report 2023



MOLDOVA

REPORT IN FRAMES OF THE CIVIC EAP TRACKER – MOLDOVA 2023

The following report provides updated assessment of Moldova's progress in light of addressing deliverables within the Eastern Partnership agenda, with focus on the priorities defined in the European Commission "Recovery, resilience and reform: post-2020 Eastern Partnership priorities" as of 2023. The report looks at achievements Moldova has made in direction of each priority based on the indices, international organizations', governmental and civil society reports, as well as the challenges that it has encountered on its way.

Part 1. A general assessment of the situation and the EaP achievements by the directions

1.1. Together for resilient, sustainable and integrated economies

1.1.1. Trade and economic integration

Moldovan authorities have tried to maintain macroeconomic stability in a difficult economic environment caused by the consequences of the COVID-19 pandemic, Russia's war in Ukraine and a global crisis. National Bureau of Statistics informs that in January-September 2023 exports of goods amounted to 3014,9 millions USD, which is 8,0% less than in 2022. In the same period, imports summed up 6411 millions USD, which is less than in 2022 by 4,8%. Exports of goods to EU countries increased compared to last year by 4.7%, and those to the CIS - by 1.7%. Imports from the EU also increased by 2.8%, and those from the CIS decreased by 7.1%.¹

In 2023, Moldova mostly exported the following groups of goods: machines and electrical devices (15.4%); petroleum (11.6%); cereals (9.9%); vegetables and fruits (8.1%); clothing and accessories (7.3%); seeds and oleaginous fruits (6.5%); vegetable fats and oils (6.4%); alcoholic and non-alcoholic beverages (5.0%); furniture (3.6%); articles from non-metallic minerals (2.8%); yarns, fabrics, textiles (2.1%); road vehicles (1.8%). The European Union is Moldova's main trading partner, accounting for two thirds of exports, which have increased significantly in the past years, particularly following the signing of the Association Agreement in 2014 and Deep and Comprehensive Free Trade Area (DCFTA) in 2016. Between January and June 2023, the volume of trade with the EU was 3.4 billion, accounting for 52% of the country's total foreign trade.

In order to facilitate economic integration, the Moldovan Parliament ratified an agreement with the European Union regarding the participation of the Republic of Moldova in the EU

¹ International trade with goods of the Republic of Moldova in September 2023 and in January-September 2023 // https://statistica.gov.md/ro/comertul-international-cu-marfuri-al-republicii-moldova-in-luna-9539_60798.html

Single Market Program. In this way, the capacity and compliance standards to the EU internal market will be increased and the competitiveness and resilience of SMEs will be strengthened. The program will ensure the efficient functioning of trade by introducing high European and international quality standards and, therefore, high levels of consumer protection and product safety.

1.1.2. Investment and access to finance

Moldova relies heavily on foreign trade and remittances to spur economic growth. The government views foreign direct investments (FDI) as vital for fuelling sustainable economic growth and poverty reduction. The total volume of FDI in Moldova at the end of the first half of 2023 amounted to \$5 billion 282.76 million, up by 6.8% (+\$336.06 million), compared to the situation at the end of 2022. EU investors accounted for \$2 billion 860.6 million of investments at the end of H1 2023 (+8.6%, compared to the end of 2022), or 84.8% of the total volume. An analysis of direct investment accumulated at the end of H1 2023, by sectors, shows that the largest volume of direct investments was in the following sectors: financial activities and insurance - 35%; wholesale and retail trade, repair of motor vehicles - 25.6%; manufacturing industry - 18.1%; information and communication - 4.9%; transportation and storage - 4.5%; electricity, heat, gas, hot water and air conditioning - 2.8%; real estate operations - 2.1%; agriculture, forestry and fishing - 1.8%; construction - 1.2%.²

SMEs' access to finance is largely provided by the commercial banks, which are supervised by the National Bank of Moldova (NBM), as well as by nonbank credit organizations and savings and lending associations. In 2023, Moldova has made a decisive step towards the development of the capital market. It is essential for any economy to deepen and broaden the access to financing for all economic agents. As a result, on September 27, 2023, for the first time the Ministry of Finance placed on the Moldovan market 10-year Bonds in the total amount of 227.5 million MDL, which was 130% of the initially announced volume. Thanks to the new 10-year bond, there is now a new instrument available in the market for investors. In February 2023, the Strategy for the Development of Public Finance Management for the years 2023-2030 was approved. The document contains strategic intervention directions aimed at improving the fiscal framework, strengthening the process of planning, execution and reporting of public finances, increasing revenues, strengthening the public procurement system and improving internal control by increasing transparency and accountability.

1.1.3. Enhanced transport interconnectivity

Moldova has made limited progress in implementing transport policies. In the European integration perspective, the Community acquis in the transport sector is very important. This is an essential component of the general acquis. In the coming years, there is a lot of work to be done on the legislative approximation of the policy coherence between the Republic of Moldova and the EU.

Moldova has become the first country from outside EU to join the Connecting Europe Facility (CEF) – the most important instrument for infrastructure projects from the European Union. This agreement will enable Moldovan project promoters to apply for EU funding for projects of common interest in the transport, energy and digital realms, improving the

² InfoMarket 03.10.2023 // <https://infomarket.md/en/analitics/326797>

country's connectivity with its EU neighbors.³ This way, the Republic of Moldova will gain access to European funds totalling €26 billion for modernizing transport, energy and digital infrastructure.⁴ The European Commission welcomed the signing of 3 grant agreements within the CEF in the transport sector, worth almost 45 million euros, to improve transport links between Moldova and Romania via the Trans-European Transport Network (TEN-T). These projects will modernize the transport infrastructure at the Ungheni, Albita-Leuseni and Reni-Giurgiulesti-Galati road border crossing points.⁵

On general transport, Moldova is currently preparing a Mobility Strategy for 2023-2030. The concept of the Mobility Strategy defines the Government's policy in the field of transport and transport infrastructure, in order to develop an accessible, sustainable, interoperable and safe transport system. The purpose of the Strategy is to outline the objectives that will ensure the sustainable development of the transport sector and an efficient management of the field in order to improve the efficiency of passenger and cargo transport, improve the infrastructure, the connectivity of the strategic transport network of the Republic of Moldova to the networks international transport networks, especially the Trans-European Transport Network (TEN-T), with a minimal impact on the environment.⁶

1.1.4. Investing in people and knowledge societies

Educational digital centres in the Republic of Moldova are meeting an essential need, by building on the YMCA educational programs and institutions, youth clubs and refugee establishments.⁷ Within the "Higher Education in Moldova" project, implemented by the Ministry of Education and Research and financed by the World Bank, 5 universities in the country will benefit from laboratories and technologies, platforms connected to artificial intelligence, modern bachelor's and master's study programs .

The project "Education for Democracy in the Republic of Moldova II" ⁸ is implemented by the Council of Europe in cooperation with the Ministry of Education and Research of the Republic of Moldova from January 2023 to December 2026. The objectives of the project: to contribute to an inclusive, peaceful, and democratic Moldovan society with engaged citizens by strengthening further the capacity of the Moldovan education system to develop competences for life in democratic and inclusive societies through formal education.

1.2. Together for accountable institutions, the rule of law and security

1.2.1. Judicial Reform

Justice reform represents one of the most sensitive commitments undertaken by the Republic of Moldova on its way to joining the European Union. In its Opinion regarding the

³ Connecting Europe Facility (CEF) // https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2611

⁴ European Interconnection Mechanism in Moldova // https://www.ipn.md/en/moldova-joins-european-interconnection-mechanism-as-full-fledged-member-7965_1096812.html

⁵ Trans-European Transport Network (TEN-T) <https://infomarket.md/en/analitics/328801>

⁶ Moldova's Mobility Strategy for 2023-2030 // <https://www.moldpres.md/en/news/2023/03/16/23002107>

⁷ Educational digital centres in the Republic of Moldova <https://www.ymcaeurope.com/educational-digital-centres-in-moldova/>

⁸ Education for Democracy in the Republic of Moldova // <https://www.coe.int/en/web/education/education-for-democracy-in-the-republic-of-moldova-ii>

application for the accession of the Republic of Moldova to the European Union, the European Commission identified 9 recommendations that need to be implemented in order to proceed with the accession process. Judicial reform is the first recommendation, and according to the evaluation reports developed by various institutions and civil society organizations, the Republic of Moldova has made some progress in this direction, but still needs to work to eliminate the backlog in the justice sector.

The overview of judicial reform progress in 2023 represents the following achievements:

Enhancement of Judicial Inspection and Disciplinary Liability - reinforcement of judicial integrity through Law no. 5/2023⁹. This law strengthened the Judicial Inspection and refined the disciplinary mechanisms for judges.

Institutional Merger for Judge Selection and Performance Evaluation. The Ministry of Justice formulated a concept to merge two pivotal bodies: the College for Selection and Career of Judges and the College for Evaluation of Judges' Performances¹⁰. This merger was legislated on June 9, 2023, with the law coming into effect on June 21, 2023¹¹.

National Institute of Justice (NIJ) Reforms. Furthering transparency, Law no.228/2022¹² was passed, amending the National Institute of Justice's statutes. It introduced mandatory declarations of assets and personal interests for NIJ candidates.

Prosecution Law Amendment. Finally, Law no. 280/2022¹³ was enacted, amending the Law on Prosecution. This was aimed at implementing the Venice Commission's recommendations (Opinion no.1058, December 13, 2021)¹⁴.

Law no. 26/2022 and Pre-Vetting. The enactment of Law no. 26/2022 aimed at the extraordinary evaluation of SCM and SCP candidates, known as pre-vetting, laid the groundwork for a more rigorous selection process¹⁵. This was a critical step to ensure the integrity and capability of judicial appointees.

Completion of Candidate Evaluations. By 2023, the evaluation of the majority of candidates for both councils had been completed. This included both judges and non-judges for the SCM and most candidates for the SCP.

Appointments and Elections to the SCM. On March 30, 2023, Parliament appointed three non-judge members to the SCM following successful pre-vetting. Subsequently, on April 28, 2023, the General Assembly of Judges elected four judge members to the SCM from among the courts. With these elections, the SCM became operational in April 2023.

Potential shortcomings include:

⁹ [LP5/2023 \(legis.md\)](#)

¹⁰ [3. concept colegii consultare suplimentara pt site.pdf \(gov.md\)](#)

¹¹ [Proiecte de acte legislative \(parlament.md\)](#)

¹² [LP228/2022 \(legis.md\)](#)

¹³ [LP280/2022 \(legis.md\)](#)

¹⁴ [default.aspx \(coe.int\)](#)

¹⁵ [LP26/2022 \(legis.md\)](#)

Delays in Candidate Evaluations. The deadline for evaluating candidates for the SCM and SCP, initially set for December 2022, was missed and consequently extended to June 2023. This delay stemmed from inefficient procedures adopted by the Pre-Vetting Commission.

Incomplete Appointments to the SCM. Out of the required 12 SCM members, only half have been appointed due to the stringent pre-vetting process. The shortfall includes two judge members from the courts of appeal and the CSJ, hindering key judicial decisions, including the reconfirmation of judges after their initial term.

Stalled Initiatives and Lengthy Appeal Processes. The CSJ's delay in examining the appeals of non-selected SCM candidates has caused a standstill in initiating competitions for the SCM positions from the courts of appeal and the CSJ. The appeals took six months to process, significantly exceeding the legal maximum of 10 days. The primary reasons were the resignation of CSJ judges, constitutional appeals by unsuccessful candidates, and judge disqualifications, which were not fully resolved until April 2023.

Continued Delays and Lack of Functional Independence. As of May 2023, the CSJ had yet to decide on the pending appeals. Additionally, the evaluation for nine non-judge SCM candidates began on May 19, 2023. This further delay in the pre-vetting process impacts the formation and functionality of the boards responsible for selecting and evaluating judges and prosecutors.

Pending Competition for Judicial Boards. By June 27, 2023, the SCM had only announced competitions for the Selection and Performance Evaluation Board of Judges and the Disciplinary Board of Judges. The competition for the prosecutor's boards is anticipated to be announced post the formation of the new CSP in fall 2023.

Non-Compliance with Venice Commission Recommendations. The prosecutor's office activities have not been adjusted to align with the Venice Commission's recommendations (Opinion no. 1086, June 20, 2022)¹⁶, particularly concerning the verification mechanism for asset and interest declarations by NIJ candidates and the lack of a consistent internal integrity check for judges and prosecutors throughout their careers.

At the end of October 2023, a competition for the Prosecutor General position was also launched, with only 2 candidates being registered. Earlier on September 26, President Maia Sandu issued the decree of dismissal from office of the suspended Prosecutor Alexandr Stoianoglo. It is crucial that the appointment of the new Prosecutor General is ensured through a merit-based and transparent process.

1.2.2. Accountable, transparent and efficient public administration

In order to ensure a transparent and efficient public administration, a significant number of new public positions were created, as well as a support mechanism for the personnel which is involved in accomplishing the requirements for EU accession. A law on increasing salaries for certain public servants was also approved, which will contribute to strengthening their capacity-building and will enhance personal motivation. However, it is important to mention

¹⁶ [Venice Commission :: Council of Europe \(coe.int\)](https://www.coe.int/)

the increasing gap between the incomes of central and local public authorities, as well as between implementing bodies and ministries. The difference of incomes might determine a staff migration of underpaid public servants to ministries and agencies and leave important institutions without skilled personnel.

In 2023, the Government approved the Strategy for Public Administration Reform for the years 2023-2030, as well as the Programme for the implementation of the Strategy. Moreover, in May 2023, the draft law on the voluntary amalgamation of administrative-territorial units was approved by the Moldovan Parliament, which represents an important step in the institutionalisation of the principles of voluntary amalgamation. The activity of the Joint Commission for Decentralization was also resumed, after a break of more than 5 years. The Commission ensures the equal representation of the members from the central and local public administration authorities and facilitates the dialogue between them.

Other progress in ensuring efficient public administration includes:

Strengthening Policy-Making Units. The government advanced decisions to bolster policy-making units across central public administration authorities (CPAA). This initiative included increasing staff limits for all ministries, with the exception of the Ministry of Health, Ministry of Agriculture, and the newly formed Ministry of Energy.

Restructuring the State Chancellery. A decision was approved to restructure the State Chancellery, indicating a reorganization aimed at enhancing administrative efficiency and policy coordination¹⁷.

Support Mechanism for EU Accession. Furthering the nation's European Union accession aspirations, Government Decision no. 5/2023 established a support mechanism for public authority personnel. This mechanism is designed to assist in managing priority tasks relevant to the EU accession requirements.

Decentralization and Local Democracy Enhancements. In alignment with the revised Roadmap CG/MON(2021)18-04, Moldova has made noteworthy progress in several areas:

- **Tax Base Strengthening for LPA I:** Implementing measures to solidify the financial autonomy of local public authorities, including the allocation of 100% of road use taxes, the removal of caps on property and land taxes, and sharing 50% of natural resource taxes.
- **National Fund for Local and Regional Development:** Establishing a fund to support local and regional development initiatives.
- **Local Council Empowerment:** Granting local councils the authority to award monthly allowances of up to 40% of the salary to LPA staff to incentivize performance.

Among the remaining shortcomings the following should be highlighted:

Single Service Centres (CUPS) and Delimitation Programme Delays. The full deployment of all 63 Single Service Centres (CUPS) has been postponed. Additionally, the State Programme for the delimitation of public immovable property is behind scheduled. These delays may

¹⁷ [HG5/2023 \(legis.md\)](#)

impede public administration reform efforts, particularly those promoting voluntary amalgamation and prospective administrative-territorial reorganization.

Financial Autonomy of LPAs. While there has been some progress in enhancing the fiscal capacity of Local Public Authorities (LPAs), their financial independence and resources remain constrained. This limitation could affect the overall effectiveness of decentralization.

Transfer of Hospitals and Decentralisation Efforts. The transfer of hospitals from LPAs to Provincial Council Authorities (PCAs) is viewed as contradictory to the decentralization objectives outlined in the roadmap. It suggests a centralization of control that may work against efforts to strengthen local governance.

1.2.3. Tackling fraud, corruption and economic crime

Combatting corruption and implementing the commitment to “de-oligarchisation” are 2 of the 9 recommendations identified by the European Commission for Moldova’s EU accession. The country has made certain progress in this direction, but the Commission is of the opinion that Moldova should still strengthen its anticorruption institutions and continue implementing the de-oligarchisation plan. The investigation of high-profile and long-running corruption cases is stalling, and the recommendations of the National Anti-Corruption Center (NAC) are not entirely implemented. A verdict has been handed down in the case of two fugitive oligarchs.

On 14 April 2023, the Parliament adopted amendments to the Code of Criminal Procedure to provide for separation of competences between the NAC and the Prosecutor’s Office (PO). However, in the process of preparing the implementation and the transfer of competences on corruption cases, the authorities decided to keep the prosecution of minor corruption cases within the competence of the NAC. Public debates between NAC and PO on the mechanism of collaboration and the fulfilment of their mandates emerged. A new head of the NAC was appointed in October 2023.

An important development is the adoption, in July 2023, of the law regarding the implementation of the new mechanism for criminal investigation, trial and sentencing in absentia of persons who evade participation in the criminal investigation. Moreover, the new Law on whistle-blowers was promulgated, which streamlined the methods of disclosing violations of the law, also transposing EU Directive 2019/1937 on the protection of whistle-blowers.¹⁸ A de-oligarchisation plan was adopted by the Government, which seeks to exclude the normative gaps and practical deficiencies that led to the use of state institutions and resources in the interest of some criminal groups and also proposes a mechanism for periodic monitoring of the implementation of the measures proposed by public institutions.¹⁹

¹⁸ Law on whistle-blowers approved by the Government // <https://gov.md/ro/content/legea-privind-avertizorii-de-integritate-aprobata-de-guvern>

¹⁹ A de-oligarchisation plan for Moldova was approved by the National Committee for EU Integration // <https://www.jurnal.md/ro/news/aa2ba61c7b8ba8e6/un-plan-de-deoligarhizare-a-r-moldova-a-fost-adoptat-de-comisia-nationala-pentru-integrare-europeana.html>

1.2.4. Combating organized crime and strengthening security

Fighting organized crime is the 5th commitment of the 9 recommendations presented by the European Commission. Moldova has registered certain progress in this area, and the Commission considers that this step was completed.

In December 2022, the National Asset Recovery Program for the period 2023-2027 and the related Action Plan were adopted. Assets belonging to three prominent oligarchs were seized. In order to ensure compliance with the Financial Action Task Force (FATF) standards, the adoption of amendments to the Criminal Procedure Code, the Criminal Code and the Enforcement Code were adopted. The legislative amendments provide for the confiscation of assets transferred by the convicted person to third parties in order to avoid confiscation, as well as the confiscation of assets in the absence of the accused person.

In the field of security, the Strategy for the development of the field of internal affairs for the years 2022-2030 was adopted. The document establishes the vision for the strategic development of the internal affairs system in a sustainable and functional way, based on law enforcement, protecting the citizen's interest and providing quality services. Cooperation with EU Member States, with the European Border and Coast Guard Agency (Frontex), with Europol and with the EU Agency for the Training of Public Order Forces (CEPOL) was extended with the help of a guide provided by the Support Center of EU for Moldova in the field of internal security and border management.²⁰ The National Program for the consolidation and implementation of anti-terrorist protection measures of critical infrastructure objectives for the years 2022-2026 was also approved, with the aim of strengthening the national mechanisms in the segment of terrorism prevention, identifying and eliminating possible risks for national critical infrastructure.

1.3. Together towards environmental and climate resilience

1.3.1 Benefits for people's health and wellbeing

Moldova is at an early stage of preparation in the area of the environment and climate change. Some progress was achieved in cross-cutting environmental legislation, nature protection and industrial emissions regulation. From September 16, 2023, the Regulation on waste transfers entered into force. The given regulation provides measures to protect the environment and people's health by preventing or reducing the negative effects that can be caused by waste transfers. It establishes procedures and control regimes for waste transfers, depending on the origin, destination and route of the transfer, the type of waste transferred and the type of management operation applied to the waste at destination.

The National Climate Change Adaptation Programme until 2030 and its Action Plan were approved by the Government of the Republic of Moldova on 30 August 2023. The Programme was developed with the support of the UNDP Moldova project "Advancing Moldova's national climate change adaptation planning", funded by the Green Climate Fund. According to the Minister of Environment, Iordanca-Rodica Iordanov, by the adoption

²⁰ MIA has a development strategy for next 9 years, focused on the needs and demands of the citizens // <https://www.mai.gov.md/ro/node/7160>

of the programme, the Republic of Moldova has aimed to align with the global efforts to limit the negative impact of climate change.²¹

1.3.2. Circular economy, climate neutrality and green growth

On circular economy, Moldova put in place a number of the key parts of legislation relevant to the EU acquis. To promote the circular economy, in April 2023, the Government approved the Regulation on ecological labelling. The regulation on ecological labelling establishes the requirements, the procedure for verifying the conformity of products and services, the criteria for granting the ecological label, as well as the procedure for monitoring ecologically labelled products and services. The application of the ecological label will ensure that consumers are informed about the quality of the products and will contribute to doubling the volume of exports of domestic ecological products and services on the EU market. Moreover, the Program for the promotion of the green and circular economy for the years 2023-2027 is in the process of being drawn up.

On climate neutrality and green growth, a law on fluorinated gases was adopted in March 2023. From January 2024, the import and use of fluorinated gases will gradually decrease in favour of greener, energy-efficient options, as per the EU standards.

1.3.3 Biodiversity and economy's natural assets base

The government of the Republic of Moldova is considering revising environmental legislation in the country to increase the liability of polluters for environmental damage. The National Forest Extension and Rehabilitation Program (NFERP) for 2023-2032 was adopted on 17 February 2023. This was the new environment-focused policy document approved by Moldova's government, underscoring the important role healthy forest ecosystems play on the country's development agenda and affirming its green ambition. The newly adopted NFERP aims to support the country's needs in forest products and services and increase resilience to climate change in the long term through conservation and sustainable development of national forest resources. It will help protect Moldova's water and soil resources, provide forest products, and boost ecosystem services.²²

As part of a project called "Green justice for stronger environmental protection and communities in Moldova (Green Justice Steps)", which runs from 2021-2025 and is financed by Sweden, the EcoContact NGO in Moldova plans to support the government with transposing the EU Environmental Liability Directive (ELD).²³ EU4Environment advances Moldova's sustainability agenda through Eco-Industrial Parks (EIPs).

The Ministry of Environment is currently working on the development and approval of the draft amendment to the Water Law No. 272/2011 to improve water resources

²¹ National Climate Change Adaptation Programme // <https://www.undp.org/moldova/press-releases/moldova-has-national-climate-change-adaptation-programme-developed-support-undp>

²² National Forest Extension and Rehabilitation Program // <https://www.eu4environment.org/news/how-the-european-union-jointly-with-the-world-bank-helps-moldova-green-its-landscapes/>

²³ Developing environmental liability legislation in the Republic of Moldova // <https://www.eu4environment.org/app/uploads/2023/10/Report-Developing-environmental-liability-legislation-in-the-Republic-of-Moldova-final.pdf>

management; the development and approval of national legislation on the protection of water against nitrate pollution from agricultural sources.

1.3.4. Strengthening energy security and nuclear safety

Moldova has reached a relative stability related to energy supplies, but the prices still remain quite high when taking into consideration population incomes. Thanks to the support of Ukraine and Romania, the Moldovan authorities managed to counter the repetitive attempts by Gazprom to create a gas shortage and to undermine the electricity generation. The IFIs provided the necessary financial assistance in order to facilitate the acquisition of gas from other suppliers.²⁴ However, the electricity generated at the Transnistrian MGRES power station is still based on Russian gas supplies.

Following the challenges related to energy security, in February 2023 the Ministry of Energy was established under the new Governmental structure. The Ministry's areas of activity include energy security and efficiency, renewable energy sources, electricity and thermal energy, natural gas and petroleum products, digitization and energy transition. It also aims to increase energy security by strengthening the power system and the degree of interconnection with Romania, the creation of the Energy Efficiency Fund, as well as the facilitation of investments in energy storage technologies and balancing units. A priority remains the development of the competitive electricity market and the preparation for integration into the internal market of the European Union.

Nevertheless, many risks and challenges remain. Moldova needs to push forward on the path towards greater energy security by further expanding its own electricity generation from renewable sources, building up more resilient energy infrastructure and reducing demand through energy efficiency measures. Concurrently, any disruption or additional reduction of gas supply from Russia could upset this balance. The energy infrastructure represents another potential source of risk. A considerable portion of the cross-border electricity transmission lines run through the MGRES power plant, which means that the Transnistrian region could in theory disrupt transmission flows to right-bank Moldova. Furthermore, the Moldovan electricity system is also connected to the Ukrainian electricity grid, where imbalances caused by the destruction of infrastructure have already led to blackouts in Moldova during the past year.

The development of a more resilient energy infrastructure thus remains one of the priorities for Moldovan energy policy. This includes a new cross-border transmission line with Romania already under construction, which would allow Moldova to import electricity from Romania and eventually other EU suppliers without being dependent on the MGRES power plant located in the Transnistrian region. For gas, Moldova is building up storages in Romania and Ukraine, which could help to mitigate additional energy crises if Russia would disrupt or reduce supplies.

²⁴ Energy security scoreboard Report 2023 // <https://watchdog.md/wp-content/uploads/2023/05/Energy-security-scoreboard-2023-1-1-2.pdf>

In the medium term, Moldova also needs to focus on building up its own electricity generation capacities. Such efforts should focus on renewable sources of electricity generation such as wind and solar. So far, the share of renewable energy sources in electricity generation is only about 4%. One priority for the government should thus be the launching of the planned auctions for large renewable energy projects, which could significantly advance the development of this sector.

Another important issue is energy efficiency in the buildings sector. Both public and residential buildings in Moldova have low energy efficiency and often use gas for heating. Thus, the potential for increasing energy efficiency is large and would relieve not only the financial burden of consumers caused by high gas tariffs, but also reduce the dependence on gas.²⁵

1.3.5 Accelerating the shift to sustainable and smart mobility

In the Republic of Moldova, improved waste management and sustainable mobility have been identified as strategic priorities through which citizens can actively minimise environmental degradation while improving their health and wellbeing.²⁶ On transport networks, the current strategic framework for transport infrastructure is set out in the 2030 national strategy for development.

A solar tree was launched in Valeni village, Cahul district, the first of this kind in a rural community in the Republic of Moldova and even in the whole of Eastern Europe. SMART Solutions for SMART communities project aims to boost local development and create a point of interest. The solar tree launching event took place in the context of World Environment Day.²⁷

In the Republic of Moldova, the first electric bus with dynamic charging has been produced, which can travel autonomously for 70 kilometers and complies with all international standards in the field. The electric bus was assembled by engineers from the company “Informbusiness,” specialized in manufacturing electronic equipment for transportation, which is exported to over 170 cities worldwide.²⁸

1.4. Together for a resilient digital transformation

1.4.1. Digital infrastructure

According to the data for 2020, 98% of the territory of Moldova has 4G coverage, and 58.8 out of 100 inhabitants have permanent access (subscription) to mobile Internet, and another 17.8 out of 100 inhabitants have a fixed Internet subscription. The price of an Internet subscription in Moldova is relatively affordable, being below the European average.

²⁵ Moldova is making some progress on energy security // <https://www.german-economic-team.com/en/newsletter/moldova-is-making-some-progress-on-energy-security/>

²⁶ Urban mobility in Moldova // <https://eu4moldova.eu/sustainable-lifestyle-from-waste-management-to-urban-mobility-promoted-by-eu4environment-green-economy-in-moldova/>

²⁷ Smart village in Moldova // <https://www.moldpres.md/en/news/2023/06/19/23004882>

²⁸ The first electric bus, produced in Moldova // <https://mded.gov.md/en/the-first-electric-bus-produced-in-moldova-deputy-prime-minister-dumitru-alaiba-the-automotive-industry-is-gaining-a-new-breath/>

There is a well-developed mobile phone infrastructure in the country, which offers solid potential for the ICT market, but household access to high-speed broadband is still difficult. Soft infrastructure is well developed in the capital and two new infrastructure elements are being developed in the regions, but a large part of the country remains underserved.

1.4.2. e-Governance

The Government approved the Digital Transformation Strategy of the Republic of Moldova for the years 2023-2030 in September 2023. The document establishes the vision of the Ministry of Economic Development and Digitization for the digital development of the country until 2030 and reconfirms the determination of the authorities to build a modern society, focused on citizens and aligned with the European integration agenda. The Ministry set out to create a fully digital future, so that, in a short time, all public services will be available in digitized format. Currently, 44% of online public services for entrepreneurs and 34% for citizens are registered.

The Government approved the Concept of the "e-Monitoring" Information System in November 2023. The "e-Monitoring" system will serve as a common digital platform for public authorities in the country, which will ensure the increase in the speed of data exchange and processing. The new tool, developed on the basis of cutting-edge technological solutions, will allow real-time monitoring of the implementation of association commitments with the EU, but also of national commitments, which support the realization of the European integration agenda. Therefore, the transition from traditional ways of manual document processing to extensive digitization will be ensured. Simplifying processes and reducing bureaucracy will contribute to more efficient implementation of public policies and, as a result, to improving the quality of life of citizens.

1.4.3. Digital economy and innovation

In the field of the digital economy, the most pressing problems include the lack of a financing mechanism for IT start-ups; the insufficiency of IT solutions for the local market; local IT companies are focused on outsourcing services, customization, development of foreign companies' solutions, to the detriment of their own IT projects; the rules governing e-commerce contain a number of loopholes, especially in the area of online payments and logistics. Although there is a significant increase in cashless payments and the number of electronic commerce platforms, the field of innovation in Moldova lags behind European standards.

Electronic commerce is poorly developed in Moldova. E-commerce is not attractive even for the Moldovan business community, especially because of outdated regulatory provisions. Among them, the buyer's way of giving consent to the processing of personal data, and the remote identification of service users.

1.5. Together for resilient, fair and inclusive societies

1.5.1. Civil Society and youth participation

Improving the cooperation with civil society organisations (CSOs) and facilitating the involvement of CSOs in decision-making at all levels represents another recommendation of the European Commission. A series of actions have been undertaken in this direction, and the Commission considers that the participation of CSOs in public consultations and maintaining a transparent agenda setting of the Parliament should be further ensured.

In 2023, the Government approved the Civil Society Organizations Development Program for the period 2024-2027. The authorities will improve the state's cooperation mechanisms with CSOs, develop communication and coordination platforms, and diversify CSOs funding sources. At the same time, the capacities of the associative sector are to be increased, including addressing social problems and promoting the Europeanization agenda.²⁹

Regarding the participation of youth in political and social processes of the country, there are still many shortcomings that need to be addressed. The participation of young people in electoral processes remains low. In the November 2023 local elections, only 6.09% of the 18-25 age group participated. Youth centers are not sufficiently visible and equipped. The civic and social participation of young people is low also because the authorities do not allocate enough resources for them. Young people with disabilities face big challenges, in particular. In 2023, Moldovan authorities have adopted the "Youth 2030" Youth Sector Development Strategy, which outlines interventions focused on the activity of associative structures and initiative groups of young people, youth workers, public and private institutions as elements of policy realization pursuing the objectives of development and activation of young people.

1.5.2. Independent media and fact-based information

Moldova ranks 28th out of 180 countries in the ranking of the "Reporters without Borders" on media freedom for the year 2023³⁰, which is an improvement compared to last year when it only ranked 40th. However, the media landscape in the Republic of Moldova can be characterised by excessive ownership concentration and lack of transparency as to its financial sponsorship. Moreover, the media are extremely polarised and divided between pro-Western and pro-Russian camps. Disinformation, especially spread by Russian language media outlets, is a serious issue. The topics that are targeted by disinformation include energy crisis, Russia's military aggression against Ukraine, rights of minorities, the LGBTQ+ community and religious values, electoral campaigns and external affairs.

In order to deal with disinformation and facilitate strategic communication at an inter-institutional level, the Center for Strategic Communication and Combating Disinformation was created in July 2023. The Center will coordinate and implement strategic

²⁹ Decision approving the programme on development of civil society organisations for the period 2024-2027 <https://gov.md/sites/default/files/document/attachments/subiect-18-nu-843-cs-2023.pdf>

³⁰ Reporters without borders – Moldova // <https://rsf.org/en/country/moldova>

communication, develop measures to ensure the security of the information space and implement actions to increase the population's resilience to disinformation campaigns. Moreover, on July 7, 2023, the Parliament voted on the project approving the National Media Development Program for the years 2023-2026 and the Action Plan for its implementation. The documents are intended to strengthen the role of the media in ensuring the right to information and in building a democratic society.

1.5.3. Democracy

In 2023, Moldova encountered several challenges on its path towards democratization and consolidation of the rule of law. Despite making efforts to reach the EU standards, structural issues like justice, corruption, the rule of law, informal governance (influence of oligarchic interests and interference in internal affairs), troubled electoral environment, and selective media freedom hinder the progress in democratization.

The Republic of Moldova is in the category of countries with "hybrid regimes", which, despite an "uneven evolution" in 2022, have a common denominator: Russia's unprovoked aggression in Ukraine which "clearly showed that the EU is their only viable option". Moldova managed to improve its score that reflects the state of democracy in general, from 3.11 to 3.14 due to the progress made in the "democratic governance at the national level" chapter. "Moldova's political leaders have demonstrated their ability to govern," the report says, "against the backdrop of a national security crisis" caused by the war in neighbouring Ukraine, "strained relations with the opposition and deep corruption." As a result, Moldova is rated as "partly free" and scores 62 points out of 100 in the Global Freedom Score.

1.5.4. Protection of human rights and promotion of gender equality

One of the Commission's recommendations for EU accession refers to strengthening the protection of human rights, an area in which Moldova has recorded significant achievements. An important step was achieved by ratifying and applying the Istanbul Convention for combating violence against women and domestic violence. Moreover, the capacities of the Ombudsman have been reinforced at the recommendation of the Venice Commission. The amendments provide for more independence of the institution and limit the possibilities of external interference. The Government approved the Program on gender equality in the Republic of Moldova for the years 2023-2027 and the national Program for the prevention and combating of violence against women and family violence for the years 2023-2027.

People belonging to minorities, people with disabilities, LGBTIQ+ people and Roma, in particular, continue to face discrimination, including in the labour market. Detention conditions in prisons are among the worst in the region and need to be improved.

Moldova scores 19th place out of 146 countries in the Global Gender Gap Report 2023, being one among the highest ranking countries in the region.³¹ The Partnership for Development Center (CPD) estimated the 2023 Gender Equality Index of Moldova at 63

³¹ Global Gender Gap Report 2023 // https://www3.weforum.org/docs/WEF_GGGR_2023.pdf

points.³² The equality score decreased for the domains: politics, access to resources, health, and perceptions and stereotypes. The gender representation in the Parliament was fluctuating, and the number of female deputies decreased from 41 female deputies in 2021 to a number of 39 female deputies in 2023. In terms of access to resources, the difference in women's and men' incomes are estimated at 13.6%.

The overall backsliding in achieving gender equality is largely caused by worsening public perceptions of the roles of women and men. Compared to the previous year, the score accumulated in the field of perceptions and stereotypes decreased by exactly 4 points, reaching 59 points on the scale from 0 to 100. Specifically, the share of the population that considers the presence of women in politics inappropriate and that the latter do not have the capacity to hold management positions increased.

1.5.5. Health resilience

In Moldova there are 21 health protection institutions financed from the public budget. The budget of the mandatory health care insurance funds in 2023 is over 14 million lei. Respectively, about 1.6 million people are insured by the state. In the field of health protection, over 16 million lei were allocated in 2022, i.e. 5.41% of Moldova's GDP. Expenditure on health and medical services per capita in 2023 constituted 5137.5 lei.

In June 2023, the Government approved the "Health 2030" National Strategy. The document foresees the complex transformation of the health system. The following areas of activity have been established as priorities: public health, integrated and quality medical services for everyone, accessible medicine and medical devices, governance and leadership, motivated and well-trained medical personnel, digitized but also financially sustainable health system.

The Government approved a draft law ratifying the country's association with the European Union's EU4Health programme. Participation in EU4Health will give access to EU funding to strengthen Moldova's health system, including aspects related to digital transformation. This will contribute to strengthening the capacities of the health system by increasing its resilience and the efficient use of resources, including for improving the level of preparedness for emergency situations. The Moldovan Government anticipates that EU4Health participation will also improve the capacity to prevent diseases – especially cancer, strengthen the health workforce, facilitate access to medicines and medical products and contribute to digital transformation.³³

³² Gender equality index 2023 // https://progen.md/wp-content/uploads/2023/03/CPD_IEG-2023.pdf

³³ Moldova's government approves law ratifying association with EU4Health // <https://eufordigital.eu/moldovas-government-approves-law-ratifying-association-with-eu4health/>

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Grants are available for CSOs from the Eastern Partnership and EU countries. Key areas of support are democracy and human rights, economic integration, environment and energy, contacts between people, social and labour policies.

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