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Republic of Moldova 2024 Report

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PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF REGIONS**

2024 Communication on EU enlargement policy

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1. INTRODUCTION¹

CONTEXT

On 3 March 2022, the Republic of Moldova ('Moldova') applied for EU membership. Following the Commission's recommendation in November 2023, the European Council decided in December 2023 to open accession negotiations with Moldova. Since Moldova met the three remaining steps set out in the Commission recommendations of November 2023, in June 2024 the Council adopted the negotiating framework. The first Intergovernmental Conference marking the formal launch of the accession negotiations was held on 25 June 2024 and the Commission started the bilateral phase of the screening process immediately after in July 2024. A national referendum to anchor EU integration in the Moldovan Constitution took place together with the presidential election on 20 October 2024. The proposal to enshrine EU accession in the Constitution was supported by 50,38% of voters. A second round of the presidential election will be held on 3 November, between the two candidates who scored the highest in the first round.

Moldova has continued to progress on the path to EU accession. It has shown resilience while continuing to cope with the unprecedented challenges resulting from Russia's war of aggression against Ukraine and intensified hybrid actions from Russia and its proxies seeking to destabilise the country. Moldova continued to accommodate large numbers of refugees and had to contain inflationary pressure, linked also to ongoing threats to its energy supplies and security. Reflecting growing bilateral engagement, in May 2024, the EU and Moldova signed a Security and Defence Partnership to enhance resilience of the country and address joint challenges.

On 9 October 2024, the Commission adopted a Communication² and a proposal for a Regulation³ on the Moldova Growth Plan to accelerate the reform processes, boost socio-economic growth and tap the potential of gradual access to the single market. Moldova continues to implement the EU-Moldova Association Agreement (AA), including the Deep and Comprehensive Free Trade Area (DCFTA).

The EU remains fully committed to Moldova's territorial integrity and to the peaceful resolution of conflict, based on the sovereignty and territorial integrity of Moldova in its internationally recognised borders, with a special status for the Transnistrian region. The DCFTA applies to the entire territory of Moldova.

¹ The 2024 report is presented in a renewed format and structure. Main findings of the report, together with the recommendations (previously grey assessment boxes) are brought together at the beginning of the report. Furthermore, under the fundamentals cluster, for better readability and comparability across all reports, certain data is provided (also) in the form of graphs.

² COM(2024) 470 final

³ COM(2024) 469 final

MAIN FINDINGS OF THE REPORT⁴

CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

Democracy

The conduct of the **elections** is mostly satisfactory. The first round of the presidential election and the constitutional referendum on EU accession held on 20 October were well-managed according to OSCE/ODHIR. Local elections were held under the provisions of the new Electoral Code, which had been aligned to a large extent with international standards. Due to hostile foreign interference, the Electoral Code was later modified to introduce the possibility to impose electoral bans. Guarantees for procedural rights and individualised assessment were not sufficiently developed. De-registration of candidates, that took place shortly before the elections, was not in line with international standards. These amendments were later declared unconstitutional. Moldova should continue to engage with the Venice Commission and the OSCE/ODIHR on any potential changes to the Electoral Code and other relevant legislation or action affecting the electoral process. Moldova should further strive to align its electoral processes with the highest democratic standards, such as the ones highlighted in Commission Recommendation⁵ on inclusive and resilient electoral processes. Foreign interference in electoral processes remains a concern.

Parliament can exercise its powers in a broadly satisfactory way. The institution should further strengthen the exercise of its oversight functions to improve government accountability. Building on recent positive steps, action should continue to provide longer consultation deadlines and advance publication of draft laws and accompanying documents. The process of amending Parliament's rules of procedures should be accelerated.

The institutions in charge of the EU **integration** process are in place. Moldova created the position of Deputy Prime Minister for European Integration and appointed a chief negotiator. Going forward, the government needs to further strengthen the capacity of its EU coordination structures and engage in stronger public communication on the EU accession process.

The **government** continued implementing policies aimed at speeding up European integration, while countering hybrid activities and destabilisation attempts by Russia. Steps were taken to improve coordination mechanisms for policy planning and to increase the transparency of decision-making. Better coherence should be achieved across major policy objectives, and regulatory policies should be applied efficiently across all levels of government. The limited capacity of public administration puts a limit on consistent and efficient policy implementation. Implementation of the local government reform should continue.

Civil society organisations (CSOs) in Moldova operate in a broadly enabling environment. Overall,

⁴ This report covers the period from 15 June 2023 to 1 September 2024. It is based on input from a variety of sources, including contributions from the government of the Republic of Moldova, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

⁵ Commission Recommendation(EU) 2023/2829 of 12 December 2023

the transparency of the decision-making process and the involvement of CSOs have improved but further efforts are needed to increase meaningful participation.

Public administration reform

Moldova has **some level of preparation** in the area of public administration reform and **some progress** has been made. In particular, the law and the methodology of voluntary amalgamation of the local government units were adopted in the second half of 2023, but the pace of implementation should be accelerated.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue implementing the public administration strategy, including a credible process of voluntary amalgamation;
- design and approve an overall policy and legislation on reforming the central public institutions, with a detailed roadmap for gradual implementation and for professionalising the civil service and merit-based human resources policies;
- improve compliance with the budget calendar and strengthen programme-based budgeting by specifying budget programmes and reducing the budget for 'General Actions'.

Chapter 23: Judiciary and fundamental rights

Moldova has **some level of preparation** and has made **some progress** in the area of judiciary, fight against corruption and fundamental rights.

Functioning of the judiciary

Moldova has **some level of preparation** in the area of the judiciary. The country made **some progress** in reforming the justice sector. Progress was achieved on vetting and appointing top judges and prosecutors. The two main self-governing judicial and prosecutorial bodies are fully functional in a new composition, with 11 out of 12 members of the Superior Council of Magistracy and all members of the Superior Council of Prosecutors appointed. A new vetted Prosecutor General was appointed, and first appointments to the Supreme Court of Justice took place. A new judicial map has been drawn up by law to improve the network of courts in the country; its implementation is pending. Vetting for the four specialised colleges of the judicial and prosecutorial governance bodies is ongoing, no appointments have been made yet. The length of proceedings and low clearance rates hampers the efficiency of the justice system.

The Commission's recommendations from last year were mostly implemented. In the coming year, Moldova should, in particular:

- continue making progress on the vetting process and on appointing top judges and prosecutors in line with European standards, especially the remaining member of the Superior Council of Magistracy and the Supreme Court of Justice, and the members of the four specialised bodies of the Superior Councils of Magistracy and of Prosecutors;
- improve the functioning of the National Institute of Justice by implementing all the outstanding 2022 TAIEX recommendations, develop human resource strategies for the judiciary and prosecution services and pursue implementation of the judicial map;

→ Improve significantly clearance rates and disposition time in the courts.

Fight against corruption

Moldova has **some level of preparation** in the fight against corruption and has achieved **some progress** in the fight against and prevention of corruption. The country has improved its track record in the fight against corruption. The National Integrity and Anticorruption Programme for 2024-2028 entered into force in February 2024. Repeated public disputes among key anti-corruption and justice institutions could impact the efficiency of the processes and adversely affect the trust in the reform. Targeted risk assessments and specific measures are needed to tackle corruption in the most vulnerable sectors.

The Commission's recommendations from last year were partly implemented. In the coming year, Moldova should, in particular:

- ensure proactive and efficient anti-corruption investigations leading to a positive track record of prosecutions and convictions at all levels;
- step up cooperation between the Anti-corruption Prosecutor's Office, the National Anticorruption Centre and law enforcement agencies; continuously monitor capacities of all institutions engaged in anti-corruption processes in carrying out their competences and provide sufficient resources for their functioning;
- Implement the ODIHR opinion and guidance on transparency and accountability and pending Group of States against Corruption (GRECO) recommendations, including as regards strengthening the capacity and improve the functioning of the National Integrity Authority (NIA) to effectively verify the assets and personal interests of high-level public officials.

Fundamental rights

The legislative and institutional framework is largely in place. Moldova adopted a new national human rights action programme. Detention conditions remain a concern, as does the treatment of people with mental disabilities in state care. There is a renewed effort to combat gender-based violence.

The Commission's recommendations from last year were partially implemented and remain broadly valid. In the coming year, Moldova should, in particular:

- improve interinstitutional cooperation, especially with the Equality Council and the People's Advocate as well as ensuring adequate resources;
- take steps to improve detention conditions and address all the recommendations of the 2023 report of the Committee on the Prevention of Torture, and towards improving the medical treatment given to vulnerable groups in the state's care;
- continue implementation of the national programmes on preventing and combating domestic violence and violence against women, gender equality and in support of the Roma⁶ population.

Freedom of expression

⁶ In line with the terminology of European institutions the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the specificities of these groups.

Moldova has **some level of preparation** in freedom of expression and has made **some progress** notably by adopting new legislation on access to information, media ownership concentration and establishing a media subsidy fund. In practice, issues such as ownership concentration and political influence persist. The intimidation of journalists continues and no notable progress has been made on journalist protection. Efforts to counter foreign interference and information manipulation (FIMI) must be in line with international standards on freedom of expression and opinion.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- review the rules for selecting members of public media institutions such as the public service broadcaster and the Audiovisual Council;
- extend the ownership transparency requirements to online and print media; review the national mechanism allowing the suspension of TV channels under the law on strategic investment to bring it in line with EU and international standards;
- ensure adequate protection of journalists against intimidation and attacks, including by thorough law enforcement investigations.

Chapter 24: Justice, freedom and security

Moldova has **some level of preparation** in aligning with the EU *acquis* in the area of justice, freedom and security. **Some progress** was made during the reporting period by adopting a national security strategy and a new national strategy on trafficking in human beings. There is scope to extend the use of existing tools and mechanisms for information exchange and operational cooperation.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Moldova should, in particular:

- continue improving interinstitutional cooperation and coordination, strengthen institutional capacity and sharing information in the area of security to ensure effective prevention and response capabilities, including in a crisis;
- strengthen the legal framework and institutional capacity for assessing risks and fighting cybercrime;
- update national strategic documents in line with the national security strategy and adopt a national serious organised crime threat assessment (SOCTA).

Fight against organised crime

Moldova has **some level of preparation** and has made **some progress** in implementing the EU *acquis* in this area, in particular by tackling financial crime and the recovery of assets.

Moldova continued to progress in the fight against arms trafficking, drugs and trafficking in human beings and migrant smuggling. In September 2023, it adopted the new strategy and its related action plan to combat human trafficking 2024-2028.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Moldova should, in particular:

- continue strengthening the fight against organised crime, including through cooperation with EU Member States and EU institutions and agencies, such as Frontex and Europol, the European Union Agency for Law Enforcement Training (CEPOL), the European Drugs Agency (EUDA) and cooperation under the European Multidisciplinary Platform Against Criminal Threats (EMPACT) and the EU-Moldova Support Hub for Internal Security and Border Management;
- continue to increase and improve data exchange via SIENA and related collection, analysis and sharing across services, supported through the proactive use of information exchange tools;
- operationalise the national focal point on arms and establish an early warning system on drugs.

ECONOMIC CRITERIA

The existence of a functioning market economy

Moldova is **between an early stage of preparation and having some level of preparation and has made some progress** in establishing a functioning market economy. The authorities remain committed to pursuing macroeconomic stability and economic reforms and published the country's first Economic Reform Programme.

However, the 2023 dismissal of the governor of the National Bank of Moldova raised some concerns about good governance. Significant steps were taken to improve the execution of public investment, and the government started to pursue critical reforms to increase the labour participation rate, including to increase the share of women in the workforce. The banking sector remains well capitalised and stable.

Nevertheless, major structural challenges remain, including high levels of undeclared work and weak rule of law. Reforms in areas such as state-owned enterprises (SOEs) are still pending.

Moldova has made progress on last year's recommendations, which remain valid. In the coming year, Moldova should, in particular:

- gradually reduce the fiscal deficit as the economic recovery takes hold, increase public investment, including by applying the new single project pipeline framework, continue to broaden the tax base and conduct spending reviews in the most significant areas of expenditure, such as social protection;
- implement the National Strategy for Economic Development, in particular actions related to the privatisation and reform of state-owned enterprises, while improving competition and reducing state interference in price setting;
- implement the Strategy for the Reduction of Undeclared Work in order to reduce undeclared work and carry out a review of the tax system to identify possible avenues to encourage workers to shift to declared work.

The capacity to cope with competitive pressure and market forces within the EU

Moldova is **between an early stage of preparation and having some level of preparation and has made limited progress** to cope with competitive pressures and market forces within the EU. The

government has taken steps to improve the quality of education and training; however, the shortage of skilled labour, low levels of FDI and innovation negatively affect the country's competitiveness. There has been good progress in improving energy security, and digitalisation is slowly improving, but large gaps in quality infrastructure persist. Integration with the EU continues to deepen but declining levels of price competitiveness could weigh on Moldova's exports in the coming years.

Moldova has advanced on last year's recommendations, which remain valid. In the coming year, Moldova should, in particular:

- take further steps to improve the quality and inclusiveness of education and training and improve the assessment of labour market needs, including through regular surveys and stronger consultations with social partners;
- prioritise investment in infrastructure, especially to further improve energy security and climate resilience, to overcome the rural-urban digital divide and facilitate international trade;
- implement the National Investment and Export Promotion Programme to attract foreign direct investment and support the integration of local business in global value chains.

Chapter 5: Public procurement

Moldova has **some level of preparation** in the area of public procurement, and **some progress** has been made. Legislation for procurement in the energy, water, transport and postal services was amended, a National Programme for Development of the Public Procurement System was adopted, and the mandate of the Public Procurement Agency was extended.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- align laws on concessions and public-private partnerships with the EU *acquis*;
- monitor low-value public procurement procedures more effectively;
- continue taking effective steps to ensure the efficiency and transparency of the public procurement system, including by boosting efforts to design and develop the new e-procurement system.

Chapter 18: Statistics

Moldova has **some level of preparation** on statistics. The country made **good progress** over the reporting period, in particular through conducting the population and housing census and increasing institutional capacity. Data transmission to Eurostat remains limited, but with a clear upward trend.

The Commission's recommendations from last year were mostly implemented. In the coming year, Moldova should, in particular:

- further align sectoral data with EU standards to improve comparability by improving the use of both administrative and privately held data;
- ensure the National Bureau of Statistics (NBS) has adequate staffing and financial resources.

Chapter 32: Financial control

Moldova is at an **early stage of preparation** in the area of financial control. **Some progress** was achieved, notably with the implementation of the 2023-2030 Strategy for the development of public finance management and the adoption of the public internal financial control programme. The efficiency of parliamentary oversight of public funds management needs to improve.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- grant the Court of Accounts full organisational, functional and financial independence;
- ratify the 1929 Geneva Convention on the suppression of counterfeiting of currency;
- appoint an anti-fraud coordination body and develop an anti-fraud coordination network.

CLUSTER 2: INTERNAL MARKET

Chapter 1: Free movement of goods

Moldova has **some level of preparation** in the area of the free movement of goods. **Limited progress** was made on standardisation by adopting EU standards. Additionally, a legislative pre-assessment of the technical barriers to trade provisions in the EU-Moldova Association Agreement was conducted.

The Commission's recommendation from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue to screen legislation and administrative practices in non-harmonised areas and prepare a strategy to ensure compliance with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU) and Court of Justice of the European Union (CJEU) case law;
- align with the EU *acquis* on vehicles;
- strengthen the administrative capacity needed to implement and enforce the EU *acquis*, especially in the sectors for which it seeks to sign an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) with the EU.

Chapter 2: Freedom of movement for workers

Moldova is at an **early stage of preparation** in the area of freedom of movement of workers. **Limited progress** was made during the reporting period on bilateral agreements on social security coordination with EU Member States and on starting the preparatory work to join the European Network of Employment Services (EURES).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue to work on concluding additional agreements on social security coordination, in particular with EU Member States;
- continue the preparatory work for joining EURES upon accession.

Chapter 3: Right of establishment and freedom to provide services

Moldova has **some level of preparation** in the area of the right of establishment and freedom to provide services. **Limited progress** was made, notably by updating the AA/DCFTA annex on rules applicable to postal and courier services.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue aligning its legal framework with the requirements of the Directive on the recognition of professional qualifications, including the Directive on minimum training requirements and on the directives on the free movement of lawyers, and take measures to align with the Proportionality Test Directive;
- continue aligning its legislation with the Services Directive.

Chapter 4: Free movement of capital

Moldova is **between having some level of preparation and a moderate level of preparation** in this area. **Some progress** was made by implementing the 5th Anti-Money Laundering Directive. Moldova has addressed some of the technical deficiencies with the FATF Recommendations for which it was rated partially or non-compliant, however some technical deficiencies remain.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- align the legislation on foreign exchange with the EU *acquis* to liberalise capital foreign exchange operations;
- continue strengthening the institutional capacity of the Office for Prevention and Combating of Money Laundering in the Financial Intelligence Unit;
- continue to address the remaining technical deficiencies with the FATF Recommendations and introduce legislative and institutional changes to facilitate the AML/CFT regulation and supervision of virtual asset service providers.

Chapter 6: Company law

Moldova is **between an early stage of preparation and having some level of preparation** in company law. **Limited progress** was made during the reporting period, including amendments to national legislation on financial reporting and audit legislation and by the integration of electronic signature into the company's registration and filing processes to be more aligned with the EU *acquis*.

The Commission's recommendations from last year were only partially implemented and therefore they remain largely valid. In the coming year, Moldova should, in particular:

- strengthen the administrative capacity of the Public Service Agency;
- continue further alignment with the EU *acquis* on financial reporting and audit, takeovers, single-member companies' provisions, shareholder rights (including the encouragement of long-term shareholder engagement), and on disclosure of company information, cross-border conversions, mergers and divisions, and on the use of digital tools and processes in company law;

→ continue improving the capacity and independence of the audit oversight systems.

Chapter 7: Intellectual property law

Moldova has **some level of preparation** in the area of IPR. **Some progress** was made during the reporting period. The State Agency on Intellectual Property (AGEPI) continued to improve cooperation with the European Union Intellectual Property Office (EUIPO).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue drafting legislation to improve the enforcement of intellectual property rights;
- further improve collective rights management to safeguard appropriate royalty payments;
- increase the administrative and institutional capacity of the AGEPI and continue to benefit from collaboration with the EUIPO to improve aligning legislation and enforcement.

Chapter 8: Competition policy

Moldova has **some level of preparation** in the area of competition policy. **Limited progress** was made during the reporting period. In July 2023, the Law on competition was amended. The new structure of the Competition Council was approved in February 2024, including to strengthen its institutional capacity.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- align the legislative framework with the EU *acquis* on antitrust, mergers and State aid;
- increase the transparency of State aid granted by the government and further align State aid schemes in place with the EU *acquis*, including those applied in free economic zones;
- continue to strengthen the administrative and institutional capacity of the Competition Council.

Chapter 9: Financial services

Moldova **has some level of preparation** in the area of financial services. It made **some progress** in the reporting period by adopting legislation to partially align it with the EU Solvency II Directive and the Motor Insurance Directive.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- perform a balance sheet review for all insurers to evaluate their readiness for the subsequent implementation of and full alignment with Solvency II (Pillar I) and the Motor Insurance Directive;
- continue efforts to align legislation with the EU *acquis* related to the regulation of the banking and insurance sectors (including bank resolution and bank deposit guarantee schemes), securities markets, investment funds and investment services, financial market infrastructure and digital finance.

Chapter 28: Consumer and health protection

Moldova **has some level of preparation** in this area. **Some progress** was achieved by aligning legislation with several pieces of the EU consumer *acquis*, including on unfair commercial practices and alternative dispute resolution.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- continue to align with the legal framework with the *acquis* on consumer protection and product safety, and improve cooperation between the public institutions dealing with consumer protection;
- improve the quality of healthcare by implementing the national health strategy effectively, including developing an integrated e-health system and ensuring interoperability between all information systems in the health sector;
- tackle the geographical and socio-economic divide in health services and ensure outreach to those in most vulnerable situations by continuing to invest in rural healthcare infrastructure and in retaining human capital.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

Chapter 10: Digital transformation and media

Moldova has **some level of preparation** in the area of digital transformation and media. **Some progress** was made during the reporting period as the government remained committed to implementing the Digital Transformation Strategy 2023-2030 (MDTS) and notable progress was made on the digitalisation of public services. The Cybersecurity Agency was established in December 2023.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should, in particular:

- align with and implement the EU Roaming *acquis*, including the European Electronic Communication Code to allow for the integration of Moldova into the EU “roam like at home” area;
- ensure institutional capacity to implement the priority areas under the MDTS 2023–2030, in particular to align legislation with EU electronic identification requirements, data protection and cybersecurity, including EU's Toolbox for 5G cybersecurity;

adopt and implement media and digital services legislation in line with the EU *acquis*, including the EU Media Freedom Act and the Digital Services Act.

Chapter 16: Taxation

Moldova has **some level of preparation** in taxation. **Good progress** was made by joining the inclusive framework on base erosion and profit shifting (BEPS). There was progress on indirect and direct taxation and excise duties and improved the digitalisation of tax administration services. Moldova further improved its capacity in administrative cooperation and mutual

assistance.

The Commission's recommendations from last year were mostly implemented. In the coming year, Moldova should, in particular:

- further align excise duties and VAT regulations with the EU *acquis*, particularly reduced rates and their structure, including exemptions and deductions, special schemes and scope of reduced rates;
- step up procedures to limit tax avoidance and increase tax revenue, in particular by aligning legislation with the Anti-Tax Avoidance Directive (CFC rules), through implementation of BEPS provisions, and by concluding a thorough, comprehensive review of the tax system;
- continue strengthening the administrative and operational capacity of the tax administration, in particular by developing an IT strategy to bring in risk management and by strengthening widespread taxpayer compliance.

Chapter 17: Economic and monetary policy

The country has **some level of preparation** in economic and monetary policy and made **limited progress** in the reporting period. Moldova took steps to improve its public investment management system, though implementation of the reform is not yet complete. The country submitted its first Economic Reform Programme in January 2024. The abrupt dismissal of the governor of the National Bank of Moldova (NBM) raised concerns over the central bank's independence.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Moldova should, in particular:

- strengthen the independence and governance of the central bank and fill the remaining vacancies on the Executive Board of the NBM;
- in order to support the achievement of fiscal targets, improve budget execution in particular of capital investments, by applying the single project pipeline to identify public investment projects eligible for funding;
- improve the capacity to produce macroeconomic and fiscal forecasts, in particular of the cyclically adjusted fiscal balance.

Chapter 19: Social policy and employment

The country has **some level of preparation** in social policy and employment and made **some progress** during the reporting period. Measures were taken to increase employment and to strengthen cooperation between social assistance authorities and employment authorities.

The Commission's recommendations from last year were only partially implemented and remain valid. In the coming year, Moldova should in particular:

- further implement the measures set out in the concept paper on reforming the National Employment Agency to ensure adequate capacity;
- take concrete steps to strengthen the mandate and administrative and institutional capacity of the State Labour Inspectorate in line with ILO standards;

→ continue the reform of social assistance, including its digitalisation.

Chapter 20: Enterprise and industrial policy

Moldova has **some level of preparation** in enterprise and industrial policy. **Some progress** was made during the reporting period. Moldova has adopted and started implementing the national programme for the promotion of entrepreneurship and increasing competitiveness for 2023-27 and the national industrialisation programme for 2024-2028. The national strategy for the development of the economy was adopted in June 2024.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- advance on implementation of the national programme for the promotion of entrepreneurship and increasing competitiveness for 2023-2027, the national industrialisation programme for 2024-2028 and the national strategy for the development of the economy;
- further reduce the regulatory and administrative burden by enacting proposals to simplify and digitalise processes;
- accelerate implementation of the strategy on the management of state property, state enterprises and entities with state capital.

Chapter 25: Science and research

Moldova is **moderately prepared** in the area of science and research. **Some progress** was made during the reporting period. The National Program for Smart Specialisation for the years 2024-2027 and its action plan was adopted in August 2024.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- start implementing the Smart Specialisation Strategy and its action plan;
- take further steps to provide sufficient financing for research and innovation under national programmes;

further develop measures to promote Horizon Europe and other financing instruments to support R&I, including through the National Horizon Office.

Chapter 26: Education and culture

Moldova is **between having some level of preparation and a moderate level of preparation** in the area of education and culture. **Good progress** was made during the reporting period as the authorities are stepping up the relevance, quality and inclusiveness of education. The creation of the National Institute for Educational leadership began the process of redesigning professional development for teachers. The development of cultural policies is also advancing, but the cultural sector generally suffers from limited capacity.

The Commission's recommendations from last year were largely implemented. In the coming year, Moldova should, in particular:

- start reforms to consolidate the quality and efficiency of the school network in both general and vocational education, building upon the 'model schools' pilot launched in the 2023/2024 academic year;
- advance the reform of the continuous professional development of teachers and school leaders, which was initiated when the National Institute for Educational Leadership was set up in 2023;

promote the development of comprehensive strategies for culture and cultural heritage, ensure the adoption of the draft National Development Strategy 'Sport 2030', and secure stable funding mechanisms for youth policies and sport.

Chapter 29: Customs union

Moldova has is **moderately prepared** in the area of the customs union. The country has made **good progress in** bringing the new Customs Code which came into force on 1 January 2024 but full implementation of the new rules and procedures is pending.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- approve (at government level) and start to implement the Customs Service IT strategy, including the work programme for the gradual development and deployment of digital solutions to enable a full paperless environment and interconnection and interoperability with EU electronic customs environment;
- finalise the legal and technical preparations for the country to join the Common Transit Convention (CTC) and for full-fledged implementation and operations of the NCTS;
- carry out a reorganisation of the Customs Service, aimed at increasing its capacity, performance, and integrity, as well as optimising the clearance and border crossing processes to move towards a risk-based operating model.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

Chapter 14: Transport policy

Moldova has **some level of preparation** in transport policy. **Some progress** was made in the reporting period, notably with the adoption of the new Railway Code. The country needs to continue alignment with the EU *acquis*, on all modes of transport, and to implement the *acquis* effectively.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- continue progress made to be removed from the blacklist of the Paris Memorandum of Understanding on Port State Control;
- adopt the social and market rules for road transport;
- develop and adopt a new road safety strategy based on the safe system approach.

Chapter 15: Energy

Moldova is **moderately prepared** in the area of energy. It made **good progress** during the reporting period. The diversification of gas and electricity supply routes has further reduced dependence on Russian energy supplies, replacing them with supplies from Europe and the US. Moldova aligned with and started implementing the EU Renewable Energy Directive, the EU Energy Efficiency Directive and Governance of the Energy Union and Climate Action Regulation. The national energy and climate plan (NECP) was drawn up. The country nominated and licensed the electricity market operator. Moldova also created the Residential Energy Efficiency Fund (REEF).

The Commission's recommendations from last year were largely implemented. In the coming year, Moldova should in particular:

- adopt and start implementing the NECP;
- prioritise the alignment with the electricity integration package and take further action on electricity market coupling with the EU;
- organise the first tenders for large renewable investments, implementing the EU Renewable Energy Directive as well as accelerate the transportation of the Energy Performance of Buildings Directive.

Chapter 21: Trans-European networks

Moldova has **some level of preparation** in trans-European networks on transport and made **some progress** over the reporting period.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- accelerate the implementation of infrastructure projects on Solidarity Lanes, in particular rehabilitating the north-south railway corridor as well as projects approved under the Connecting Europe Facility Calls of 2022 and 2023;
- finalise the ongoing pre-feasibility and feasibility studies for the development of priority TEN-T road and rail corridors, notably for Chisinau ring road, Ungheni – Chisinau – Odesa road corridor, and Ungheni - Chisinau standard gauge rail connection;
- speed up the strengthening of electricity interconnections, focusing on the completion of the Vulcanesti-Chisinau 400 kV overhead power line by end 2025 and make progress on Balti-Suceava 400 kV, paving the way towards its completion by end 2027 at the latest.

Chapter 27: Environment and climate change

Moldova is **between an early stage of preparation and having some level of preparation** in environmental and climate change policies. **Good progress** was achieved by approving the Environmental Strategy for 2030, complementing the Law on environmental impact assessments with implementing legislation, and increasing alignment on waste management, water management and nature protection. Moldova adopted a Climate Law in April 2024, ratified the Kigali amendment to the Montreal Protocol in September 2023 and became a full-fledged member of the Union Civil Protection Mechanism (UCPM).

The Commission's recommendations from last year were partially implemented and remain

valid. In the coming year, Moldova should in particular:

- allocate to the Ministry of Environment and subordinated bodies the human and financial resources needed to increase policy and law enforcement; improve environment and climate mainstreaming across all public policies;
- implement commitments under the Energy Community's Decarbonisation Roadmap, implement the Monitoring, Reporting, Verification and Accreditation package with a view to introducing carbon pricing and to aligning with the EU ETS; and adopt the National Energy and Climate Plan.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

Chapter 11: Agriculture and rural development

Moldova is at an **early stage of preparation** in agriculture and rural development. **Some progress** was made during the reporting period to develop the farm register and adopt the implementing legislation on organic production.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- take further steps to strengthen the administrative capacity of the Ministry of Agriculture and Food Industry and of the National Agency for Interventions and Payments in Agriculture;
- adopt legislation to further align it with the EU *acquis* on support schemes in the agriculture and rural development sectors, farm advisory services and the EU agricultural knowledge and innovation system (AKIS);
- progress in establishing the Integrated Administration and Control System (IACS), in particular by setting up a national farm register and a land parcel identification system, and progress in establishing a Farm Sustainability Data Network.

Chapter 12: Food safety, veterinary and phytosanitary policy

Moldova has **some level of preparation** on food safety, veterinary and phytosanitary policy. During the reporting period, Moldova made **some progress** in boosting the capacities of the competent authorities. Moldova adopted a human resource development strategy and a specialised training programme for inspectors. Moldova was also authorised to export fresh poultry meat and certain plant reproductive material. The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- strengthen the diagnostic resources of the competent authorities and broaden the scope of the national monitoring and surveillance programme for food safety, animal feed and veterinary drugs to increase the level of assurance for animal origin products;
- continue to implement the human resource development strategy for the National Food Safety Agency and specialised training programme for inspectors from local subdivisions;
- raise awareness about food safety and quality standards among producers, food businesses and consumers to improve compliance and implementation.

Chapter 13: Fisheries and aquaculture

Moldova is at **an early stage of preparation** in the area of fisheries. During the reporting period, **no progress** was made in strengthening the legal framework and institutional capacity. The multiannual strategy and national legislation on aquaculture have not been adopted or implemented.

The Commission's recommendations from last year were not implemented and remain valid.

In the coming year, Moldova should in particular:

- adopt a multiannual national strategic plan dedicated to aquaculture;
- make progress on aligning quality and marketing standards with those under the EU common market organisation in fishery and aquaculture products;
- improve the traceability of fishery and aquaculture products and strengthen import inspections to prevent importation of illegal, unreported and unregulated (IUU) fishing.

Chapter 22: Regional policy and coordination of structural instruments

Moldova has **some level of preparation** on regional policy and made **some progress** in the reporting period, in particular due to set of management and control structures for Interreg programmes.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- ensure it has sufficient administrative capacity to implement all cross-border and transnational cooperation (Interreg) programmes;
- set up effective management and control system for Interreg cooperation programmes, as well as audit structures specialised in auditing EU funds.

Chapter 33: Financial and budgetary provisions

Moldova is at an **early stage of preparation** in the area of financial and budgetary provisions. **No progress** was achieved over the reporting period. Moldova has yet to set up the institutional environment required for an efficient own resources system.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Moldova should in particular:

- further engage in capacity-building activities on the EU own resources system and fraud-related rules;
- set up a coordinating body to implement the administrative processes for an own resources system.

CLUSTER 6: EXTERNAL RELATIONS

Chapter 30: External relations

Moldova is **moderately prepared** in external relations and made **some progress** during the reporting period. Moldova introduced an import licensing mechanism, which is problematic under the Association Agreement/DCFTA. On bilateral trade, the free trade agreement with the European Free Trade Association (EFTA) was ratified by Parliament and entered into force in April 2024. In July 2024, the law on the control regime of trade in strategic goods was adopted. Further action is expected on alignment with the EU *acquis* on dual-use export controls.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Moldova should in particular:

- finalise the work to align national legislation on export controls for dual-use items with the EU *acquis*;
- remove any import licensing or other import control mechanisms that are not in line with the WTO and DCFTA provisions;
- build up the capacity of a new department for development cooperation within the Ministry of Foreign Affairs and advance work on the legal framework on international cooperation, development and humanitarian aid to non-EU countries, aligned with EU policies and principles.

Chapter 31: Foreign, security and defence policy

Moldova is **between having a moderate and a good level of preparation** in the area foreign, security and defence policy. **Good progress** was made in the reporting period. Moldova's alignment rate with the EU's common foreign and security policy (CFSP) increased significantly, including with more than half of the EU's new restrictive measures (sanctions) against Russia during 2024. Moldova has increased its participation in EU crisis management missions and operations under the common security and defence policy (CSDP). Moldova signed a Security and Defence Partnership with the EU in May 2024.

The recommendations from last year were partially implemented. In the coming year, the country should in particular:

- continue improving alignment with the CFSP, ensure that the restrictive measures are implemented and continue the good cooperation on preventing any attempts to circumvent sanctions against Russia and Belarus;
- continue its efforts to strengthen resilience to hybrid threats, notably by following up on the recommendations from the hybrid risk survey in line with a whole-of-government and whole-of-society approach.

STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

Following the first Intergovernmental Conference on accession negotiations with Moldova, the Commission launched the bilateral phase of the screening process on 10 July, building on the explanatory meetings held earlier. The process is ongoing.

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2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

2.1.1 Democracy

The functioning of democratic institutions is mostly satisfactory. During the reporting period, Moldova enjoyed political stability and showed a continued commitment to implement reforms, despite hybrid attacks from Russia and its proxies on the democratic institutions and a notable level of polarisation. Local elections were held in November 2023. In the context of recurring hybrid incidents and attempts to disinform the society, the authorities have struggled to strike a balanced approach between measures to counter malign interference and the respect of rule of law and fundamental rights, in line with international standards. In parallel, Moldova has taken significant steps to structure government work to make tangible progress on EU integration.

Elections

Local elections in Moldova were held in November 2023, during the state of emergency. The elections were peaceful and managed efficiently under challenging circumstances. However, interference from abroad and restrictive measures imposed due to national security concerns had a negative impact on the process. The de-registration of candidates on the eve of elections lacked individualised assessments and did not sufficiently guarantee procedural rights, including effective legal remedies. Overall, media outlets provided sufficient and diverse information to enable voters to make an informed choice. Moldova suspended many media outlets due to security and disinformation concerns, which raised reservations as to the proportionality of the measures.

Following local elections, the priority recommendations issued by the OSCE/ODIHR electoral observers focused on several issues, including the need for an effective parliamentary control mechanism for elections organised during a state of emergency, to enhance the transparency of the lower level election administration, to guarantee that the principles of legality and proportionality are applied in the event of the de-registration of candidates, and to improve implementation of procedures for campaign finance oversight. In addition, the Central Electoral Commission should be equipped with sufficient resources, especially at district level.

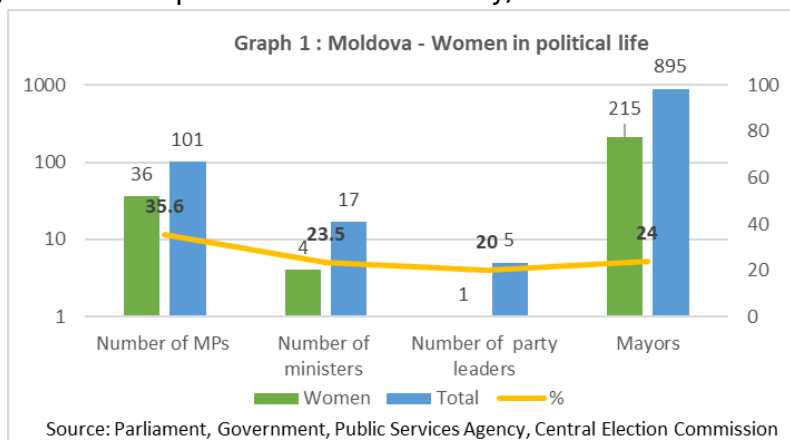
The new Electoral Code has been amended three times since its entry into force, most recently in January 2024, with less than one year before elections. Amendments banning certain individuals from running in elections based on their prominent positions in banned parties were declared unconstitutional in April 2024. Moldova brought in a new law on postal voting, which it presented as a pilot initiative for the 2024 presidential elections and referendum on EU accession. Moldova should also align with the Commission Recommendation⁷ on inclusive and resilient electoral processes, including by strengthening rules on the transparency of political party funding and the accountability of campaign finance.

Moldova will organise presidential elections and a referendum on EU accession on 20 October. In preparation for the elections, the Contravention Code was amended in July 2024 strengthening fines for passive bribery during electoral campaigns. Since the start of the electoral period the Central Electoral Commission operates in full composition (9 members) and is fully staffed. The

⁷ Commission Recommendation(EU) 2023/2829 of 12 December 2023

Autonomous Territorial Unit of Gagauzia lacks a permanent electoral body, further to the decision of the People's Assembly in December 2023.

In a positive step for women participation, candidate lists at local election were drawn up in compliance with the 40% minimum representation quota for men and women. However, the law does not ensure that the quota is maintained when mandates are allocated.



Parliament

Work continued on updating the draft rules of procedure of Parliament. Public consultations were held in October 2023; the legislative procedure has yet to start. The draft law on the status, conduct and ethics of members of Parliament (MPs) was approved in first reading in December 2023.

Only part of the parliamentary oversight instruments was used, in particular interpellations and parliamentary hearings. The replacement of the Central Bank Governor by Parliament was carried out without a parliamentary inquiry. No effective parliamentary oversight mechanism was adopted to cover the activities of the Commission for exceptional situations between February 2022 and December 2023.

Cooperation among the parliamentary majority and opposition political forces should be strengthened to increase trust and build consensus. Only a few plenary sessions were dedicated to opposition draft bills, disregarding the applicable provisions of the rules of procedure.

The approval of the legislative plan for 2024 in December 2023 has helped increase transparency and the predictability of the legislative process. Advanced publication of draft laws and increased publication of supporting documents, with longer consultation deadlines would further improve the process. Building on recent positive steps, action should continue to provide longer consultation deadlines and advance publication of draft laws and accompanying documents.

The number of draft laws submitted under urgent procedure (three) or priority procedure (42 in 2023) remains high.

In February 2024, the Parliament launched under the platform for dialogue and civic participation in decision-making, civil society organisations expert councils to advise permanent parliamentary committees. The annual conference 'Cooperation between Parliament and Civil Society' resumed in June 2023 after having been on hold for 7 years.

EU integration

Moldova created the position of Deputy Prime Minister for European Integration and appointed a chief negotiator. In November 2023 it set up the Bureau for European integration as a structural subdivision within the State Chancellery. The staff of the Bureau is planned to include 42 people in total; it is now composed of 25 staff. Its administrative capacity still needs to be strengthened.

In October 2023, the government adopted the National Action Plan for the Accession of the

Republic of Moldova to the European Union for 2024-2027. It updated the Plan in January 2024 and has not yet issued a monitoring report.

In March 2024, the government set up the national coordination mechanism for the EU accession process and created the negotiating team. Relevant departments in all ministries and key government agencies actively participated in technical explanatory meetings of the EU *acquis* from February to May 2024.

A national referendum to anchor EU integration in the Constitution will take place on 20 October 2024. The government has launched an official campaign to support the pro-EU accession vote. In 2023 the government launched a 2-year communication campaign to promote EU integration in Moldova.

Governance

The end of the state of emergency on 30 December 2023 and reshuffles at the level of central public administration bodies did not significantly affect political stability or functionality of the government.

The renewed Inter-Ministerial Committee for Strategic Planning and the newly established Council for the Coordination of Sustainable Development in December 2023 helped strengthen coordination mechanisms for policy planning and development. Amendments to the Law on normative acts adopted in March 2024 increased the transparency of decision-making. Measures to promote integrity and to regulate lobbyist activities should be strengthened.

The government approved the methodology of voluntary amalgamation of local government, and Parliament adopted amendments to the laws on administrative decentralisation and local public administration. The reorganisation of competencies between central and subnational levels should be carried out in a more coherent manner to avoid inconsistencies such as those that emerged during the implementation of the reform of the social assistance system.

After concerns about the election of the Governor (Bashkan) of Gagauzia and ongoing investigations, the Bashkan was not appointed a full member of government by presidential decree, as stipulated by law. The activities of the parliamentary working group on Gagauzia were suspended. The government's efforts to centralise fiscal regulation and streamline the court system were contested by the Gagauz authorities. The central authorities are attempting dialogue in Gagauzia, despite the Bashkan-elect's active contacts with Russia. It is important to continue regular communication between the central authorities and Gagauzia.

Civil society

The Civil Society Development Programme 2024-2027 was approved by the government in November 2023. Moldova adopted a new Law on access to information of public interest to increase transparency of decision-making. In April 2024, the government created an interinstitutional group of civil servants specialised in public consultation procedures. In 2023 and 2024, the government set up permanent consultative platforms in the central public administration. So far, 8 out of 14 ministries have created these platforms. The established platforms should be generalised and used to improve the quality of public consultations process and increase transparency.

Civilian oversight of the security and intelligence sector

On 20 March 2024, Parliament decided to establish an ad hoc commission to monitor the

activities of the Security and Intelligence Service (SIS) and to strengthen parliamentary oversight over the SIS. Opposition and civil society members could participate in the commission. The National Security Strategy adopted in December 2024 foresees that the Supreme Security Council will inform the Parliament annually on the implementation of the strategy.

2.1.2 Public administration reform

Strategic framework on public administration reform

In the second half of 2023, Moldova adopted the legislation on voluntary amalgamation. The implementation and monitoring structures of the 2023-2030 **Public Administration Reform (PAR) Strategy** have been created at the level of State Chancellery and they are functional. In 2024, 15 potential clusters of local government units were identified that can undergo voluntary amalgamation and be used as pilots.

The government has budgeted funds in the mid-term budgetary framework for 2024-2026 to support implementation of the PAR strategy. The 2024 budget allocates a total of EUR 20 million for the PAR, mainly funding financial incentives for voluntary amalgamation. The disbursed amounts compared to allocated amounts are low.

The government follows a cautious approach to communicate the benefits of the PAR strategy, particularly regarding voluntary amalgamation of local government units. Political support for PAR is primarily from the government and civil society organisations, while local government reform, central public institution reform, and civil service professionalisation remain sensitive issues.

Policy development and coordination

During the reporting period, the government adopted several key policy documents: the National Action Plan for EU accession (2024-2027), the National Development Plan (2024-2026), and the Government's Action Plan for 2024. These documents outline the government's short and medium-term priorities and are partially reflected in the budgetary framework (2024-2026) and the 2024 state budget.

The government also adopted several measures to increase the institutional capacities to carry out reforms, improve the quality of policy design and the coordination process related to accession to the EU. It improved and streamlined the procedures and working practices of the Inter-ministerial Committee on Strategic Planning and improved the system of inter-ministerial consultation and decision-making process at government level. The government consolidated the Directorates for Policy Coordination and European Integration (DPCEI) at line ministry level, now staffed by 84 positions (execution and management together) of which 58 have been filled.

Moldova's regulatory framework is sound, but challenges remain in administrative capacity within central public institutions. Key issues include: a siloed approach to policy design, insufficient consultations and early-stage dialogue; limited use of ex ante and ex post evaluations, with a need for better evidence-based policy tools; inadequate cost estimations and alignment between policy financial requests and the medium-term budgetary framework; poor reporting quality, including policy design and key performance indicators. Although the legal framework for regulatory impact assessments (RIA) is in place and guidelines provided, RIA quality requires improvement and there is a need to enhance the capacity of bodies checking RIA submissions for budgetary impacts as well as a general need for better policy coordination.

Public financial management

The 2023-2030 strategy for the development of **public finance management**, which was drawn up according to international standards, is under implementation. To implement the public finance management strategy, additional resources are needed. The Ministry of Finance needs to strengthen its capacity and improve the quality of dialogue on the governance of public finances with both public and private stakeholders.

The budget calendar is not systematically followed, as prescribed by the Law on public finances and budgetary-fiscal responsibility. The link between strategic planning and the medium-term budgetary framework needs improvement. A high share of expenditure is kept under the 'General actions' budget line, which undermines budget transparency.

Moldova has submitted its first ever Economic Reform Programme which is expected to further strengthen country's medium term budget planning and macro-economic forecasting. The country is taking steps to implement green and gender sensitive budgeting. The Ministry of Finance remains committed to the **transparency of public finances**.

The new Public Internal Financial Control Development Programme and the new Public Procurement Development Programme were developed in the reporting period to improve the efficiency and effectiveness of the use of public funds. The government has taken specific steps to implement the new system of public investment management, including through a web-based application system. However additional effort is needed to effectively apply the procedure across the government. Furthermore, it is necessary to improve public procurement and national public sector accounting standards to improve accountability and **effective governance of public finances**.

Public service and human resources management

The legal framework in Moldova ensures a professional, non-politicised public service. Despite improvements, there is still political influence in top management appointments where competitive recruitment procedures are not compulsory for filling in vacant positions. The civil service management system remains fragmented and understaffed, with non-functional national HR systems and limited HR staff in ministries. The new law on paid internships has successfully attracted young talent. However, challenges persist in attracting and retaining competent civil servants due to low applicant ratios and high voluntary resignation rates. Progress was lacking in public sector salary reform in 2023/2024, with a fragmented pay system exacerbated by recent salary increases for certain sectors. More work is needed to develop a comprehensive and merit-based promotion system.

Service delivery to citizens and business

As regards **user-oriented service delivery**, the government has made progress in modernising administrative services based on a solid institutional set-up and clear policy objectives. The new PAR strategy emphasises de-bureaucratisation, digitalisation and improved service delivery through one-stop shops, with the State Chancellery as the main policymaker. The Digital Transformation Strategy for 2023-2030 aligns with the PAR strategy objectives and measures.

Approximately 40% of the services mapped for businesses and citizens are available digitally, but service delivery conditions vary. In 2023, 83 new Unified Public Service Centres (CUPS) were established, providing access to electronic public services for rural citizens. Fifteen online

services were launched on the electronic services platform, including extracts from various state registers.

There is no government-wide methodology for producing and reporting performance metrics. Administrative services mapping has been conducted via the public services register, aiding the process of service re-engineering. E-signature usage is active with 200 000 users, representing 9.8% of Moldova's adult population. While user engagement and feedback tools are widely used, there is no state-level quality management policy, leaving some state bodies to employ their own quality management initiatives.

2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS

2.2.1. Chapter 23: Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is the respect for fundamental rights in law and in practice.

Functioning of the judiciary

Strategic documents

Strategic documents are in place and their implementation is satisfactory. Implementation of the 2022-2025 justice reform strategy and its action plan is ongoing. This is coordinated by a monitoring group in the Ministry of Justice. Moldova remains highly committed to implementing the strategy. Progress during the reporting period includes (new or amended) legislation on the selection and evaluation of the performance of judges, on the selection, evaluation and disciplinary responsibility of prosecutors, the composition of the Superior Council of Prosecutors, the oversight of prosecutor inspection, strengthening the role and accountability of bailiffs, on salary raises for court staff to reduce staff turnover, a new judicial map, and improved mechanisms for access to justice for victims of domestic violence and victims of sexual crimes in line with the Istanbul Convention and the Lanzarote Convention.

Additionally, in August 2023, Parliament adopted the law for vetting judges and candidates for vacancies at the appeal courts, the presidents and vice-presidents of the district courts and of prosecutors in high-level positions. This represents approximately a third of all judges and prosecutors. The law is in line with the Venice Commission recommendations.

Management bodies

The management bodies are in place and functional. Their capacity should be further strengthened by fully setting up specialised colleges.

The Superior Council of Magistracy (SCM) is now fully functional with 11 vetted members out of 12 total positions. The vetting and appointment process for the other remaining member is ongoing. The SCM, with the quorum now restored, exercises its mandate, including its role in appointing, suspending and transferring judges and in creating specialised panels (for instance, 12 new district judges were appointed in March 2024).

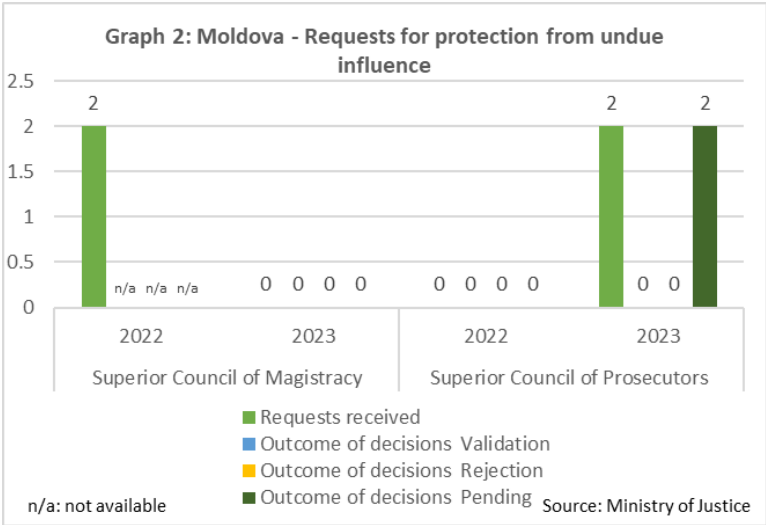
All members of the Superior Council of Prosecutors (SCP) have been vetted and appointed. A law adopted in July 2023 adjusted the composition of the SCP: from 2026, the Minister of Justice will

no longer be *ex officio* SCP member.

The vetting of members of the four specialised colleges for the selection, evaluation and disciplinary proceedings for judges and prosecutors is ongoing, however, no appointments to the colleges have been made yet. In the meantime, the responsibilities of these specialised bodies are carried out by the SCM and SCP themselves.

The re-evaluation of appeals pending the process of extraordinary evaluation of candidates for vacant positions in the SCM and the SCP (also known as ‘pre-vetting’) is still to be finalised.

Independence and impartiality



The independence and impartiality of judges and prosecutors is improving through the extraordinary evaluation of judges and prosecutors in top positions. During the reporting period, vetting has progressed for judges of and candidates to the Supreme Court of Justice. In addition, in April 2024 and May 2024 respectively, vetting of the Appeal Court judges and specialised anti-corruption prosecutors started.

A new vetted General Prosecutor was appointed on 1 June 2024, following a merit-based procedure. An earlier selection procedure, launched in October 2023 was paused by the SCP following the introduction in parliament of a draft law changing the selection process, which would have decreased the level of transparency and due process and was later withdrawn. The procedure was then cancelled in February 2024 due to an alleged irregularity in the procedure which influenced the final result.

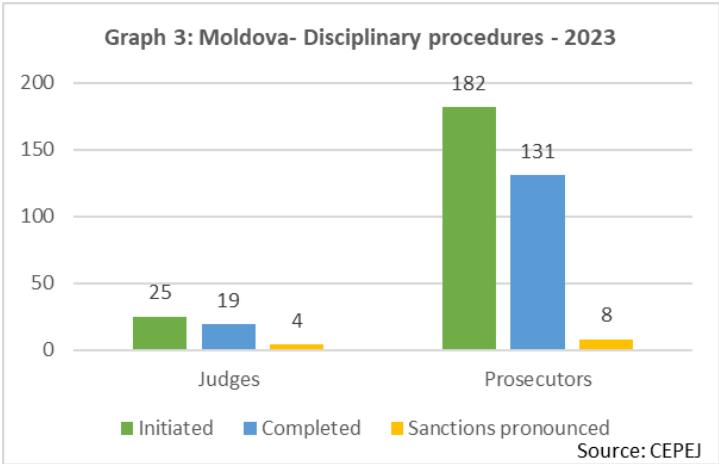
Opposition to vetting continues, although to a slightly lesser extent. In May 2024, half of the judges of the Chişinău Court of Appeal resigned following the start of the vetting process. To encourage candidates to fill vacancies generated by resignations, the 2024 state budget included significant salary increases of 25% to 72% for key judicial positions such as Supreme Court justices and specialised prosecutors.

Some court decisions in high-level corruption cases raised concerns from the political leadership regarding the independence of judges. The criticism was condemned by a judges’ association. In January 2024, the Buiucani District Court decided to merge the high-profile bank fraud case of Vladimir Plahotniuc with another bank fraud case involving at least six other suspects, potentially causing further delays of the trial. A 2019 SCM approval to launch a criminal investigation into the alleged illicit enrichment of a former Supreme Court judge was annulled.

In a positive change of practice in judicial appointments, since June 2023, the SCM and the SCP selected new judges and prosecutors amongst graduates from the National Institute of Justice, reducing the list of NIJ graduates waiting for judicial appointment.

Accountability

The accountability of the judiciary should be improved, including by the creation of disciplinary colleges under the SCM and the SCP. There is a continued need to further strengthen, the disciplinary liability of judges in law and practice in terms of objectivity, transparency and efficiency of proceedings.



In the past, the SCM and SCP disciplinary boards were unable to examine disciplinary matters due to a lack of quorum. With the adoption of legislative amendments in July 2024, the Boards are now partially functional again. Additionally, in some cases, the examination of disciplinary matters has been barred by the statute of limitation.

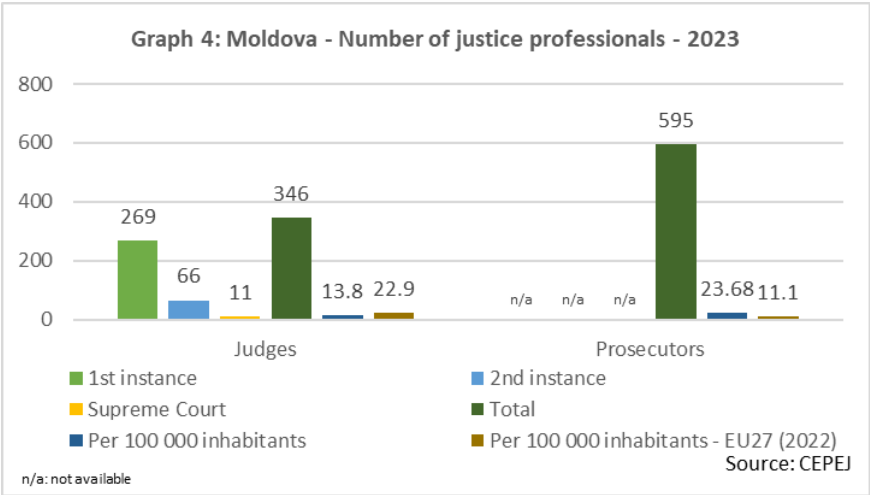
A case management system is in place in Moldova, in the form of an integrated file management programme. The

programme covers different types of procedural activities, including registration, distribution and file transfer. There are criteria defined by law for distributing cases, such as specialisation and complexity of the case. The integrated file management programme should be complemented with a common online calendar for judges, lawyers and prosecutors. This would help accelerate court proceedings and avoid the postponement of court hearings. Furthermore, the court president should proactively monitor the distribution of the cases and provide clear reasons for each case assignment, including any exceptions, and communicate this information publicly. Digitalisation of the justice system needs to be improved.

Quality of justice

The quality of justice needs to improve. The functioning of the National Institute of Justice (NIJ) should be improved by implementing the outstanding recommendations issued by the 2022 TAIEX peer review. These include the current model of recruiting and appointing judges and prosecutors, and the admission and graduation process for the NIJ.

On 18 January 2024 Parliament amended the Law on the NIJ. The main modifications include changing the criteria for the NIJ Director position, setting a minimum threshold grade for admission at NIJ and integrity checks of NIJ candidates. In March 2024, the Minister of Justice appointed a new NIJ interim Director who was successfully vetted. A competition for the position of



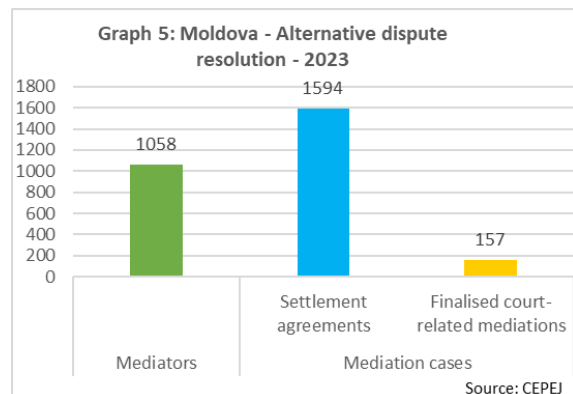
NIJ Director was launched in August 2024.

Further amendments to the Law on the NIJ were adopted in July 2024, which aim to improve the management of NIJ, initial training admission and examination processes and clarify the NIJ target audience. However, transparency of the intake to the initial training should be further increased. Traineeships of future judges and prosecutors within public institutions should be reinstated.

In 2023, 94% of all judges and 70% of all prosecutors received continuous training, while 55 candidates for judges and 50 candidates for prosecutors received initial training.

The NIJ has adequate human and material resources. Although the NIJ's allocated budget for 2023 was EUR 1.22 million, representing a 12.7% increase from its 2022 budget, it does not cover all the training needs. Additional income from paid services is used to fund initial and continuous training.

In 2023, EUR 29.5 million was allocated to courts of law (0.69% of the state budget) and EUR 21.3 million to the prosecutor's office (0.5% of the state budget), constituting a budget increase of 27% for the courts and 22% for the prosecution service.



Alternative dispute resolution mechanisms in the form of non-judicial mediation, conciliation and arbitration are used in less than 1% of all cases. Public awareness of these mechanisms should be improved. In December 2023, amendments to the law on mediation integrated the services of mediation guaranteed by the state into the system of state-guaranteed legal aid (for criminal cases, civil and contravention cases), thereby extending the categories of people eligible for state-guaranteed mediation.

The Supreme Court of Justice is the institution in charge of ensuring the consistency of jurisprudence. To further improve the quality of court decisions, the Quality Standards for Judicial Decisions should be adopted by the Supreme Court of Justice and the NIJ training on court decision reasoning should be improved.

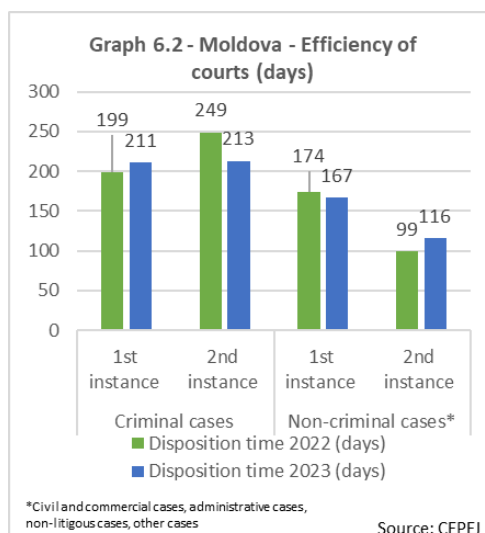
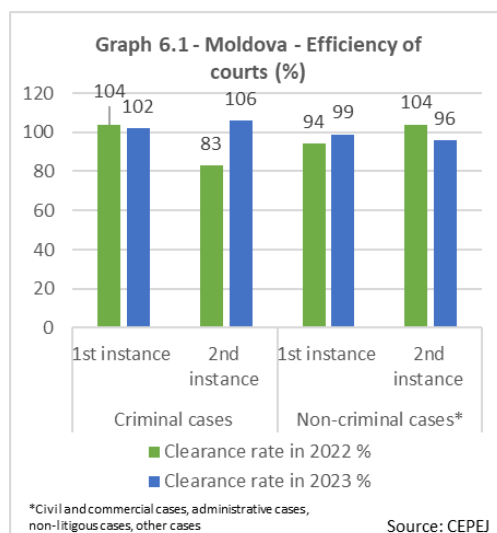
A new law on the judicial map reorganisation was approved by Parliament on 13 June 2024. The changes entail merging courts and will affect the locations of courts in eight regions with some reassignments to other district courts and premises. The reorganisation into three regions for appeal courts takes into account the size of the regional population, the number of judges per institution, the workload per judge and court and the infrastructure in those regions.

Efficiency

The efficiency of justice needs to be improved.

In the area of efficiency, despite some improvements in recent years, the disposition time and the clearance rate remain a concern, in particular in administrative and civil and commercial cases. A particular concern is the disposition time in first instance administrative cases with 544 days. The clearance rate ranges from 76% in first instance administrative cases to 106% in second

instance criminal cases. In the long term, if courts performance does not improve, this may lead to accumulation of pending cases, accumulation of backlog and prolonged duration of trials.

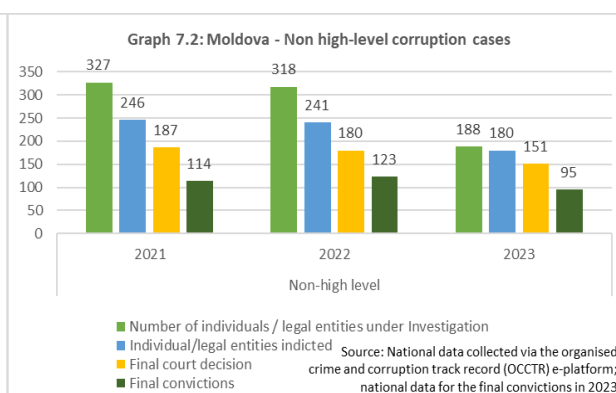
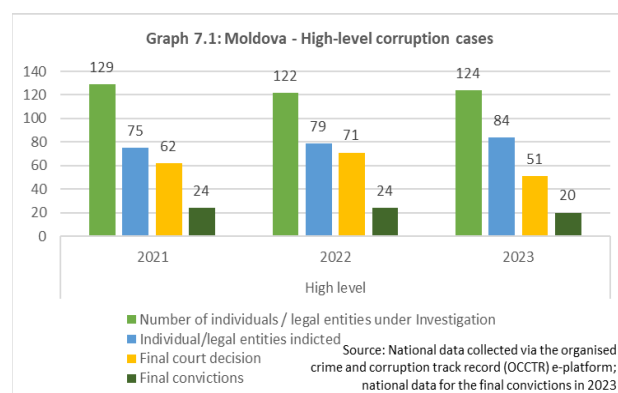


Fight against corruption

Track record

The fight against corruption track record has improved.

On high-level anti-corruption, 18 high-ranking subjects were sent to trial in 2023, including eight current and former members of Parliament. This is a good increase compared to the 13 high-ranking subjects in 2022. The Anti-Corruption Prosecutor's Office (APO) investigated 602 cases of high-level corruption in 2023, compared to 656 in 2022. This slight decrease in the number of investigations can be accounted for in part due to the recent reform of anti-corruption institutions and the delineation of competences.



In addition, in 2023, the National Anticorruption Centre (NAC) worked on 1 100 criminal cases and 164 convicted people were sent to court. In the first half of 2024, NAC identified 391 criminal cases in the first six months of 2024, a 38% increase from the same period in 2023. NAC documented 90 cases in collaboration with the Prosecutor's Office and the Ministry of Internal Affairs.

Institutional framework

The institutional framework on the fight against corruption is in place and is satisfactory regarding preventive measures and needs to be improved regarding law enforcement.

In 2023, Moldova adopted amendments to clearly separate the competences between the APO and the NAC. The APO is in charge of conducting criminal investigations and prosecuting high-profile cases, while the NAC is in charge of criminal investigations of systemic and petty corruption. Concurrently, the police do not have the competence to investigate corruption crimes. To eliminate possible gaps in the effective investigation and prosecution of corruption, it is necessary to improve communication and coordination between the APO, the NAC and other law enforcement agencies, taking into account their respective competences. The capacity of all institutions engaged in the anti-corruption process should be continuously monitored and improved.

The Moldovan government conducted a functional analysis of the APO in November 2023. Following the adoption of the organisational structure and the budget of the APO by Parliament in February 2024, the institution has been significantly reinforced in line with its mission. The human resources and budget of the Anti-corruption Prosecutor Office are adequate, however an appropriate solution should be found in terms of premises, to accommodate the additional staff to be hired. As recommended by GRECO, Moldova should continue allocating adequate resources, including equipment, and structures to the APO to build up full operational capacity.

In May 2024, amendments to the NAC law aimed at streamlining the regulatory framework governing its activity, assigning additional tasks to the director, extending its competences to cooperation with institutions and organisations both at national and international level and implementing incentives for the employees and benefits for the anticorruption officers. Amendments to the law on the unitary salary system which provide salary increases for NAC employees entered into force in August 2024.

To streamline reform work and better coordinate the policies and activities in the prevention of and fight against corruption, the Anticorruption Platform was set up under the Ministry of Justice as a consultative body. It is composed of relevant ministries and anti-corruption bodies.

Moldova announced its intention to set up a new anti-corruption court in 2023, and a draft law is being discussed in Parliament. Moldova should follow the Venice Commission's recommendations of October 2023 on this law. In addition, the Superior Council of Magistracy ordered on 13 February 2024 the creation of panels of specialised judges at the Chişinău Court to examine corruption and asset confiscation cases. These panels of specialised judges showed good results so far, they contributed to increase the number of court hearings on corruption cases and cases related to acts of corruption by 31.09%.

The law on the application of international restrictive measures was modified twice, lastly in May 2024. In August 2024 the Inter-institutional Supervisory Board, which ensures the implementation of the Magnitsky type measures adopted the decision to block funds and economic resources belonging or controlled by 11 internationally sanctioned persons, for actions destabilising Moldova.

Strategic documents

The strategic documents are in place. The National Integrity and Anticorruption Programme (NIAP) 2024-2028 and related action plan are the main strategic documents. The NIAP was adopted in December 2023 and entered into force in February 2024. It is aligned with the UN

Convention against Corruption standards and is consistent with other key national strategic documents, such as the “European Moldova 2030” National Development Strategy. The NIAP was prepared following a participatory process, including consultations with civil society and stakeholders.

Legal framework

The legal framework for the fight against corruption is in place. It is working satisfactorily regarding preventive measures and needs to be improved regarding law enforcement.

The GRECO’s Fifth Round Evaluation Report on Moldova acknowledged the progress achieved by Moldova in setting up an institutional and legal framework to promote integrity and prevent corruption in the top executive functions of the central government and its law enforcement agencies. Recommendations were issued for further improvement, which Moldova should follow up on.

New normative acts and amendments brought clarity in terms of APO’s investigative and prosecutorial jurisdiction. Since criminal investigations of a systemic nature and petty corruption carried out by NAC are supervised by local offices, the vetting of prosecutors in top positions in those offices will be important to ensure integrity. Moreover, to improve its track record by strengthening efficient anti-corruption investigations, Moldova should ensure cooperation among all the institutions and bodies involved in anti-corruption processes while continuing enhancing their capacities in line with their competence. The new law on whistle-blowers aims to improve the mechanism for disclosing instances of lack of integrity and to encourage disclosures of breaches of the law, while protecting whistle-blowers. Further amendments to the law are required, including as regards the personal scope, the conditions for public disclosures and the measures for protection against retaliation.

In June 2024, Parliament voted in first reading amendments to the law on the declaration of assets and personal interests. The amendments aim to improve the functioning of the National Integrity Authority (NIA). Nevertheless, proper implementation of the mandatory obligation for NIA to do ex officio checks is still required.

In 2023, the NIA issued penalties to 350 subjects for breaches and imposed fines of some EUR 40 000. This is an increase from 140 subjects fined some EUR 25 000 in 2023.

On 24 January 2024, Moldova approved a new methodology to verify assets and interests. Moldova should ensure that people holding top executive functions step aside from the decision-making process in the event of a conflict of interest. Moldova should publish registers of declarations of conflicts of interest to make the integrity checks more efficient and reduce the number of acts invalidated in courts. Moldova should also review the rules for public servants on declaring and accepting gifts.

During the reporting period, Moldova adopted amendments to the law regarding the enforcement of international restrictive measures and relevant secondary legislation. The aim is to contribute to de-oligarchisation by issuing sanctions on certain people subject to restrictive measures. However, experts voiced concerns regarding alignment with the national criminal justice system.

Moldova developed a strategic approach to preventing eradicating undue influence on political, economic and public life with a dedicated action plan on de-oligarchisation. Coordinated implementation of the plan should continue to improve proactive and efficient anti-corruption

investigations, and lead to a positive track record of prosecutions and convictions with effective asset recovery.

Fundamental rights

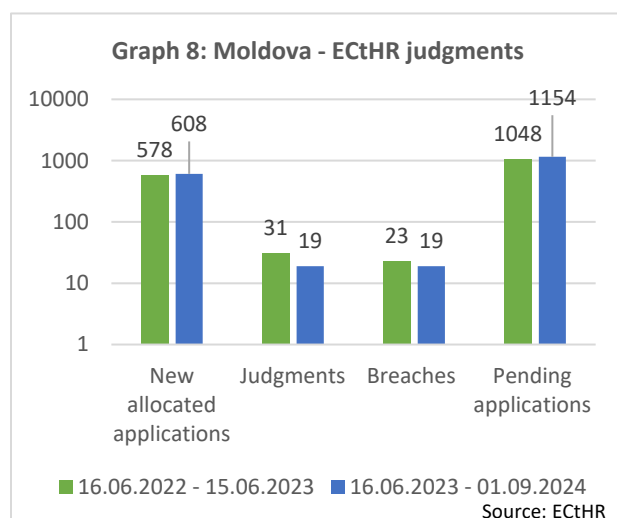
General framework

The legislative and institutional framework for fundamental rights is largely in place but further improvements are necessary.

International human rights instruments

Moldova has ratified most key international human rights instruments. Some ratification procedures still need to be completed, for example the European Charter for Regional or Minority Languages and Protocol No 12 of the European Convention on Human Rights (on anti-discrimination).

European Court of Human Rights



In 2023, the European Court of Human Rights (ECtHR) found Moldova in breach of the European Convention on Human Rights in cases relating mainly to respect for private and family life, the right to a fair trial and no punishment without law, the right to liberty and security, the prohibition of torture, inhuman and degrading treatment and discrimination, the right to protection of property and the right to the freedom of expression. Currently, there are 26 cases under enhanced supervision by the Committee of Ministers, denoting systemic issues such as poor conditions in detention, ill-treatment in police custody, absence of an effective remedy and ineffective protection

from domestic violence, and violations in psychiatric institutions. 1 154 applications of Moldovan citizens to the ECtHR are still pending. Moldova's low compliance rate with the ECtHR decisions remains an issue.

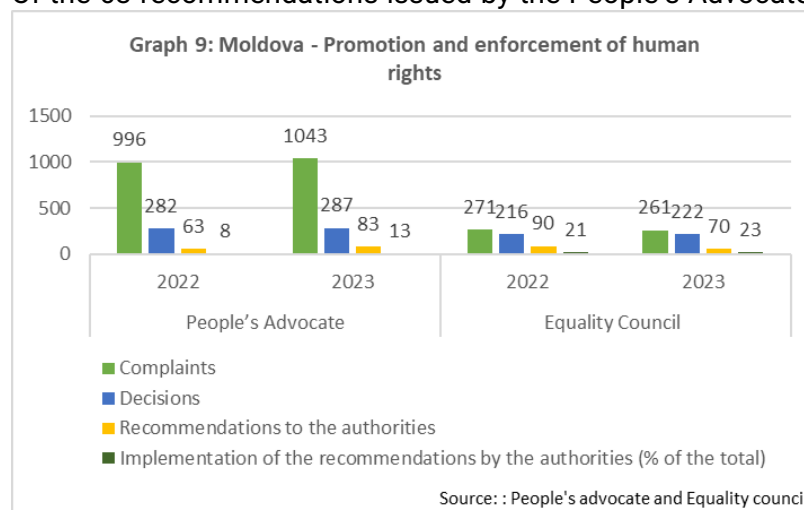
The authorities need to address the systemic or structural problems raised by the Court in particular with regard to the penitentiary system and lack of effective remedies and to ensure systematic enforcement of ECtHR judgements.

Promotion and enforcement of human rights

Moldova approved the national human rights action programme for 2024-2027. Normative gaps persist in some sectoral areas, including on ill treatment, procedural rights and the fight against discrimination. The legislative framework still lacks a specific mechanism to assist residents from the Transnistrian region exposed to human rights violations, where the human rights situation is of concern.

In 2023, 261 discrimination complaints were lodged with the Equality Council of discrimination on the grounds of language, sexual orientation, gender, ethnic origin and disability (mostly related to disability pensions).

Of the 63 recommendations issued by the People's Advocate in 2022, at the end of 2023 only 5



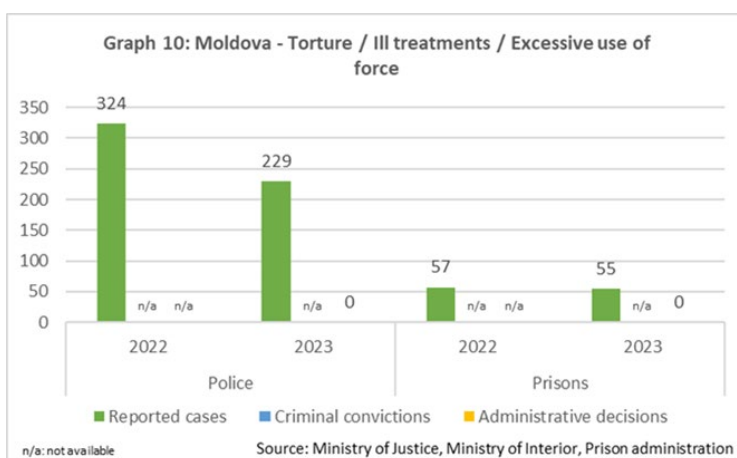
(8%) were fully implemented, 14 partially implemented, while 7 were in process of implementation. Of the remainder, 11 have not been implemented and in 26 cases no data was submitted. Of 287 complaints examined in 2023, violations were found in 61 cases, no violations found in 118 cases and 57 cases were still pending at the end of 2023. As of August 2024, 11 of 83 recommendations from 2023 have been implemented so far

(13%). In July 2023, Parliament appointed a new People's Advocate (Ombudsperson) for the rights of the child. In August 2023, amendments to the Law on the People's Advocate extended the institution's competences, including the ability to investigate complaints from legal persons and strengthened its independence and its organisational structure. In November 2023, it presented the strategic development programme for 2023-2030. It raised questions about the longer-term sustainability of many of the remedial measures taken, insufficient cooperation or even obstructionism by specific institutions. The State Chancellery set up a registry to monitor progress by public authorities in implementing the recommendations issued by the People's Advocate.

Prevention of torture and ill treatment

The prevention of torture, in particular ill treatment, is an issue of great concern. Although the number of complaints of ill treatment fell from 485 in 2022 cases to 397 in 2023, the small number of cases of ill treatment investigated and completed with a conviction reveals the lack of an effective mechanism for referral and of a clear system to protect people who denounce acts of torture or ill treatment.

On the prevention of torture and ill treatment in prisons, the recommendations published by the Committee for the Prevention of Torture in September 2023 highlighted chronic overcrowding, inadequate medical services and precarious living conditions in prisons. The problem of inter-prisoner violence is acute and linked to an enduring informal hierarchic system. These problems remain largely unaddressed and a matter of serious concern. According to ECtHR case law, this could be considered to constitute a continuing violation of Article 3 of the European



Convention on Human Rights on the prohibition of torture.

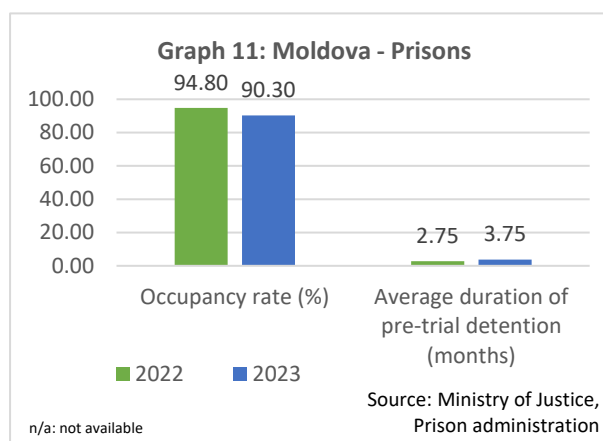
Moldova remains one of the countries in Europe with the highest incarceration rates (242 inmates per 100 000 inhabitants) and the highest rate of increase in prisoners (up to 52% in 2023). Most ECtHR rulings against Moldova relate to inhumane detention conditions, and recent judgments indicate the lack of sustainable solutions. The lack of adequate facilities in police inspectorates has led to long pre-detention custodies.

On 30 August 2024, the Ministry of Justice approved the Action Plan on the adjustment of penitentiary institutions to European standards and the fight against criminal subcultures for 2024-2027. In December 2023, amendments to the Criminal Code, the Code of Criminal Procedure and the Enforcement Code reviewed the right to petition of convicts and upgraded procedural rights in trials for detainees subjected to torture or ill treatment. An electronic registry was created to document cases of injuries and mistreatment.

Execution of criminal sanctions

A salary rise for staff working in prisons aims to alleviate the staff shortage. In 2023, all minors in pre-detention facilities were transferred to the Goian juvenile detention centre and new rules were introduced to facilitate the release of seriously ill detainees. The plan to replace Prison No 13 in Chişinău with a modern facility is advancing slowly.

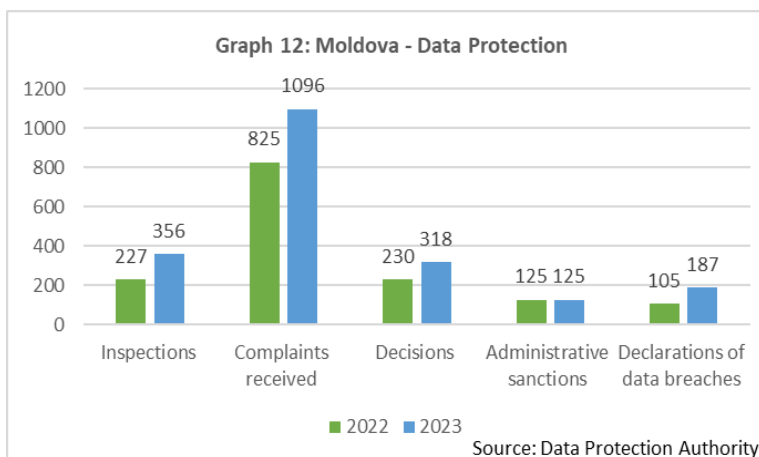
The National Probation Inspectorate is continuing work to align the Moldovan probation system with European standards. The post-penitentiary probation system provides support for people with resocialisation issues, particularly juveniles.



Protection of personal data

The draft law on the protection of personal data was adopted by Parliament on 25 July 2024. The law aims at aligning national legislation with the EU General Data Protection Regulation. The current legal framework is not yet aligned with the EU Directive on law enforcement.

The National Center for Personal Data Protection examined a growing number of complaints and issued penalties. The capacity of the Center should be increased, especially in terms of staffing.



Freedom of religion or belief

The right to freedom of religion or belief is generally respected in Moldova. There were no reports of breaches of the freedom of religion or belief. Moldova has in place a national action plan promoting the memory of the Holocaust and the culture of tolerance to combat racism, anti-Semitism, xenophobia, and other forms of intolerance, in line with the Commission's recommendation.

Freedom of expression

Protection of journalists

Instances of intimidation persisted, including verbal attacks by politicians and state officials, although their number decreased. Public authorities did not make statements condemning these incidents. Law enforcement institutions rarely intervene to protect journalists, resulting in most cases reported remaining unresolved. However, among the lawsuits against journalists and media opened in the last five years some 70% were dismissed by the courts. Nevertheless, these cases are dealt with three times slower than all civil cases as a whole. In 2024, there were no SLAPPs cases.

Legislative environment

The Audiovisual Media Service Code was amended in July 2023 to reduce the dominant audience share in order to reduce market concentration and promote a more diverse and balanced media landscape. The ownership transparency requirements should be extended to online and print media. A media subsidy fund, approved by Parliament in March 2024, aims to support media pluralism, improve editorial and economic independence, and foster investigative journalism. The prohibitions set under the Law on broadcasting or retransmitting programmes with informative, analytical, military, and political content must be aligned with EU legislation. The clarity and proportionality of penalties must also be ensured, in line with the recommendations issued by the Venice Commission.

The strategic investment law was amended in December 2023 to include a mechanism to suspend the licences of TV channels that cannot prove their final beneficial owner. This mechanism should be reviewed and brought in line with EU and international standards.

The local media environment in Gagauzia remains restricted, and the freedom of the press is undermined by a confluence of politicization, intense scrutiny, and a lack of legal protection. The new draft amendments to the local law on the procedure for obtaining a broadcasting license in the region, adopted in the first reading in June 2024, risk further undermining the freedom of the press.

Implementation of legislation/institutions

In January 2024, the Council for the Promotion of Investment Projects of National Importance ('Investment Council') extended the suspension of 12 TV channels during the state of emergency, which had been in place until the end of 2023, due to a pending scrutiny of their links with sanctioned oligarchs. Between March and August 2024, the Investment Council withdrew broadcasting licences of nine TV channels and two radio stations on the grounds of receiving financing from inappropriate sources, including from subjects under international sanctions. This is pending clarification of the effective beneficial owner of these channels.

These led to concerns about the lack of transparency of the mechanism for suspending media

licenses. A Constitutional Court decision from July 2024 stated that the legislative framework regulating the broadcasting of elections should be improved.

The Audiovisual Council enforced penalties for several breaches of the Audiovisual Code, such as disseminating unverified information, discriminatory or personal attacks on journalists, electoral campaigning, insufficient Romanian-language content, and retransmission of Russian TV channels. The new Centre for Strategic Communication and Combating Disinformation, established in December 2023, will be in charge of strengthening and improving inter-institutional efforts in the fight against disinformation and manipulation of information in a coordinated manner. Efforts to make the Centre fully operational need to be enhanced.

Public service broadcaster

The independence and financial sustainability of the public service broadcaster continue to be a concern. The procedures for appointing and dismissing its supervisory board should be reviewed to increase their autonomy from political control.

Economic factors

The Audiovisual Council in cooperation with the Competition Council and the fiscal authorities took further steps to improve regulation and ownership transparency of the television in the media market. This is also an important part of the de-oligarchisation action plan. A new register has been published on the Council's website. In April 2024, Moldova joined the Media Ownership Monitor, which identifies mass media owners and highlights risks to media pluralism from ownership concentration. The print and online media are not subject to comparable legal obligations, creating a disparity in the level of ownership transparency. The Audiovisual Council should extend the regulation on transparency to written and online media.

Internet

The online space is not regulated in Moldova. In January 2024, after the end of the state of emergency, the National Agency for Electronic Communications and Information Technology Regulation extended the blockage of websites blocked during the state of emergency for spreading disinformation. The legal basis for this continuous blocking has yet to be clarified. In July 2024, amendments to the law on preventing and combating cybercrime strengthened the capacity of the Ministry of Internal Affairs to fight online crime.

Professional organisations and working conditions

Financial sustainability remains a significant challenge for independent media organisations, exacerbated by politically affiliated outlets practising 'salary dumping'. The new law on media subsidies approved in March 2024 aims to address this issue.

Freedom of assembly and association

Freedom of assembly and association is generally upheld. After the state of emergency was lifted, the mandate of the Commission for Extraordinary Situations, entitled to impose limitations to assemblies, was adjusted and its competences were reduced. Around the time of elections, restrictive measures imposed for security reasons raised concerns for the expression of democracy, including on the freedom of opinion and association. The Law on assemblies adopted in November 2023 is progress on this front. It should better outline the duties of public authorities

and provide safeguards against the application of surveillance measures before and during assemblies.

The amendments to the Criminal Code criminalizing 'separatism', introduced in 2023, remain in place and could have negative bearing on freedom of expression, minority rights, non-discrimination, and the Transnistrian conflict settlement.

Property rights

The procedures for reinstating property rights cases remain complicated and lengthy. The share of applications at the ECtHR related to direct or indirect infringement of property rights remained high in 2023 (48 of 53 applications), mostly related to non-enforcement or late enforcement of domestic judgments. The restitution of property provided for in national legislation is an unresolved issue for religious communities in relation to communal properties.

Non-discrimination

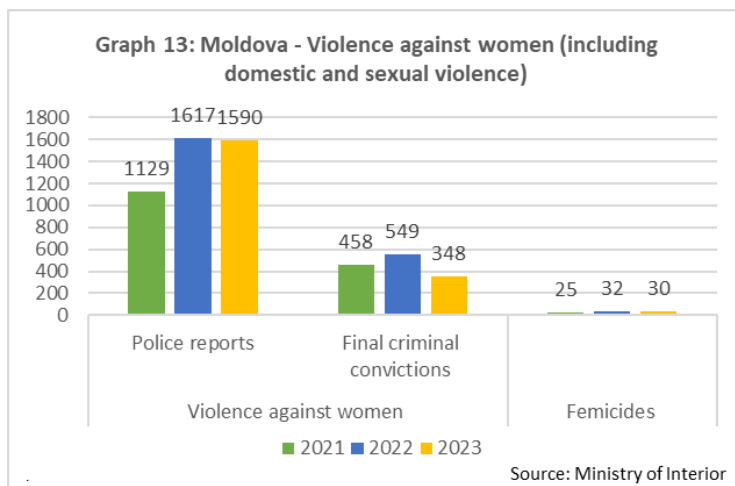
Moldovan legislation is largely in line with EU and international standards on non-discrimination and equality. Trainings in anti-discrimination for the armed forces and better access to public services for speakers of minority languages were held.

Hate speech is not effectively criminalised in Moldova. Amendments to the Criminal Code in July 2023 brought in specific provisions on the incitement to violent acts on grounds of prejudice, but the definition of hate speech remains incomplete and fragmented in Moldovan legislation. New amendments to the Audiovisual Code include heavier penalties, especially during election campaigns. Additionally, the Central Electoral Commission adopted a new Regulation in September 2023 prohibiting the use of hate speech and discrimination in messages and advertising related to the electoral campaign. Training for the police and prosecutors has increased, and there have been convictions 'for incitement to discrimination' in cases brought forward by members of the LGBTIQ community. There is room to improve data collection in official crime statistics as well as the investigation and prosecution of hate crimes.

The police set up a network of regional police focal points with the aim of improving reporting on cases of discrimination and bias-motivated crime. It also created multi-sectoral local support networks and a direct civil society communication mechanism for vulnerable groups.

Gender equality

The legislation in place is largely in line with EU standards. The steady increase in political participation of women elected to local office continued but it is still below the EU average. Women politicians and female candidates in elections are subject to smear campaigns, hate, and sexist attitudes during electoral campaigns. There is also a notable increase in women's participation in the labour market attributed to factors such as extended childcare and parental leave. Moldova is working towards implementing two strategic frameworks for gender equality and for preventing and combating domestic violence and violence against women (2023-2027). It should further integrate gender equality into the planning, implementation, monitoring and evaluation of governmental policies and budgets. The gender focal points (Gender Coordination Groups) set up within the line ministries should have clear accountability lines on their gender mainstreaming work and with groups working at local level.



In June 2024, the government established a new National Coordinating Council for Preventing and Combating Violence against Women and Domestic Violence. This consultative body will complement the new National Agency for the Prevention and Combating of Violence Against Women and Domestic Violence, which started its work in January 2024. In November 2023, the Council of Europe Group of Experts on Action against Violence against Women and Domestic

Violence (GREVIO) acknowledged Moldova's progress in aligning the legislative framework with the Istanbul Convention's standards and highlighted the support provided to women and children fleeing the war in Ukraine. The report noted the insufficient number of shelters and the unsatisfactory attention by the justice system to violence against women. Education in schools and training of police officers on gender equality are necessary areas for action. The National Council for Economic Empowerment and Gender Equality was established in June 2024 to promote economic empowerment and gender equality in Moldova. In July 2024, significant amendments to the Law on combating and preventing domestic violence were made and introduced the term 'femicide' into Moldovan legislation.

Rights of the child

Protection of the rights of the child is largely in line with EU *acquis* and international frameworks. In November 2023, a new Law on children's rights was adopted to increasingly align with the UN Convention on the Rights of Child. In July 2024, amendments to the cybercrime law expanded the authority of the government to block access to web content related to child abuse and child pornography and introduced changes to ensure immediate legal aid for victims. A draft law on combating sexual abuse against children has been adopted in first lecture in July 2024. The social protection system was extended to include families with children at risk of poverty, and the childbirth allowance almost doubled. Despite notable achievements, significant gaps remain in the child welfare system. In relation to child-friendly justice, there is only one centre providing psychological support to child victims of crimes. Case management tracking requires a further strengthening of institutional cooperation. Further specialised services for children under the age of criminal responsibility are also needed. It is necessary to further improve integrated assistance to child victims and witnesses of crime and of specialised services for children under the age of criminal responsibility.

Persons with disabilities

Moldova's legislation is partly aligned with the EU *acquis* on disability inclusion. Data collection on persons with disabilities should be brought in line with the Optional Protocol of the UN Convention on the Rights of Persons with Disabilities that Moldova ratified in 2022.

Moldova is making limited progress to protect the rights of persons with disabilities, with the process of deinstitutionalisation progressing slowly. More efforts are needed to ensure accessibility, including access to public buildings. The overall number of people with disabilities

in residential institutions increased from 1 700 to 1 900. Disability is one of the most frequently cited grounds for discrimination in the decisions of the Equality Council, together with gender, sex and age. Children with disabilities remain exposed to higher protection risks, including gender-based violence as well as family separation. Two judgments of the ECtHR raised awareness of the treatment of minors and women placed in the state's care. Moldova must take measures to tackle the systemic problem of children with intellectual disabilities being placed in psychiatric institutions.

LGBTIQ persons

On the rights of lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) people, the anti-discrimination legal framework adopted in 2022 is proving its impact and a number of investigations have taken place. However, negative stereotypes prevail and the awareness-raising actions which have impact are limited to the work by the LGBTIQ community. In 2023, the Equality Council found discrimination on grounds of sexual orientation in four cases, all involving politicians or public personalities. The 2023 crime statistics mention 15 criminal cases involving prejudice related to gender identity or sexual orientation. In June 2024, there were two first-instance convictions in prejudice-related cases, both resulting in fines.

Following recent ECtHR decisions that reaffirmed that the state has the obligation to legally recognise and register gay couples, several same-sex couples sued the Public Services Agency for denying them the ability to publicly register their relationships. Little progress has been made to challenge negative stereotypes in society. Opposition political parties and individual politicians, as well as the Moldovan Orthodox Church, continue to accuse the LGBTIQ community of undermining 'traditional values', and Russian-affiliated media inside Moldova regularly propagate misinformation. The June 2024 Pride parade attracted some 800 participants and was peaceful, although heavily guarded by police. Smaller counterdemonstrations, including a march for family values, took place the same weekend.

Procedural rights and victims' rights

Moldovan legislation broadly covers the main procedural rights. However, the right to a fair trial is affected by systemic issues. According to ECtHR judgments issued in 2023, 14 out of the 34 breaches of the European Convention on Human Rights were related to the right to a fair trial. Some judgments pointed out acute problems related to the transparency of proceedings. Abuses of pre-trial detention are also an enduring issue. In 2023, only a few judges were penalised for unjustified delays in trials.

Moldova has not yet harmonised its legislation with EU directives on criminal proceedings and on victims' rights and compensation to crime victims. A state-guaranteed legal aid system is regulated by law, but there are frequent complaints related to procedural deadlines and the poor quality of legal support.

Protection of minorities

The legislative framework safeguards the rights of people belonging to minorities. The Agency for Interethnic Relations, in charge of relations with national minorities, is insufficiently staffed and its competencies should be further clarified.

Moldova has signed but not yet ratified the European Charter for Regional or Minority Languages. The availability and quality of teaching in and of Romanian in public education should be improved, while strengthening the teaching and use of national minority languages. A new

Multilingual System of Education aims at strengthening the teaching of core subjects in Romanian language while promoting the parallel use of minority languages. This remains to be put in place. The decision to increase the number of hours of the Ukrainian language in some schools is also a positive development.

People belonging to national minorities are generally well represented. The autonomy status of the Gagauz Territorial Autonomy (ATU) is generally respected, safeguarding cultural and linguistic rights, as well as autonomous regional institutions, including a Governor (Bashkan) and a legislative body (People's Assembly). However, following reports of irregularities during the Bashkan elections in May 2023, tensions have been mounting between the central authorities and the ATU.

Roma

The Roma in Moldova continue to suffer from racism and discrimination. There has been limited progress on the inclusion of Roma. Although 16 municipalities approved local level action plans to support the Roma, local authorities need support to build their capacity at local level. The number of state-funded Roma community mediators rose to 56 positions but their salaries and working conditions are inadequate to the scope of the task.

Roma displaced persons from Ukraine face challenges in relation to accommodation, employment, documentation and social discrimination in reception centres. The exceedingly low level of school attendance of Roma refugee children (49 pupils out of over 600 in the first half of 2024) is a major concern. A National Roma focal point has not been appointed yet.

2.2.2. Chapter 24: Justice, freedom and security

The EU has common rules for border control, visas, external migration and asylum. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against organised crime and terrorism, and judicial, police and customs cooperation, all with the support of the EU Justice and Home Affairs agencies.

Fight against organised crime

Moldova has continued to work on aligning its legal framework on organised crime with the EU *acquis*.

Institutional set-up and legal alignment

The overall institutional framework on organised crime and police cooperation is broadly in line with the EU *acquis*.

The organisation of law enforcement agencies involved in combating organised crime is operational and there is the capacity to deal with the most serious offences. A high turnover rate and significant number of vacancies (approx. 10%) affect operational capacity across entities.

The combination of postponing trials or transferring cases between courts together with the time limit for keeping suspects in custody being limited to 12 months is a legislative shortcoming in view of combating organised crime. Moldova should take steps to tackle this shortcoming in order to fight complex organised crime, with a special focus on the role of law enforcement in the criminal justice and efficiency of investigations, including financial investigations.

On the strategic framework, Moldova has a general home affairs strategy for 2022-2030 and six sectoral development strategies specifically on organised crime, public order, safety, civil

protection, migration and education/ethics/digitalisation. The first national threat assessment report of SOCTA for 2022-2023 was drafted in March 2024 and is under consultation with the relevant authorities. The national security strategy was adopted on 15 December 2023 and an implementation action plan has been developed.

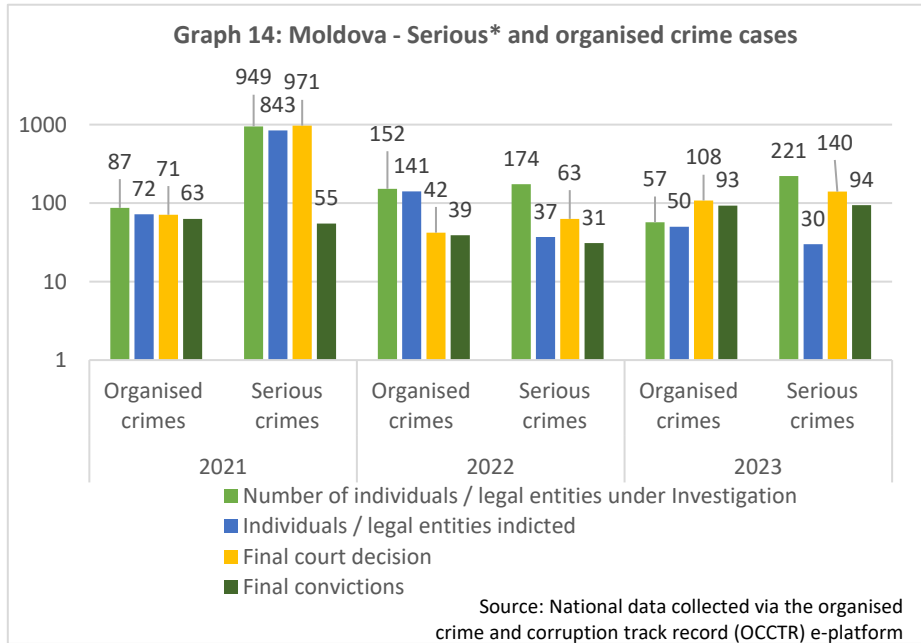
A new national strategy on **trafficking in human beings** was adopted in September 2023 and is aligned with the EU *acquis*.

To combat the **trafficking of small arms and light weapons**, on 29 February 2024 a law expanding the list of prohibited firearms and ammunition was adopted. Moldova continues to implement the objectives of the EU action plan on firearm trafficking and actively cooperates with the South-Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC). Moldova needs to further align its law on weapons with the EU *acquis*.

Implementation and enforcement capacity

Moldova pursued its efforts to build a good track record in fighting organised crime. It has made progress and continued to strengthen international cooperation, including with EU agencies and EU Member States. Moldova should continue to increase its capacities in detecting, preventing and prosecuting serious organised crime criminals, with special focus on trafficking in human beings, drugs, cybercrime, money laundering and arms.

Moldova has increased the staff working on **intelligence-led policing**, further work is needed to develop efficient intelligence data collection, analysis and dissemination of the highest standard. A high turnover rate and a significant number of vacancies continue to affect the operational capacity of local law enforcement.



*Data on serious crime cases stem from the aggregation of cases of money laundering, cybercrime, production and trafficking of drugs, firearms related offenses, terrorism, trafficking in human beings and smuggling of persons. Corruption cases are showcased in Chapter 23.

On international police cooperation, Moldova continues good cooperation under comprehensive agreements with Europol and CEPOL. Europol deployed guest officers to Moldova, and a Moldovan liaison officer is posted to Europol’s headquarters in The Hague. There has been a substantial increase in the involvement of Moldovan law enforcement in EMPACT operational

actions, with a 50% increase from 2023 to 2024.

Moldova has signed several bilateral police cooperation agreements with EU Member States.

Moldova has rolled out SIENA to several law enforcement authorities in the course of 2023. Exchanges facilitated through SIENA have improved.

On the **fight against trafficking in human beings**, while Moldova demonstrated continued efforts through increased interinstitutional coordination and multidisciplinary approach, it needs to strengthen the law enforcement response while giving a special attention to **abuse online** (recruitment and exploitation, in particular of minors).

On the **trafficking of small arms and light weapons**, in 2023 traceability markings were applied on 687 weapons. The General Police Inspectorate in cooperation with the South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC) also carried out the eighth round of the disposal of small arms and light weapons by melting 1 300 firearms and destroying 5 798 bullets withdrawn from civil circulation.

On **cybercrime**, Moldova needs to establish a more effective law enforcement response focusing on the detection and traceability of cybercrime data and the prosecution of cyber criminals. Moldova is party to the Budapest Convention on cybercrime. In November 2022, it signed the First and Second Additional Protocols on enhanced cooperation and disclosure of electronic evidence.

The Cybercrime unit under the Ministry of Interior has a central forensic laboratory, which needs greater capacity, including on cryptocurrencies. The cybersecurity law has been adopted and has yielded positive results, including the set-up of a national Computer Emergency Response Team with dedicated resources. Although Moldova has strengthened existing capacities for investigating and prosecuting **crimes against children committed through the internet**, further work is needed.

Since June 2023 (and up to March 2024), the General Police Inspectorate placed 24 adults and three minors in **witness protection programmes**.

Cooperation in the field of drugs

Cooperation in the field of drugs needs to be improved.

Institutional set-up and legal alignment

Moldova's institutional model in cooperation in the field of drugs is broadly in line with EU standards. However, further efforts are needed to strengthen the institutional set-up and legal alignment on drug policy and monitoring. Since the national anti-drug strategy for 2020-2027 was cancelled, inter-ministerial coordination on drugs is facilitated under the National Anti-Drug Commission. Its institutional model is in line with EU standards. As a follow-up to the recommendations issued in the previous reporting period, Moldova operationalized three working groups under the National Anti-Drug Commission to work on: (i) strengthening national drug observatory; (ii) the national early warning system on new psychoactive substances; and (iii) drafting a balanced national strategic framework on drugs. The country improved its legal framework governing the fight against drugs. In August 2023, Moldova updated the list of narcotics, psychotic substances and plants containing such substances, detected in illicit trafficking.

Moldova is encouraged to ensure that its National Drug Observatory, which is the contact point for the EUDA, becomes fully operational. It needs to put in place a national early warning system on the surveillance, prevention, detection and criminalisation of new psychoactive substances. The country should furthermore further align its drug policy with the EU drug strategy for 2021-

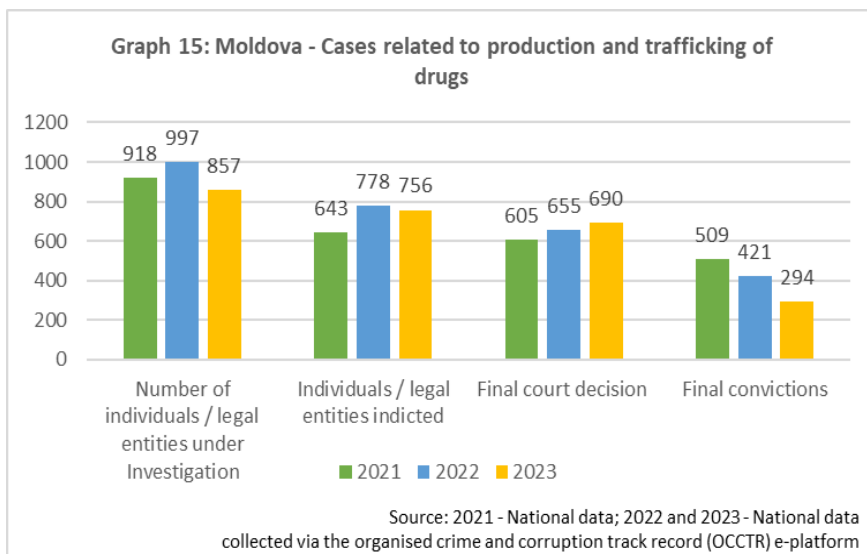
2025, ensuring that the national drug observatory and the national early warning system both have the regulatory basis required to ensure their successful operations and start standardising the reporting of drug-related information to the EUDA. Cooperation with the EUDA is good, and in 2023 Moldova for the first time participated in the EUDA reference group meeting on supply indicators.

The country also cooperates with Europol, including in the fight against drug trafficking.

There are treatment centres in eight localities, and access to treatments is available in 13 prisons. During 2023, 261 new patients registered with the national opiate pharmacotherapy programme, bringing the total to 2 376 beneficiaries (up from 2 332 in 2022).

Implementation and enforcement capacity

Moldova is a transit country for drugs. In 2023, it recorded 994 drug-related offences, a slight increase on previous years (in 2022: 925, 2021: 818 cases) and dismantled three underground laboratories. In 2023, Moldova demonstrated a good level of cooperation on drug-related issues with neighbouring countries and beyond, and increased the number of exchanges via SIENA. The country should continue to increase its forensic capacity to detect new psychoactive substances.



Fight against terrorism

The fight against terrorism needs to be improved.

Institutional set-up and legal alignment

Moldova's anti-terrorism legislation is broadly aligned with the EU *acquis* and the applicable international law. Coordination of counter-terrorism activities is entirely under the responsibility of the National Anti-terrorism Centre under the Security and Intelligence Service. Its capacities have not yet been tested in practice; the procedures need to be streamlined to ensure the capacity for rapid coordination and response in the event of a terrorism threat. Moldova's anti-terrorism legislation is generally aligned with the EU *acquis* and applicable international law, but gaps remain, notably regarding countering terrorist content online.

The national security strategy covers the fight against terrorism and terrorist financing. The national programme for the consolidation and realization of anti-terrorist protection measures as regards to objectives related to critical infrastructure for 2022-2026 and its action plan are in place but there is no alignment with the new EU *acquis* on the resilience of critical entities and protection of critical infrastructure. The strategic documents do not include detailed actions to

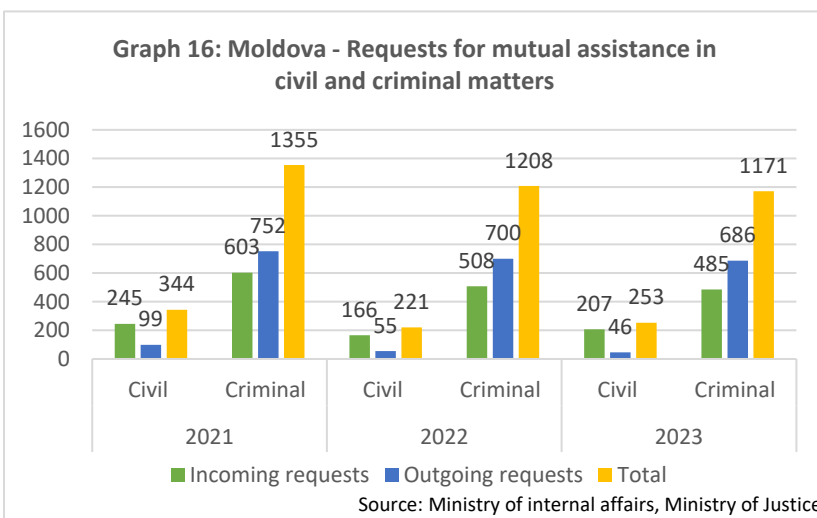
implement the pillars of the Counter-terrorism Agenda for the EU (2020) to anticipate, prevent, protect, and respond.

Implementation and enforcement capacity

Moldova has a national terrorist alert system that is structured in four levels. Currently, the assessed threat level is at moderate, and there have been no charges or convictions for terrorist offences so far.

Judicial cooperation in civil and criminal matters

Judicial cooperation in civil and criminal matters needs to be improved. On 21 December 2023, Parliament adopted the Law for the accession of Moldova to the Hague Convention on Choice of Court Agreements, which took place in March 2024. Moldova seconded a Liaison Prosecutor to Eurojust in October 2023. No request has been submitted to Eurojust by the Liaison Prosecutor – as shown in the table below.



Moldova has continued strengthening cooperation with **the European Public Prosecutor's Office (EPPO)**, including by concluding a working arrangement between the EPPO and the Prosecutor General's Office in 2022.

Legal and irregular migration

The management of legal and irregular migration is satisfactory.

Institutional set-up and legal alignment

The national programme for managing migration flows, asylum and integration of foreigners for 2022-2025 is being implemented. In 2023 63% of actions have started, and until the end of reporting period in 2024, 33% have been completed.

In February 2024, the temporary protection granted to displaced persons from Ukraine was extended until March 2025, in line with the EU decision on 19 October 2023.

Implementation and enforcement capacity

Reception capacity is not fully used due to a steady decline in demand. Several Refugee Accommodation Centers (RACs) have been temporarily closed due to a fall in the number of requests and the need to reduce costs, but they could be reopened in the event of a refugee crisis.

On cooperation with Frontex, a new joint operation was launched and runs from 24 January 2024 to 22 January 2025. The specific goal of this

joint operation is to implement coordinated operational activities at the land sector of the Moldovan-Ukrainian border and at the border with Romania to control the flow of irregular migration and to counter cross-border crime.

Implementation of the EU-Moldova readmission agreement is generally good.

Asylum

The management of asylum needs to be improved.

Institutional set-up and legal alignment

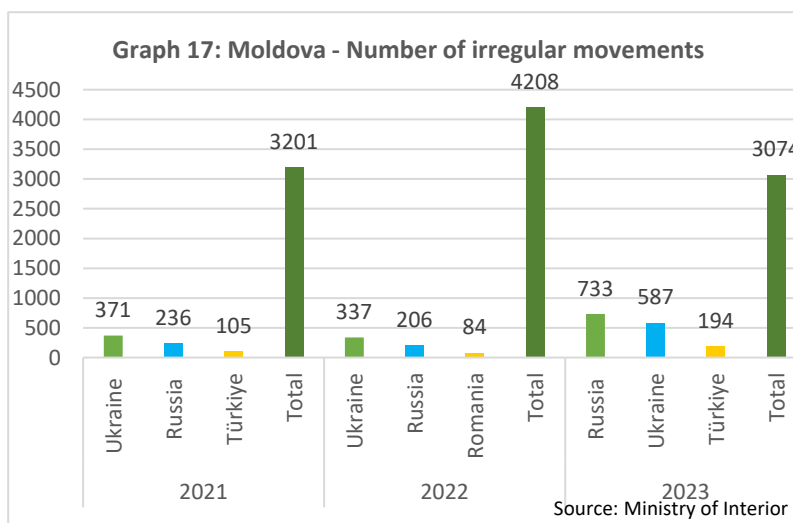
Moldovan legislation on asylum is broadly in line with the EU *acquis*, and the country is party to the relevant international conventions.

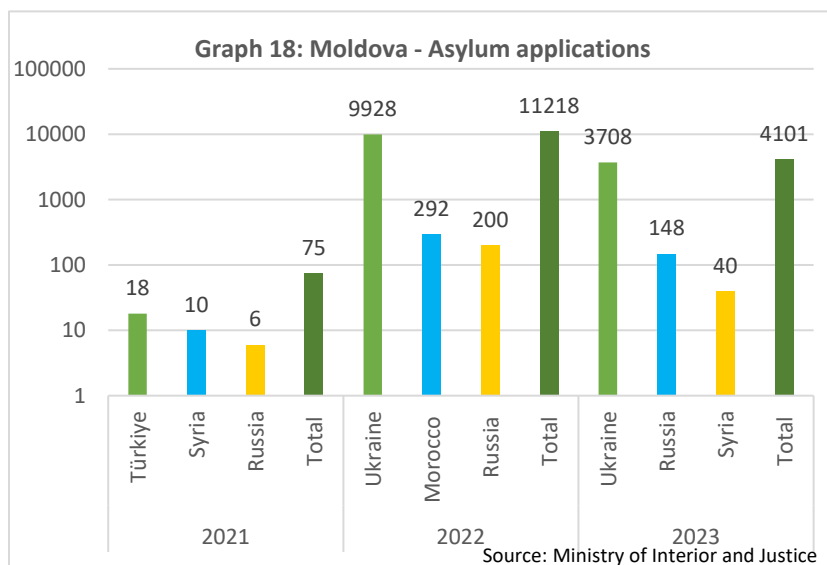
The government decision extending temporary protection provides for strengthened socio-economic rights (such as access to the right of residence, identity documentation, the right to education, access to the labour market and healthcare) and lifts travel restrictions beyond 45 days. Ukrainians and/or third-country nationals can no longer enter the country with expired documents (they have to apply for asylum).

From 1 March 2023 to 31 May 2024, 65 170 **displaced persons** from Ukraine have registered for Temporary Protection in the Republic of Moldova (54 571 are Ukrainians and 16 822 are minors). 4 286 people were registered in May 2024. As of 31 May, 49 227 displaced persons from Ukraine are documented under the temporary protection regime in Moldova. The funding for any form of protection and asylum is the main challenge faced by the national authorities handling an unprecedented number of requests for protection.

Implementation and enforcement capacity

As a consequence of Russia's war of aggression against Ukraine, Moldova has not only become a transit country but also a destination country for people fleeing the war. From 24 February 2022 to 31 July 2024, 990 777 Ukrainian citizens entered Moldova via the Moldova- Ukrainian border and 896 793 exited on all border sectors. 104 385 foreign citizens, who entered since the start of the war, remain on the territory of the Republic of Moldova. Of this, 93 984 are Ukrainian citizens and 48 647 are minors (Ukrainians and other nationalities).





While in 2021, 43 out of 75 asylum applicants had been granted protection, in 2023, 1 156 out of 4 101 asylum applicants were granted protection. The significant increase in asylum seekers continues to put national authorities under pressure. The Moldovan authorities should continue the ongoing process to reform the Bureau for Asylum and Migration into the General Inspectorate for Migration and equip it with more staff and equipment.

Access to and the provision of information on the asylum procedure needs to be improved, as does access to information and legal counselling for asylum seekers at Chişinău international airport to prevent any potential cases of refoulement.

Moldova needs to further increase its capacity to manage asylum seekers and refugees while accounting for contingency plans.

Visa policy

The national visa regime is not fully aligned with that of the EU, as Moldova maintains visa-free regimes for 11 countries (Armenia, Azerbaijan, Belarus, Cuba, Kazakhstan, Kyrgyzstan, Qatar, Russia, Tajikistan, Türkiye and Uzbekistan) whose nationals require a visa for short stays in the EU.

The European Commission's sixth report under the visa suspension mechanism, published in October 2023, concluded that Moldova continues to meet the visa liberalisation benchmarks.

In April 2024, a law enacted the ending of Moldova-Ecuador Agreement on visa-free travel.

Schengen and external borders

The legislative framework governing the management of external borders is moderately aligned with the EU *acquis*.

Institutional set-up and legal alignment

On 15 February 2024, a new Law regarding the state border of Moldova was adopted. The law contains provisions on the development of integrated management of the state border in view of aligning with the EU *acquis*. It refers to the issuance of permits, authorisations or notices in electronic format and regulates cooperation between the authorities involved in the state border management system. Implementation of these principles has yet to be assessed in practice as the law becomes applicable in 2025.

The Law on the use of the passenger's name record data was adopted in December 2023, with a transition period of 12 months. The law aims to align with the related EU directive but only partially with the related Commission implementing decision.

Moldova is a member of the Eastern Partnership Risk Analysis Network, a regional platform for information exchange and intelligence sharing. National procedures related to INTERPOL alerts are harmonised with European procedures, and a unified approach is in place.

Implementation and enforcement capacity

A programme for integrated border management (2022-2025) is in place. EU integrated border management principles should be better reflected in national strategic documents and subsequently implemented in practice.

On **international cooperation**, Moldova expanded cooperation with Frontex by transferring Chişinău Airport to the operational area of the joint operation, as of July 2023. The transfer has granted deployed officers access to the national databases in carrying out the first line of control.

Information exchange takes place centrally and at joint points of contact. Cooperation with neighbouring border services in Romania and Ukraine takes place via joint patrols and joint border control measures together with customs.

Moldova has continued efforts to train law enforcement on **corruption-related measures**. In 2023, 131 employees of the Ministry of Interior were trained and a further 28 employees so far in 2024. Disciplinary procedures against border guards should be more systematically applied where needed. In 2023, the Ministry of Internal Affairs issued two orders to take disciplinary action against 13 employees of the border police General Inspectorate.

Counterfeiting the euro

Moldova is not party to the 1929 Geneva Convention for the suppression of counterfeiting currency. It should establish a national central office. The Criminal Code provides for criminal liability for counterfeiting and is partly aligned with EU *acquis*.

2.3. ECONOMIC CRITERIA

<i>Table 8.1:</i> Moldova - Key economic figures	2015-20 average	2021	2022	2023
GDP per capita (% of EU-27 in PPPs)	26.6	30.2	28.3	29.1
Real GDP growth	1.2	13.9	-4.6	0.7
Economic activity rate of the population aged 15-64 (%) , total	47.6	49.1	49.9	54.5
<i>female</i>	45.4	44.9	46.6	51.5
<i>male</i>	49.9	53.5	53.6	57.5
Unemployment rate of the population aged 15-64 (%) , total	4.3	3.3	3.2	4.7
<i>female</i>	3.4	2.6	2.7	4.3
<i>male</i>	5.2	3.9	3.6	5.1
Employment of the population aged 15-64 (annual growth %)	N/A	1.7	2.1	2.1
Nominal wages (annual growth %)	11.7	13.1	16.3	16.9
Consumer price index (annual growth %)	5.7	5.1	28.7	13.4
Exchange rate against EUR	20.5	20.9	19.9	19.6
Current account balance (% of GDP)	-7.2	-12.6	-16.6	-12.0
Net foreign direct investment, FDI (% of GDP)	2.2	2.7	3.7	2.5
General government balance (% of GDP)	-2.0	-1.9	-3.2	-5.2
General government debt (% of GDP)	35.6	33.6	34.9	34.7

Sources: National sources, World Bank, IMF

2.3.1. The existence of a functioning market economy

Economic governance

The authorities are committed to pursuing macroeconomic stability and economic reforms despite the difficult external environment. Nonetheless, the 2023 dismissal of the governor of the National Bank of Moldova raised some concerns about good governance. Moldova participated for the first time in the Economic and Financial Dialogue with the EU in May 2024, having submitted its first Economic Reform Programme to the Commission in January 2024. Moldova continued to make progress in implementing the policy conditions linked to macro-financial assistance from the EU, enabling two disbursements during the reporting period. Implementation of Moldova's International Monetary Fund (IMF) arrangement, adopted in December 2021 and augmented in May 2022, is also on track following the fifth review on 28 June.

However, the abrupt dismissal of the governor of the National Bank of Moldova in December 2023 raised concerns regarding good economic governance and the independence of the central bank. The dismissal was conducted in line with Moldovan law, though this falls short of international best practice.

Moldova completed the first measures to strengthen the National Bank of Moldova's independence and governance on 3 June 2024 and additional measures have been incorporated into the ongoing IMF programme.

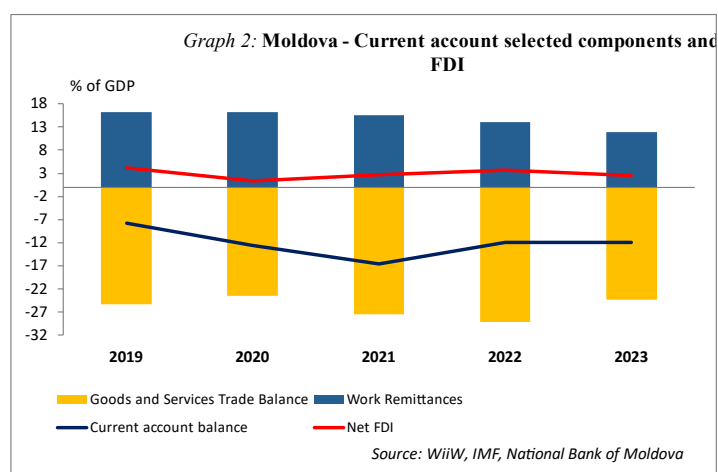
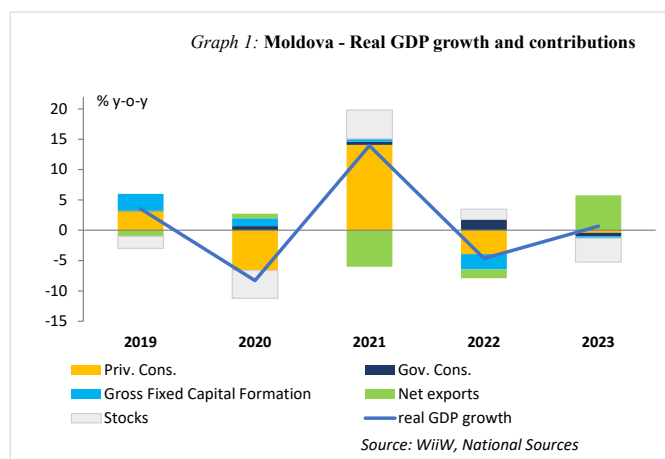
Macroeconomic stability

The Moldovan economy started to turn the corner in 2023 following a deep recession in 2022 as some of the effects of a series of crises began to fade, though downside risks remain high. Real GDP grew by a modest 0.7% in 2023, compared with the sharp contraction of 4.6% in 2022 which was the result of Russia's war of aggression against neighbouring Ukraine, a severe drought and energy supply disruptions. Energy and food prices soared in 2022 before gradually declining in 2023, severely curbing households' purchasing power, and investor confidence waned.

Stagnating household spending and investment in 2023 was balanced by strong net exports (up by 5.1% year-on-year in real terms). This was primarily the result of subdued imports due to weak domestic demand and falling energy prices.

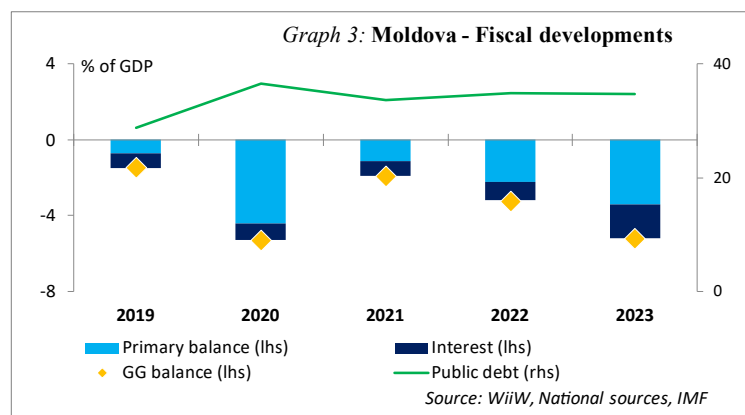
The nascent recovery is likely to strengthen in 2024 on the back of rising real wages and looser monetary policy. Moldova's income per capita is just under a third of that of the EU, having increased by about eight percentage points over the previous decade, although the crises in recent years have slowed and even reversed this trend. The National Strategy for Economic Development, adopted in June 2024, aims to kickstart economic growth and faster convergence.

The current account deficit narrowed considerably from 16.5% of GDP in 2022 to a still sizeable 11.8% of GDP in 2023 largely as a result of depressed domestic demand, falling energy prices and strong exports of agricultural goods; however, remittances continued to decline. With food and energy import prices receding in 2023 and domestic demand for imports remaining subdued, the trade deficit returned to an average of about 25% of GDP. Imports as a whole decreased by about 5% in 2023 in nominal terms, with energy imports dropping back to about 23% of imports in 2023 from 28% in 2022 as prices fell. The strong harvest in 2023 boosted agricultural exports, which make up almost half of the country's total exports. Moldova's high trade deficit is partly balanced by high remittances, though these have continued to fall and reached about 12% of GDP in 2023. The large current account deficit was financed by net capital inflows in the form of currency, deposits and loans, while net foreign direct investment fell in 2023, to 2.5% of GDP from 3.7% of GDP in 2022, in part due to still-weak investor confidence due to Russia's war of aggression against Ukraine. A new foreign direct investment (FDI) and export promotion programme was prepared to counterbalance those trends, and the main implementing agency, Moldova Invest, has been reformed and received a significant increase in staff. Moldova's external debt decreased as a share of GDP from 65.4%



at the end of 2022 to 61.5% at the end of 2023 as a result of greater reliance on domestic borrowing. External public debt is extended almost entirely by international donors on concessional terms. Gross official reserves remain high at over 5 months of imports, over 180% of the IMF's reserve adequacy metric.

Inflation has fallen steeply, from a high of 34.6% year-on-year in October 2022 to 3.5% in April 2024. This disinflation was driven in large part by global food and energy prices, with fuel prices falling over much of 2023, and a timely monetary policy response by the central bank. The leu, having appreciated in 2022 and early 2023 as a result of large inflows of foreign currency in the form of international assistance, stabilised over the past year.



While Moldova's public debt ratio remains relatively low, the country has run large deficits in recent years, and liquidity management remains challenging. The general government deficit widened to 5.2% of GDP in 2023 compared with 3.2% in 2022 reflecting weak growth and the high cost of measures to support households and firms as well as higher interest payments (90% of Moldova's domestic debt has a

maturity of less than 1 year). Nevertheless, the budget deficit was significantly narrower than projected as a result of the habitual under-execution of current expenditure and an overestimated cost of a new support measure for small and medium-sized enterprises. Crucial growth-enhancing public capital expenditure also continued to be under-executed in 2023, albeit by less than in previous years. There is scope to broaden the tax base through the repeal of tax expenditures and improve the efficiency of expenditure through spending reviews. The public debt ratio grew by 2.2 percentage points to a still moderate 37.2% of GDP in 2023, driven by the large primary deficit and higher interest payments on short-term domestic debt, with inflation helping to mitigate this increase.

The macroeconomic policy mix remains appropriate and has contributed to sustaining macroeconomic stability. Looking ahead, fiscal policy will need to increase much-needed public investment to support the nascent recovery while ensuring sustainability via consolidation that protects growth-enhancing spending. Accommodative fiscal policy helped to cushion the impact of high energy prices on households with financial support from international partners. Monetary policy tightening and the subsequent easing cycle was an early and appropriate response to inflation dynamics. Nevertheless, while ensuring fiscal sustainability, Moldova will need to increase public investment to begin converging to EU income levels. Major risks are related to the possible interruption of the current arrangement for natural gas supply from Russia to the Transnistrian region on which Moldova is dependent for electricity generation as well as Moldova's vulnerability to socio-economic shocks, including those related to Russia's war of aggression in Ukraine and to climate change.

Functioning of product markets

Business environment

Moldova has made some further progress to improve its business environment while main challenges to economic growth remain. Moldova's economy is characterised by a relatively low density of firms, low survival rates of new firms and a limited uptake of new technologies suggesting persistent barriers to market entry and growth. This also limits competitive pressures for existing firms and hinders much-needed productivity growth. At the same time, SOEs continue to dominate some competitive sectors while their productivity levels are falling behind those of local and foreign competitors. Despite some progress during the reporting period, corruption and weak rule of law continue to negatively affect the business environment. The lack of specialised insolvency courts and an electronic register for insolvency cases weakens the regulatory framework for bankruptcy while the envisaged Second Chance Programme for SMEs has still not been implemented. In addition, a shortage of skilled labour, limited access to finance, low-quality public services and a lack of predictability are limiting factors to the potential for entrepreneurship and FDI and give rise to a persistently high level of the informal economy.⁸ However, efforts to combat informal employment, such as a significant increase in labour inspections and support for formalisation, have started to show some positive results. In addition, to advance deregulation, administrative barriers for companies have been reduced and several digital platforms were set up to allow businesses and individuals better access public services. Online business registration for foreign investors and remote identification of customers in the financial sector has been introduced. The EU-aligned Customs Code entered into force on 1 January 2024 aimed at offering companies digital services and reducing bureaucracy. Nevertheless, the full application of the simplified customs procedures as well as the development of the required IT infrastructure is still pending.

State influence on product markets

The state influence in some economic sectors remains high through a dominance of SOEs with minor progress in reducing its influence in competitive sectors. One third of activities by SOEs are in competitive sectors such as transport services or manufacturing. Sector regulations, including in electricity, telecommunications, railways, transport, and forestry, provide for exclusive rights for SOEs. In July 2024 the government approved a merger between the main SOE responsible for managing road construction and private road maintenance companies further undermining the playing field for private companies in the road sector. In addition, public institutions that regulate infrastructure sectors often intervene in markets by issuing or revoking licences or permits and setting tariffs that negatively affect market entry and competition. Price controls and state production in competitive sectors, like food and pharmaceuticals, continue undermining competition and productivity growth. Prices of pharmaceuticals are regulated at the wholesale level. State aid to the economy accounts for about 10% of spending.

Privatisation and restructuring

Moldova made some progress on its SOE reform agenda in 2023, though the most important steps are still to come. There are around 900 SOEs in Moldova, of which about one third operate at the level of the central government. Their combined assets represent about one fifth of

⁸ According to World Economics (2023), which uses an average of the latest estimates from economists around the world, Moldova's informal economy represents about 41% of GDP, an increase by 1 pps. compared to 2022. Any estimations need to be taken with caution given the variety of methodological approaches.

Moldova's GDP and operate in strategic sectors such as energy, telecoms, transport and public works. For SOEs at the central government level, the Public Property Agency represents the state in its capacity as owner. The Public Property Agency completed a screening of 238 SOEs classified according to whether they will be privatised, restructured, liquidated or kept in public ownership, but little progress has yet been made in implementing those decisions. Laws governing improvements in the selection procedures for members of the boards of SOEs and audits and a new corporate governance code were adopted, though implementation lags behind.

Functioning of the financial market

The mainly foreign-owned banking sector remained stable and continues to attract foreign investors' interest despite the impact of Russia's war of aggression against Ukraine. The capital adequacy, liquidity and profitability of commercial banks remained high or increased further in 2023, exceeding regulatory requirements. Reserve requirement ratios were relaxed in 2023 in response to falling inflation but did not return to pre-2022 levels. Loans to the private sector have been slightly increasing in the first half of 2024 mostly driven by the retail and real estate sector. The share of non-performing loans remains above the EU average but continued to decline in 2023, falling by 0.8 percentage points from 6.4% in 2022, and provisioning is adequate. In 2023, a law on bank deposits guarantee schemes was adopted to partially align with the EU *acquis*, improving the protection of depositors through an increase in the maximum insured deposit value.

Financial intermediation and access to finance remain at relatively low levels. Credit to the economy decreased by 1.9 percentage points from 2022 to a low share of 21.4% of GDP in 2023. Financial inclusion of individuals is similarly low with only 64% of adults having an account at a financial institution (compared to 78% in the region). To address this the government is working on a National Financial Inclusion strategy. The government has also taken steps to improve access to finance through several support programmes providing guarantees and interest subsidies. The effectiveness of these measures is still to be assessed with initial evidence of lower-than-expected uptake of interest subsidies. In addition, challenges to access to finance such as high collateral requirements persist. While banks continue to dominate the financial sector, the share of loans provided by non-bank credit organisations has been increasing since the banking fraud in 2014 although at much higher costs than bank loans. In addition, the National Commission for Financial Markets (NCFM) has taken first steps to develop a new capital market strategy to address the limited development of the capital market, which currently is not a viable source of funding for the private sector, including for its green transition needs.

Functioning of the labour market

Labour market outcomes have shown strong improvement despite weak economic growth, though structural challenges persist. In 2023, the employment rate surpassed 50% for the first time since the current Labour Force Survey began⁹. This was driven in part by a large increase in women entering the labour market, with 53.9% of women aged 15-64 either working or looking for work, a more than 7 percentage point increase compared with 2022. The increase in women's participation is partially the result of improved childcare provision and a new policy that offered more flexible employment conditions, in particular for pregnant women and those who have

⁹ The Labour Force Survey methodology changed from 2019 onwards, so labour market indicators from before 2019 are not directly comparable with later years.

recently had a child, and allowed women to continue to receive childcare benefits while working. Nevertheless, challenges remain due to informal employment and high reservation wages related to remittances and opportunities abroad, in particular for skilled workers. The unemployment rate increased slightly as output stagnated at the end of 2023 but fell back to 4.6% as the recovery picked up in 2024, and the proportion of young people aged 15-29 not in education, employment or training (NEETs) fell by over 3 percentage points to 23.1%. Despite these overall improvements, participation rates still lag well behind those in the EU.

2.3.2. The capacity to cope with competitive pressure and market forces within the EU

Education and innovation

Despite the relatively high spending on education and important measures to increase the quality of education, outcomes remain low and do not match labour market needs. The most recent Programme for International Student Assessment (PISA) study results reconfirm that the quality of education remains below the OECD average. In 2023, 30% of employers in Moldova experienced labour shortages primarily due to the lack of qualified staff. Moldova is taking steps to address this, such as restructuring vocational education and training (VET).

R&D spending remains low at 0.22% of GDP in 2023, but initial steps are being taken to promote innovation. Moldova's performance in creating a favourable innovation ecosystem continues to lag, ranking 60th among 132 economies featured in the Global Innovation Index 2023. Efforts to link academia with local and foreign businesses are limited. To facilitate innovation, a new National Strategy for Innovation and Research was adopted in 2023. The government has adopted a smart specialisation strategy and needs to implement it. Agriculture chambers are being set up to provide training and advisory services supporting farmers to move up the value chain in this key sector.

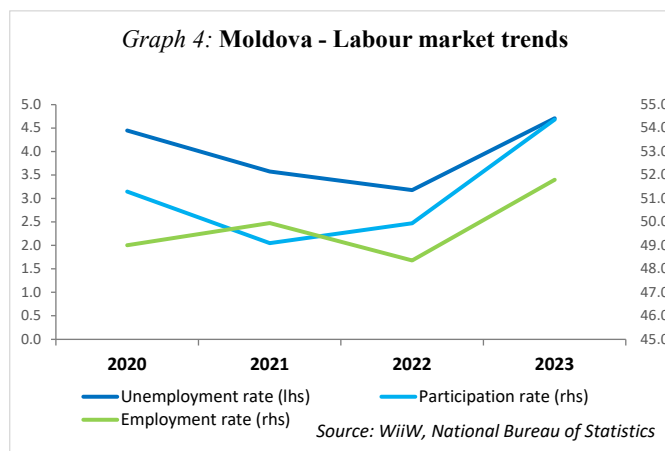
Physical capital and quality of infrastructure

Investments as a share of GDP has declined with public investments (about 3.5% of GDP in 2023) remaining insufficient to meet the countries' substantial infrastructure needs. Progress was made in implementing a new public investment management system (i.e. 'single project pipeline') which aims to improve the planning and execution of public investment in the coming years. Since 2023, Moldova benefits from the IMF Resilience and Sustainability Facility to strengthen its resilience against climate shocks.

Digitalisation is slowly picking up thanks to a growing emphasis on e-government, digital skills and the ICT sector. In 2023, a National Digital Transformation Strategy was adopted to support technology start-ups, the ICT sector, and the digitalisation of traditional sectors.

Sectoral and enterprise structure

The sectoral structure in Moldova continues to gradually shift from agriculture to services,

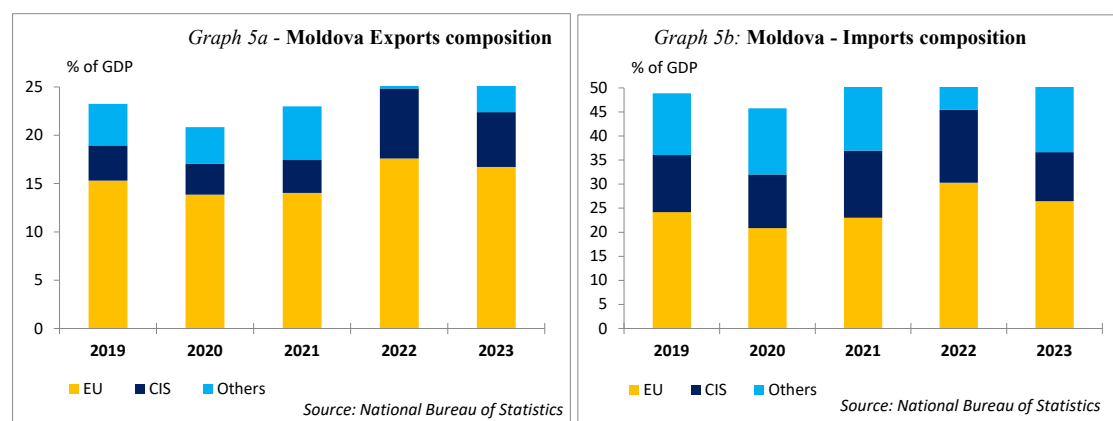


largely driven by ICT and business support services. Relatively unsophisticated goods, such as agri-food products, beverages, and textile dominate the industry, although there is a growing share of pharmaceuticals and machinery, which indicates a potential shift to higher value-added industries.

Economic integration with the EU and price competitiveness

Moldova remains a relatively open economy with a deepening integration with the EU market. In 2023, the country's nominal trade to GDP ratio slightly declined to 80.6% of GDP driven mainly by a dip in imports due to weak domestic demand and decreasing food and energy prices. The EU remains Moldova's main export partner, exceeding 65% of total exports in 2023 and accounting for almost half of Moldova's imports, with five EU countries making up more than 80% of goods exported to the EU. This suggests a potential for further trade diversification with EU countries. Exports are dominated by labour-intensive and low-productivity sectors, underscoring the importance of maintaining price and cost competitiveness in the short run, in addition to medium-term efforts that are required to move up the value chain.

Price and cost competitiveness have declined further with an increase in the real effective exchange rate due to high inflation rates and the appreciation of the lei compared to Moldova's main trading partners. In 2023, both minimum wages and public sector salaries increased to compensate the earlier inflationary shock. Real wages growth of 3.4% in 2023 slightly exceeded productivity growth. Unit labour costs continued to increase but remain below the regional average.



2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

Chapter 5: Public procurement

EU rules ensure that the public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.

Institutional set-up and legal alignment

The legislation on public procurement is largely aligned with the EU *acquis*. The government adopted the National Programme for Development of the Public Procurement System for 2023-2026 in August 2023. An action plan has also been adopted for technical implementation of this programme, which details out the allocation of adequate resources, options for external support,

and capacity needs of the Ministry of Finance. A draft Regulation for the certification of specialists in public/sectoral procurement is at the approval stage by the government.

To proceed with the alignment with the Directive on procurement by entities operating in the water, energy, transport and postal services sectors, the existing legislation was amended in October 2023. The draft law on the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security to align with the Directive is undergoing a repeated review. The amendments to the law on works concessions and service concessions are currently under preparation and the amendments to the law on public-private partnership are also under preparation.

The duties of the Public Procurement Agency (PPA) have been extended as of 1 July 2023 to monitoring the compliance of low-value procurement. The enforcement of the monitoring should be further improved and supported by adequate staffing, appropriate resources and competences.

Implementation and enforcement capacity

The institutional framework is established, but **the capacity to manage public procurement processes** needs to be improved. Public procurement represents approximately 5% of GDP and 20% of the state budget. One of the main bottlenecks during the implementation of the public procurement processes has been the **e-procurement system (MTender)** that does not support progress made in legal approximation to EU *acquis* and does not allow use of all tools set out in the legislation in force.

The Action Plan for the implementation of the National Integrity and Anti-Corruption Programme for 2024–2028 contains actions targeting the field of public procurement. However, this area still remains very vulnerable in terms of associated corruption risks, as evidenced in audits and monitoring carried out by the responsible institutions, as well as investigations by the press and civil society. The country should improve the transparency of the procurement system, such as by allowing wider access to procurement documentation and especially procurement plans.

In 2023, the PPA started to monitor low-value contracts, and the number and volume of such contracts are publicly available.

Efficient remedy system

The remedy system is largely aligned with the EU *acquis*, except for a few inconsistencies regarding time limits for submitting appeals. The National Agency for Solving Complaints is an independent review institution; its members are appointed by Parliament for a 7-year non-renewable term, however there are some concerns regarding the full independence from political influence. In 2023, this Agency received 1 012 appeals on 760 procurement procedures, covering the entire public procurement area (classical, sectoral procurements and concessions). The panels issued 846 decisions on 927 appeals.

Chapter 18: Statistics

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, transparency, and confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU *acquis* on statistics.*

The legal framework for **statistical infrastructure**, the Law on official statistics is built on the principles of European Statistics Code of Practice and is designed to be aligned with the EU Regulation on European Statistics. Moldova started implementing the 2023-2030 development strategy for the national statistical system as well as the 2023-2026 Program for the development of the national statistical system. Their implementation requires allocation of adequate resources and strengthening the internal capacity to deliver the programme.

The NBS revamped its organisational structure to streamline statistical operations and modernise data collection. This includes creating new departments focused on implementing innovative methods, like using alternative data sources and experimenting with new statistical approaches. Sustainable improvement necessitates further reform measures coupled with sufficient financial resources. The NBS is making efforts to increase the amount of data submitted to Eurostat for publication. New datasets among others on demographics, consumer prices, wages, macroeconomic statistics and transportation were provided in the reporting period.

On **classification and registers**, Moldova has been implementing the main classification with different degrees of compliance with the EU *acquis*. The NBS developed and approved a revised version of the statistical classification of products (goods and services) which has been implemented since January 2024.

On **macroeconomic statistics**, the National Bank of Moldova (NBM) is finalising the production of financial accounts and balance sheets statistics. Starting with 2023, quarterly data on sectoral balance sheets (stocks) is produced and disseminated. Fiscal notifications for the excessive deficit procedure are not produced. The institutional arrangements for producing government finance statistics need to be carefully reviewed to assure scientific independence in the determination of the general government sector and its operations. The NBS does not calculate the harmonised index of consumer prices or the house price index.

On **business statistics**, since January 2024, the new version of the Nomenclature of Industrial Products and Services is aligned with the European standard PRODCOM-2022. As of June 2023, Moldova started providing detailed data on a monthly basis on international trade in goods statistics.

On **social statistics**, Moldova conducted a national population and housing census in 2024. The data collection phase took place from 8 April 2024 to 8 July 2024, followed by a Post-Enumeration survey. Approximately 2 438 3000 people and about 1 654 000 households were covered. The results will be published in early 2025. Compared to the last census in 2014, coverage, citizen participation, and data security have all seen significant improvements. Post-census efforts should prioritise data analysis and dissemination, requiring a strategic investment of resources. Moldova needs to further improve the collection of disaggregated data, particularly on sex and disability and develop statistics in the area of asylum and managed migration. Access to administrative data sources has been secured, which should help with the development of the survey on income and living conditions (SILC). The 2024 Labour Force Survey questionnaires were adjusted to gradually align with the EU *acquis*.

In the area of **agricultural statistics**, the most recent comprehensive agricultural census occurred in 2011. The population and housing census 2024 is however also gathering data to identify agricultural activity within households.

Structural and short-term **energy statistics** continue to be produced and the NBS regularly provides Eurostat with monthly oil statistics.

Chapter 32: Financial control

The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Public internal financial control

The public finance management development strategy continues to offer the **strategic framework** for public internal financial control reforms and contains specific measures for both internal control systems and internal audits. The new Public Internal Financial Control Programme was developed and adopted. The legal framework on internal financial control and internal audit is in place. Human capacity remains the biggest challenge for **internal audit**. The internal audit organisational structure at the central government level was reorganised, centralising small internal audit units at the ministerial level and allocating sufficient resources to cover all subordinated entities. Four ministries were reorganised in this manner, and 10 others are at different stages of implementation. This measure, together with the salary increase measures made this function more attractive. The quality of internal audits is assessed based on an annual plan. Most public bodies have developed a quality assurance and improvement programme, but implementation of these programmes is hampered by a lack of supervision.

Related to **managerial accountability**, efficient implementation of managerial accountability remains a challenge for budget users at central and local level. Public bodies report to the central harmonisation unit (CHU). The unit prepares a consolidated annual report and presents it to the government for approval. In the reporting period an IT solution was implemented, allowing public units to report to CHU which improves its efficiency. The role of Public Internal Financial Control to combat corruption needs to be strengthened, as well as its cooperation with State Audit Institutions. The mechanism for monitoring cases investigated because of internal audit should be strengthened. The State Financial Inspectorate, reporting to the Ministry of Finance, has a major financial inspection role. In the reporting period, Financial Inspectorate was reorganised, currently concentrating its activities on thematic controls, on suspicions of fraud and irregularities with application of risk criteria.

External audit

Regarding the constitutional and **legal framework**, the Court of Accounts is enshrined in the Constitution with a well-developed law. Certain provisions of the law, weaken the Court's organisational, functional, and financial independence. Improvements should be made to enhance performance auditing. On **institutional capacity**, the Court holds a broad mandate to audit all public bodies and resources, but Parliament can curtail the Court's control over its resources and work programme. Implementation of a development strategy with annual action plans, is ongoing. The Court's communication efforts should be reinforced.

Protection of the EU's financial interests

Legislation is not aligned with the EU *acquis*. Cooperation in investigations between the European Anti-Fraud Office and the relevant national authorities takes place on a case-by-case basis. The

National Anticorruption Centre has been nominated as main focal point and it has provided good assistance to OLAF in the context of investigative cooperation. No body is yet officially recognised as an anti-fraud coordination service.

Protection of the euro against counterfeiting

Moldova has not ratified the 1929 Geneva Convention for the suppression of counterfeiting of currency. Moldova is partially aligned with EU law on the definition of counterfeiting banknotes and coins, and with the procedures for gathering, storing and withdrawing counterfeit currency from circulation. The NBM includes information on detected counterfeiting in its annual report.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Moldova actively participates in various **regional cooperation** platforms. It held the 2023 Presidency of the Central European Initiative (CEI) and convened the CEI Annual Meeting of Foreign Affairs Ministers in Chişinău in November 2023. In September 2023, Moldova along with Ukraine joined the Three Seas Initiative (TSI) as an associate member and hosted a TSI conference in March 2024. Moldova is active in the Black Sea Economic Cooperation Organization (BSEC), the Organization for Democracy and Economic Development (GUAM), the Southeast European Cooperation Process and the Regional Cooperation Council and contributes to the Central European Free Trade Agreement.

Moldova remains committed to the **Eastern Partnership** format and to maintaining **good relations** with its neighbours and other candidate countries in the region.

Relations with other candidate countries remain good through bilateral, trilateral and regional initiatives. Moldova also maintains regular exchanges with candidate countries about the accession processes, especially with the Western Balkans countries.

Cooperation with **Ukraine** is a cornerstone of Moldova's foreign policy with both countries' candidate status providing further opportunities for close interaction. The Moldovan government has consistently aligned with international statements condemning Russia's military aggression and shown solidarity with Ukraine. Both countries are in regular contact on regional and security issues.

Trilateral cooperation with Ukraine and Romania further intensified on energy security, transport and connectivity at both technical and high level, with the latest example being the trilateral foreign ministerial meeting in Chişinău in July 2024. A trilateral business forum took place in Chernivtsi, Ukraine, in July 2023. In October 2023, a trilateral meeting on transport in Chişinău focused on cross-border freight traffic. In April 2024, Moldova presented proposals for regional energy interconnections at the Three Seas Initiative summit in Vilnius. They include the construction of a second circuit of the 330 kV high-voltage power line between the Dniester Hydroelectric Power Station (Ukraine) and Bălţi (Moldova), and another connecting the South Ukrainian Nuclear Power Plant through Moldova with Isaccea (Romania).

Moldova enjoys excellent cooperation and bilateral contacts with **Romania** at all levels, with regular high-level exchanges. Moldova's President paid a working visit to Bucharest in early March 2024, the Parliamentary Speaker welcomed his Romanian counterpart for an official visit to Chişinău in February 2024, and the last visit of the Moldovan Prime Minister to Bucharest took place in March 2024. Romania remains Moldova's biggest trading partner, accounting for over a third of Moldovan exports. In November 2023, Chişinău hosted the Romania-Moldova Economic

Forum which further accelerated sectoral cooperation on energy, infrastructure and trans-border cooperation projects. At local level, Romanian cities and municipalities supported local projects such as park refurbishments in Moldovan towns.

Moldova continues to maintain dialogue with **Georgia**. Relations between these two candidate countries are based on mutual support for each other's sovereignty and territorial integrity, with both taking similar approaches in regional and international platforms.

Moldova also maintains good relations with **Western Balkans** partners and especially appreciates learning from their pre-accession experiences. In February 2024, the President of Moldova attended the Tirana South-East Europe Summit and engaged in bilateral talks with the Prime Minister of Albania and other high-level participants. Although Moldova does not recognise Kosovo*, the country participates in the NATO-led and UN-mandated Kosovo Force (KFOR) peacekeeping force.

Moldova and **Türkiye** maintain regular and friendly high-level exchanges focused on trade, energy, cooperation in the Black Sea region and Turkish support for projects in Gagauzia. High-level exchanges take place regularly. In March 2024, the Minister of Foreign Affairs of Moldova attended the Antalya Diplomatic Forum.

4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9); and consumer and health protection (Chapter 28). This cluster is key for Moldova's preparations for the requirements of the EU's internal market.

Chapter 1: Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers to trade.

General principles

From September 2023 to February 2024 a legislative pre-assessment of the EU-Moldova Association Agreement's provisions on technical barriers to trade was conducted, focusing on low voltage devices and electromagnetic compatibility. The results show that Moldova aligned with 41 out of 48 EU legislative documents that were identified for the pre-assessment.

Non-harmonised area

Moldova has started the assessment of its legislation and administrative practices in line with

* This designation is without prejudice to positions on status and is in line with UNSCR 1244(1999) and the ICJ Opinion on the Kosovo declaration of independence.

Articles 34-36 TFEU and relevant CJEU case law. However, additional efforts are needed concerning the examination of the details and decisions whether to repeal, amend, or insert mutual recognition clauses in the relevant laws or practices.

Harmonised area: quality infrastructure

The Institute for **standardisation** of the Republic of Moldova (ISM) adopted 2 823 new European standards of the European Standardisation Committee (CEN)/ European Electrotechnical Committee for Standardisation (CENELEC) and the Telecommunications Standards Institute (ETSI) since the last available reporting in April 2023. ISM withdrew 1 112 conflicting standards and 446 GOST standards during the reporting period.

The national **accreditation** body, MOLDAC, operates in accordance with the requirements established in the relevant reference standard and EU *acquis*, and in line with the requirements for European and international accreditation organisations.

The main body responsible for **market surveillance**, the State inspectorate for supervision of Non-Food Products and Consumer Protection carried out 2 313 controls, identified 1 956 non-compliances in 2023 (compared to 1 862 non-compliances in 2022). It prohibited 49 products from being placed on the market. One product had to be withdrawn. In 1834 cases sanctions were applied.

The administrative capacity of the relevant national authorities remains a challenge. The Law on state controls needs to be adjusted in line with the EU *acquis* and best practices.

Harmonised area: sectoral legislation

In the area of '**new and global approach**', there was no progress on alignment with the EU *acquis*.

There was no progress on aligning national legislation with the EU '**old approach**' **product** *acquis*, including on the EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals, or on chemicals, classification, labelling and packaging of substances and mixtures , or on good laboratory practices.

On **procedural measures**, national legislation is not aligned with the EU *acquis* on firearms, crystal glass, defence procurement, medicinal products pricing, or **cultural objects**. It is partly aligned with the EU *acquis* on footwear and textiles labelling and mixtures.

On anti-corruption, as of April 2024, all inspectors of the state inspectorate for non-food products surveillance and consumer protection use portable video surveillance systems during controls to increase the transparency and efficiency and to reduce corruption.

Chapter 2: Freedom of movement for workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

In January 2024, further amendments to the law on the regime of foreigners entered into force, modifying the **access to the labour market**. They allow EU citizens (and a number of other countries) to work in Moldova without a work permit. Third-country nationals are required to obtain the right of temporary residence from the competent authority to carry out any activity. EU citizens still have no access to posts in public administration bodies. A total of 2 991 residence permits for work were issued in 2023; the biggest number of work permits were provided to

citizens of Ukraine (496), Türkiye (451), Russia (226) and Nepal (189). In 2023, 319 residence permits for work purposes were granted to EU citizens.

On **EURES**, Moldova has drafted an action plan on joining EURES and designated the National Employment Agency as coordination body. Preparatory work to access the EURES needs to continue.

Moldova does not have an occupational pension scheme (voluntary private pension schemes supplement public pensions). EU rules on supplementary pension rights of mobile workers are not incorporated into Moldovan law.

On **coordination of social security systems**, bilateral agreements with Spain and Latvia entered into force in June and July 2024. Negotiations of agreements with other Member States have been initiated and should continue. Moldova further proposed to upgrade the existing agreement with Italy.

No national health insurance card exists due to the absence of an integrated health information system. The implementation of the **European Health Insurance Card** might therefore be challenging.

Chapter 3: Right of establishment and freedom to provide services

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.

Regulatory reforms have helped bring Moldova's legal framework in line with the EU Services Directive, however more progress is needed to ensure full compliance and further alignment of the sectoral legislation with the Services Directive. There are no barriers to the right of establishment by foreign people and companies, and there is a single contact point for companies in operation.

Regarding **postal services**, Moldova has aligned with the EU postal *acquis*, including the 1997 Postal Services Directive and its amendments and the Regulation on cross-border parcel delivery services, and has updated the AA/DCFTA annex XXVIII-C on rules applicable to postal and courier services. Moldova should continue monitoring and enforcing the correct implementation of the new EU postal market rules.

Moldova has partially harmonised its legislation with the EU Directive on the recognition of professional qualifications.

Chapter 4: Free movement of capital

In the EU, capital and investments must be able to move without restrictions, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

On **capital movements and payments**, Moldova continues to liberalise capital outflows, yet certain restrictions remain, and no new laws were adopted in the reporting period. The National Bank of Moldova further capped the interchange fees for card-based payments, which will reduce expenses for economic operators and final consumers. Fees for card-based payments remain high. Instant payment system was put in action in the reporting period, significantly simplifying

the financial transactions.

On alignment with the EU *acquis* on **payment systems**, national legislation is expected to be largely harmonised with the EU Payment Services Directive 2 (PSD2) once the last amendments to the national law on payment services and electronic money enter into force in February 2025. In January 2024, Moldova applied to join the geographical scope of the Single Euro Payments Area (SEPA).

In the area of **anti-money laundering**, Moldova has in place and is implementing the national legislation aiming to align with the 5th Anti-Money Laundering Directive. It has largely addressed technical compliance deficiencies in the area of targeted financial sanctions related to terrorism, and terrorist financing as well as proliferation of weapons of mass destruction and its financing. Some technical compliance deficiencies with the FATF Recommendations still remain. In the second half of 2023, there were a total of 632 suspicious transaction reports and 299 suspicious activity reports. Between January to July 2024, 327 transaction reports and 233 suspicious activity reports were received.

The institutional capacity of the Office for Prevention and Combating of Money Laundering needs to be strengthened including its human resources in particular through ensuring the stability of adequate permanent venue, adequate budgeting for its IT needs and providing for more competitive salaries. Moldova should continue working on outstanding technical deficiencies with the FATF recommendations, in particular i) by accounting for the specific risks that crypto assets and their service providers pose to ML/TF, while aligning its legislation with the EU *acquis* and FATF latest provisions, ii) by solving the deficiencies related with transparency of beneficial ownership information and by iii) by improving the legal framework to promote the effective supervision of non-profit organisations at risk of terrorist financing.

Chapter 6: Company law

The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

In the area of **company law and corporate governance**, state registration of legal bodies and individual entrepreneurs is carried out by the Public Services Agency, which continues to suffer from limited administrative capacity and available digitalisation resources. The Agency drafted a roadmap to address the issue. Moldova made progress with aligning with certain aspects of the EU *acquis* on shareholder rights by amending the Corporate Governance Code (in force since March 2024). Progress was also made on the digital tools and processes with introduction a qualified electronic signature for filing documents with the business register. The paper archive was digitalised between August 2023 and August 2024. Further alignment with the EU *acquis* is still needed on cross-border operations (mergers, divisions, conversions) as well as on takeovers, single-member companies shareholder rights (SRD I), including the encouragement of long-term shareholder engagement (SRD II). On **company reporting**, Moldova adopted a package of laws on financial reporting and audit statements in November 2023. Further alignment with the EU *acquis* on company reporting and transparency on capital markets needs to however continue.

On **statutory audit**, the government continued improving the capacity and independence of the audit oversight system by approving series of laws. There are still major gaps in the rules governing the institutional set-up to ensure an independent system of oversight, investigations and penalties, with the appropriate level of administrative and financial resources.

Chapter 7: Intellectual property law

The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, trade mark and designs, biotechnological inventions and pharmaceuticals, trade secrets, (craft and industrial) geographical indications, supplementary protection certificates, copyright and related rights.

In the area of **copyright and related rights**, following the entry into force of the Law No. 230/2022 on Copyright and Related Rights, several new provisions were introduced regarding the mechanism for collecting and distributing royalties with the accreditation of Collective Management Organisations (CMOs) and the approval of methodologies for determining and distributing royalties for different rights. Moldova still faces challenges in the implementation of an effective collective rights management system, notably with regards to the accountability, collection, and distribution of earnings.

In November 2023, the Law was amended to align it with the EU *acquis* on orphan works.

For **industrial property rights**, a new Law on trademarks was adopted in a second reading in February 2024.

The legal framework is broadly aligned with the EU Directive on the **enforcement** of IPR.

The number of counterfeit products identified decreased sharply from 173 507 counterfeit productions in 2022 to 51 588 counterfeit products in 2023, as more big importers are complying with the law.

Chapter 8: Competition policy

EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of dominant position and include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.

Antitrust and mergers

On the **legislative framework**, Moldova's legislation is broadly aligned with the EU *acquis* on antitrust and merger control. The new competition law, adopted in July 2023 largely mirrors the provisions of the Treaty on the Functioning of the European Union (TFEU) on restrictive agreements and on abuse of dominant position. It also provides for *ex ante* monitoring of the effects on competition of mergers above certain turnover thresholds, largely in line with the principles of the EU Merger Regulation. Implementing legislation provides further rules, which broadly aim to follow the EU *acquis*. However, further alignment is needed with EU competition policy, especially with regards to the dismissal of the members of the Board of the Competition Council and the level of the fines which can be imposed.

On **enforcement capacity**, the Competition Council's institutional capacity needs to be further strengthened to ensure its capacity to conduct investigations and legislative enforcement. On **implementation**, the Competition Council increased its activities. The number of investigations, which led to a finding of a violation of the provisions of the competition law remained stable (14 investigations in 2023).

State aid

Regarding the **legislative framework**, the Law on State aid is broadly aligned with Articles 107 and 108 TFEU. The legislation on State aid is partially aligned with the EU State aid guidelines, regulations and communications. In 2023, the amendments of the Law on State aid were adopted, which mainly refer to raising the *de minimis* aid ceiling up to approximately EUR 250 000 (effective as of 1 January 2024); introduction of the simplified notification procedure; clarifying certain procedural issues relating to State aid investigations. However, certain existing State aid schemes still need to be aligned with the EU *acquis*, including those regarding free economic zones. Moreover, aid to repair damage caused by natural disasters or exceptional occurrences is considered compatible without the need for prior notification. This is not in line with EU law, which requires such measures to be notified.

Regarding the **institutional framework**, the Competition Council also ensures consistent implementation of State aid law. The Competition Council is empowered to screen and authorise State aid measures and can order the recovery of State aid that has been unlawfully granted. It publishes reports on aid granted on its website and runs the automated State aid register information system, where measures are reported annually by grantors. In 2023, an external evaluation of the Competition Council ('peer-review') was performed resulting in a number of recommendations on the further alignment of the Moldovan competition legislation and strengthening institutional capacities of the Competition Council. As a result, the Competition Council's Plenum approved on 27 February 2024, the new structure of the Council in order to consolidate its resources. Moldova should ensure the implementation of the recommendations.

As regards **enforcement capacity**, the Competition Council is understaffed (out of 130 posts envisaged in the organisational chart 64 posts are vacant due to low salaries). Its administrative capacity needs to be strengthened with additional staff and relevant training.

On **implementation**, there were 34 decisions adopted in the reporting period on State aid. Moldova needs to make progress with respect to the alignment of all State aid schemes as the Association Agreement requires it to align its general State aid schemes including those covering free economic zones with the EU *acquis* in 2024.

Liberalisation

The Law on competition and the Law on State aid apply to public companies and companies with special or exclusive rights. The Law on State aid provides that companies entrusted with the performance of services of general economic interest will be considered when assessing the compatibility of the State aid granted to perform such services.

Chapter 9: Financial services

EU rules aim to ensure fair competition among, and the stability of, financial institutions, namely banking, insurance, supplementary pensions, investment services and securities markets. They include rules on authorisation, operation and supervision of these institutions.

On **banks and financial conglomerates**, efforts are still needed to ensure that NBM and National Committee for Financial Markets are adequately staffed to properly carry out their responsibilities in the maintenance of financial stability. The Law of the NMB was amended in August 2024, to give the central bank an explicit mandate for ensuring financial stability, which includes macroprudential instruments.

Consumer protection in financial services is lacking and not properly addressed in legislation. There are limited developments on recovery and resolution, apart from the adoption of the Instruction on valuations for resolution purposes. In the area of deposit insurance, the Law on Guaranteeing Bank Deposits was adopted on 22 June 2023 and entered into force on 1 October 2023. This law partially transposes the Directive on deposit guarantee schemes.

On **insurance**, Moldova has no occupational pension funds and the insurance market remains underdeveloped. The legal framework is broadly aligned with the EU Directive on distance marketing of financial services. In addition, Moldovan law is broadly aligned with the revised Directive on Institutions for Occupational Retirement Provision although a voluntary pension fund should be implemented.

As **regards financial market infrastructure**, according to a new legislation which entered into force in October 2023, the regulatory and supervisory powers over the activities of the Central Securities Depositories (CSDs) were split between NBM and the National Commission for Financial Markets. Apart from this new development, Moldova remains partially aligned with EU *acquis* on settlement finality, financial collateral, securities financing transactions, central securities repositories and the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR).

As regards **investment funds**, there are no new developments during the reporting period. Moldova needs to undertake further efforts to align with its regulatory framework in light of the recent review of the legislation on Alternative Investment Fund Managers and undertakings for collective investment in transferable securities.

On **securities markets and investment services**, there are no new developments in the reporting period and markets remain underdeveloped.

On **sustainable and digital finance**, a national sustainable finance roadmap has been developed and approved for 2024-2028. The priority actions aim to create a framework and conditions to redirect financial flows to sustainable investments, to mainstream sustainability in risk management and to enhance transparency and long-termism in Moldova. An interagency steering committee on climate finance was established. The committees' main tasks are to promote and implement the Sustainable Finance Roadmap and to develop a Sustainable Finance Taxonomy based on the EU green taxonomy for sustainable activities.

There is still no single platform or body to coordinate the digitalisation of the financial system, and the National Bank has yet to develop a digital finance strategy. Virtual assets are not a recognised form of electronic currency under the Law on payment services and electronic money, and any activity to issue or trade them is not subject to regulation and supervision by the National Bank (see also Chapter 4).

Chapter 28: Consumer and health protection

EU rules protect consumers' economic interests and also ensure product safety, prevent dangerous imitations and establish liability for defective products. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs, and medicines for human and veterinary use. The EU also guarantees a high level of protection of public health and in particular also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats, including communicable diseases.

Consumer protection

During the reporting period, the Law on consumer protection has been updated to align with the EU *acquis* on unfair business-to-consumer commercial practices; on alternative dispute resolution for consumer disputes; on certain aspects concerning contracts for the sale of goods; and on cooperation between national authorities responsible for enforcing consumer protection laws.

On product safety, Moldova's legal framework is partly aligned with the EU *acquis*. The collaboration between the institutions needs to be improved, there is no one entry point for the consumers, which causes confusion when it comes to submitting petitions.

In the reporting period, the institutions responsible for consumer protection received 5 066 complaints, including 1 739 on non-food products, 986 on food products, 776 on the energy sector and 773 on civil aviation. In February 2024, the existing interoperability agreement between the market surveillance body and the Customs Service enabling joint inspections in the toy sector was extended to cover low voltage and electromagnetic compatibility products (See also *Chapter 1 – Free movement of goods, regarding market surveillance*).

Public health

Moldova's **public health** system remains fragile in the aftermath of COVID-19 pandemic, and the refugee and energy crisis that followed Russia's war of aggression on Ukraine. A national health strategy is in place which aims to ensure a complex transformation and modernisation of the health system by 2030. Despite progress, Moldova's adolescent birth rate remains three times higher than the European average, with rural areas facing limited access to reproductive health services and a high unmet need for family planning. In the reporting period district hospitals were transferred to the Ministry of Health, and some investments were made in infrastructure and energy efficiency. On **e-health**, an integrated health information system is not yet in place, though an electronic prescription system became operational since 1 April 2024 covering reimbursed medicinal products and medical devices.

Moldova **has in place a national cancer control program for the years 2016-2025**. In 2024, an action plan for the years 2024-2025 was approved for the implementation of the National Cancer Control Program and the design of the information system "National Cancer Registry" and the regulation on the maintenance of the national cancer registry were approved. Screening programs are in place for breast cancer for women aged 50-70, cervical cancer for women aged 25-61; a new pilot screening program for colorectal cancer for people aged 50-55, was launched in May 2023 in four regions, including Chisinau district.

On **blood, tissues, cells and organs** the 2023-2027 programme of transfusion security and self-insurance of the country was approved.

There was no progress on **tobacco control** including in implementing the provisions of the Protocol to Eliminate Illicit Trade in Tobacco Products, on **medicines for human use**, on **medicines for veterinary use**, on **medical devices**, on **cosmetics**, **patients' rights in cross-border healthcare**, **nutritional and physical activities**, or on **health inequalities**, where there is a lack of healthcare notably for vulnerable groups in rural areas. On **cross-border health threats and communicable diseases**, a national plan against antimicrobial resistance 2023-2027 was adopted, which also covers the prevention and control of healthcare-associated infections, and also by the 2030 national health strategy.

A national 2023-2027 **mental health** strategy designed to be aligned with the European Commission Communication on a comprehensive approach to mental health, and a national programme on **rare diseases** were both adopted. A 2023-2027 national programme for the prevention and control of priority **non-communicable diseases** is in place.

Regarding **healthcare inequalities**, women with disabilities encounter significant barriers to reproductive health due to stigma, discrimination, and lack of physical access to medical services, exacerbated by the exclusion of hospital-based abortion services from mandatory health insurance. National Health Strategy 'Health 2030' was approved in 2023 and contains measures addressing vulnerable situations, including those of women of reproductive age.

There is an anti-corruption action plan in the health sector for the period 2022-2023, but health sector corruption remains widespread. From 1 April 2024 all market surveillance inspectors of the relevant institution use body cameras for inspection activities (planned and unannounced).

During the reporting period, Moldova signed the Joint Procurement Agreement with EU on essential medical supplies.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); enterprise and industrial policy (Chapter 20); science and research (Chapter 25); education and culture (Chapter 26); and customs union (Chapter 29).

Chapter 10: Digital transformation and media

The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.

With regard to its **Digital Transformation Strategy**, Moldova has established a National Council for Digital Transformation in November 2023, which is tasked to coordinate the implementation of the Moldova Digital Transformation Strategy 2023-2030. Moldova has started the development of the implementation programmes.

Regarding **electronic communications**, alignment with the EU Roaming acquis, including the European Electronic Communications Code has started.

National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) has absorbed the technical management functions of civil radio frequencies from the National Radio Frequency Management Service in the Ministry of Economic Development and Digitalisation, consequently making ANRCETI empowered to directly establish payments for the use of civil radio frequencies, as well as to provide conformity assessment and certification services.

In May 2024, the Moldovan Parliament has ratified the association agreement to the Digital Europe programme. This opens opportunities for applying to calls for projects in the fields of high-performance calculation, artificial intelligence, advanced digital skills as well as to progress on the interoperability with EU digital solutions such as with the EU Digital Identity Wallet.

On **digital services**, no authority currently has responsibility for open **data** policies. There is broad alignment with the Directive on e-commerce. Moldova is not aligned with the EU *acquis* on geo-blocking and platform-to-business relations (P2B), nor with the Digital Services Act (DSA) and Digital Markets Act (DMA).

On **digital trust and cybersecurity**, in June 2024, Moldova launched its national digital identity wallet (EVO App), developed by the Moldovan e-Governance Academy. Further work is needed to ensure interoperability with the European Digital Identity Wallets. A normative framework for the implementation of the cybersecurity law was approved through several Government Decisions with the objective to ensure alignment with the NIS 2 Directive. The Cybersecurity Agency was established in December 2023, as required by the new National Security Strategy, with the mission of implementing the state policy in the field of cybersecurity and to ensure high level of security of networks and IT systems of service providers. Further effort is needed to make ensure operational capacity of the newly set National Competent Cybersecurity Authority. There was no progress on aligning with the EU toolbox for 5G security.

On **media**, Parliament has yet to implement the recommendations of the Council of Europe regarding the appointment and dismissal of the Audiovisual Council and public broadcaster (TRM) board members. The implementation of the recommendations would enhance the independence of the Audiovisual Council (AVC) and TRM. In October 2023, AVC became observer member of ERGA – the Group of European Regulators for audio visual media services.

In 2024, Moldova joins the Media Ownership Monitor (MOM), which identifies mass media owners and highlights risks to media pluralism from ownership concentration. In March 2024, Parliament approved a bill for a media subsidy fund. It aims to support media pluralism enhance editorial and economic independence and foster investigative journalism. The fund will allocate 25% of the national media service provider's budget annually through the state budget law.

Chapter 16: Taxation

EU rules on taxation cover value-added tax, excise duties and aspects of corporate taxation. They also deal with cooperation between tax administrations, including the exchange of information to prevent tax evasion.

Moldova has made progress in **indirect taxation**. In the reporting period, the tax legislation was amended, imposing VAT and excise duties on goods sold in 'duty-free' shops, featuring the termination of duty-free regime in Moldova. On VAT, improvements are still needed on provisions related to taxable persons, place of taxable supplies, reduced rates, exemptions, deductions, and special schemes. Additionally, Moldova still needs to fully align with the 13th VAT Directive on VAT refund to non-EU taxable persons. Moldova has yet to familiarise itself with VAT administrative cooperation between EU Member States and VAT Information Exchange System (VIES).

In the field of excise duties, further alignment of excise duty for alcohol and alcoholic beverages, tobacco, energy products and general rules for the production, keeping, storage, movement and controls on excisable products with the EU *acquis* is needed. While Moldova has made progress regarding alcohol and alcoholic beverages, it still has to align its rates to the EU minima on tobacco products by 2025. There has been no progress in the harmonisation of excise duties on energy products. Regarding the fight against fraud and smuggling of excisable products, Moldova continues implementing the WHO Protocol to Eliminate Illicit Trade in Tobacco Products and has

been engaged in capacity-building activities on the development of the EU tracking and tracing system for tobacco products.

On **direct taxation**, the law on tax policy for 2024 imposes 7% income tax on trading of ferrous and non-ferrous waste, and a single tax rate of 6% on interests related to the investments and financial income of natural persons. The tax policy for 2025 aims at supporting economic and social developments by introducing a 10% increase in exemption-personal and expanding the sources of non-taxable incomes, including those from state securities and bonds, renewable energy, and education. Moldova has initiated the implementation of transfer pricing rules, though it has not yet approximated its tax regulations with EU directives on anti-tax avoidance, and on common system of taxation applicable to cross-border reorganisations of companies in the EU, and in the case of parent companies and subsidiaries of different Member States.

On **administrative cooperation and mutual assistance**, Moldova has signed double taxation agreements with 26 EU Member States and adopted the regulation on the implementation of the Multilateral Agreement of the Competent Authorities for the Automatic Exchange of Information on Financial Accounts. In May 2024, Moldova joined the Inclusive Framework on BEPS and participates in the agreement to address the tax challenges arising from the digitalisation of the economy. The implementation of the BEPS package will help tackle tax avoidance of multinational companies.

On **operational capacity and digitalisation**, the tax administration has improved its electronic services meeting taxpayers' demand and promoted voluntary compliance further by increasing tax consultancy visits and simplifications for tax obligations. Greater efforts are needed to address outdated IT systems, the lack of automation for compliance risk management and tax audits, and an inadequate taxpayer register. An IT development strategy to prepare the tax administration for interconnectivity and interoperability with **EU IT systems** is still missing. Introducing risk management and big data and strengthening large taxpayer compliance remains key while voluntary tax compliance should also be promoted.

Efforts to ensure VAT and excise duties compliance have led to improved tax collection, with a revenue growth by nearly 8,5% in the previous year. The country has committed to strengthen the tax administrations' capacity by simplifying processes and higher automation and digitalisation of risk management and services for taxpayers. This will further facilitate the alignment of Moldovan tax legislation with the EU acquis.

Chapter 17: Economic and monetary policy

EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

On **monetary policy**, the NBM continued to pursue price stability as its primary objective. Inflation returned to its target of 5% +/- 1.5% in October 2023 as a result of lower food and energy prices as well as a timely monetary policy response. Easing inflationary pressures allowed the NBM to subsequently reduce base rates to 3.60% in May 2024, which was confirmed in August 2024. The abrupt dismissal of the NBM's governor in December 2023 raised concerns about sound economic governance and central bank independence. The government took measures to strengthen functional and financial independence, including granting the NBM operational autonomy over its assets; adjusting the administrative procedures code to remove inappropriate

deadlines for the NBM supervision; and adding an explicit mandate for financial stability and macroprudential policy of the NBM. Additional reforms are envisaged for implementation by end-November 2024 under the ongoing IMF programme to strengthen personal and institutional independence, including through increased checks and balances for the appointment and dismissal of members of the decision-making bodies, and improving governance, transparency and accountability, including through clarifying the legal provisions on NBM's accountability to the Parliament. As of September 2024, one member of the NBM Executive Board, whose mandate has expired, continues to serve on the Board awaiting replacement. Efforts to align the prohibition of monetising public debt with EU rules by 2027 are now reflected in Moldova's Action Plan to the Accession to the EU 2024 – 2027. This includes an amendment of the NBM law and the termination of an agreement between the NBM and the Ministry of Finance to roll over a relatively small amount of legacy loans previously provided to the state.

In the area of **economic policy**, Moldova continues to implement the public finance management development strategy 2023-2030. Expenditure under-execution, particularly of public investment, continues to be large and results in missing fiscal targets, though there was some improvement in 2023. Steps were taken to implement an important public investment management reform (the 'single project pipeline'), though implementation has been slow as a result of capacity constraints in line ministries. The medium-term budgetary framework is in place and covers a 3-year period, though it does not present the fiscal impacts of individual policy changes, and the budgetary calendar is not respected. The macroeconomic forecast used for budgetary planning was extended in 2023 to cover labour market indicators, though it does not yet include forecasts for the current account. The numerical fiscal rule is not respected, and while the conditions for activating the escape clause remain in place, the rule has been suspended for longer than the permitted period, weakening the budgetary framework. Moldova has not advanced in setting up the independent fiscal council.

Moldova's statistical framework is not yet aligned with ESA 2010 requirements. State-owned enterprises are not included in the general government sector, e.g. there remain significant operations of central government units that are not reported in the national public budget.

Moldova participated for the first time in the Economic and Financial Dialogue with the EU in May 2024, having submitted its first **Economic Reform Programme** (ERP) to the Commission in January 2024. Moldova's ERP submission included a macro-fiscal framework, while information on structural challenges and reform plans were optional and not included in 2024.

Chapter 19: Social policy and employment

EU rules in the social field include minimum standards for labour law, equality, health and safety at work and non-discrimination. They also promote social dialogue at EU level.

In 2023, new amendments to the **Labour Code** were approved, which introduced harsher sanctions for employers engaging minors in undeclared work and restricted the work of minors in compulsory education to light work; introduced a new type of unpaid leave of up to 5 days per year for employees caring for a sick person; allowed pregnant women and new mothers to perform night work, overtime work and work during holidays; allowed fixed-term contracts for refugees. Moldova adopted provisions to align with EU acquis on working time.

On health and safety at work the Programme for improving workplace health and safety for the years 2024-2027, outlining the plan for the alignment with all occupational health and safety

directive was approved. The number of work accidents increased in 2023:603 were reported accidents 2023 (562 in 2022), of which 69 were fatal (73 in 2022), while 25 were confirmed to be work-related after investigation (19 in 2022). The most vulnerable sectors in terms of accidents at work are construction, agriculture and industry.

During 2023, the State Labour Inspectorate (SLI) conducted 1 740 inspections in the fields of labour law and OSH (3 212 in 2022). Introduction of **unannounced visits for undeclared** work took place in 2023, following which the SLI has launched an inspection campaign to tackle undeclared work. 60 inspectors in the SLI have undergone training on unannounced visits. A monthly performance bonus system was introduced of up to 30% of inspector wages. The legal framework governing labour inspections remains to be fully aligned with ILO Conventions on labour inspections ratified by Moldova, in particular as regards unannounced inspections.

On **social dialogue** legislation adopted in July 2023 which exempts trade unions and employers' organisations from the payment of registration fees for opening new entities at any level. The amendments aim to encourage social dialogue at all levels by making it easier to unionise and to form employers' associations. Capacity of social partners remains weak.

Regarding **labour force participation** and **unemployment rate** see *the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria*.

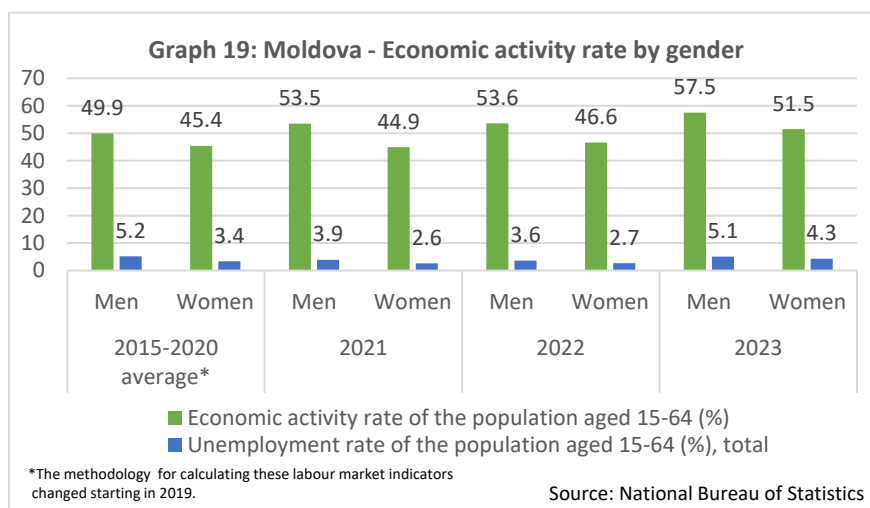
In 2023, the share of informal employment did not decrease (estimated at 23% compared to 22% in 2022). Informal employment is more widespread among men (28%) than among women (17.9%). The sectors with the highest rate are agriculture (66.6%) and construction (66.2%). During the reporting period, a programme for the reduction of undeclared work 2024-2027 was approved.

On **employment policy**, mobile teams were introduced as a measure to reach out to inactive (neither unemployed nor employed) people; local labour market profiles for all 35 *rayons* were drafted for the annual planning of labour market indicators. The National Employment Agency is implementing performance-based management. In 2023 around 11 000 jobseekers were employed, representing an increase of around 30% compared to 2022. The Agency has limited human resources and financial capacity. The **social protection** system remains fragmented with limited coverage, although some progress on the 'RESTART' reform 2023-2026 took place. A case management approach was introduced in the Law on social assistance and will be implemented from 2025. Territorial Agencies for Social Protection were established, and regulations approved regarding their organisation and functioning. 30 specialists in domestic violence and rehabilitation of victims of crime were hired for the Territorial Social Assistance Agencies. Public resources were significantly increased to address socio-economic disparities. Pensions were indexed by 6%. Refugees from Ukraine with temporary protection status, which was extended until March 2025, continue to benefit from access to social protection services.).

Moldova approved the Programme on Active and Healthy Ageing 2023-2027, and created the first University of the Third Age, as well as a working group for monitoring and unannounced control of Placement Centres and Shelters for elderly and disabled persons.

Legislation in the area of **non-discrimination** remains to be further aligned EU *acquis* equal treatment in employment and occupation. A positive development in this area has been the country ratified the International Labour Organisation (ILO) Convention 190 on Violence and Harassment.

With regard to **equality between women and men in employment and social policy**, the 2023-2027 programme for promoting and ensuring equality between women and men is in place. It aims to expand services to long-term care for family members, reduce gender gap and ensure women's representation in leadership and decision-making. Regulations on the organisation and functioning of alternative childcare services were approved in August 2023.



Currently, the Ministry of Labour and Social Protection and its subordinate institutions operate 14 fragmented automated information systems, leading to interoperability and data management challenges, hindering evidence-based policymaking, and leading to inadvertent exclusion of beneficiaries.

Chapter 20: Enterprise and industrial policy

EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).

On **enterprise and industrial policy principles**, Moldova has adopted a National Programme for Entrepreneurship Promotion and Competitiveness Growth 2023-2027 and a National industrial development programme 2024-2028. In addition to limited capacity, the implementation of these programmes may be further restrained by limited funding from the national budget. A credible and implementable action plan is needed to implement the latter.

Moldova reduced the regulatory and administrative burden for business through the adoption of a series of packages on business facilitation and limited liability companies, and through digitalisation of process and services. Further outreach and awareness raising is needed.

On **enterprise and industrial policy instruments**, in the reporting period, the government approved the Women in Business programme.

Moldova participates in the SME Pillar of the Single Market Programme and signed an Association Agreement in September 2023.

Future measures to support SMEs should focus on internationalisation, access to finance and innovation (including the green transition), and fair competition. Full harmonisation of the Law on SMEs to the EU *acquis* is still pending.

There is no dedicated law on combating late payments in commercial transactions. However, the relevant provisions of the Civil Code are fairly closely aligned with the Late Payment Directive but only as far as payment terms are concerned. Other key provisions still require alignment. Monitoring systems to assess payment performance, especially by public authorities, are needed.

The protection of creditors in business-to-business transactions is suboptimal, which can lead to abusive practices.

In 2023, the Commission for the Screening Process of State-Owned Enterprises (SOEs) and Commercial Companies with State Capital was established. On 29 December 2023, the Commission approved the draft list of enterprises classified according to the screening categories outlined. As a result of the screening process, 68 enterprises were deemed not suitable for privatisation; 52 were recommended for reorganisation in another legal form of organisation; 10 were deemed suitable for privatisation after reorganisation/restructuring; 10 were recommended for immediate privatisation; and 98 recommended for liquidation.

The SOE reform should continue, and the results of the screening process should be implemented by the Public Property Agency.

In **sectoral policies**, no major developments occurred during the reporting period.

Chapter 25: Science and research

The EU provides significant support for research and innovation. All EU Member States, associated countries and third countries participate in the EU's research and innovation programmes, and can benefit from them, especially where there is a scientific excellence and solid investment in research and innovation.

December 2023, the government approved the new National Programme for Research and Innovation for the years 2024-2027 and its action plan, which are aligned with the objectives of the National Development Strategy 'European Moldova 2030' and consistent with the objectives of Horizon Europe. It aims to foster collaboration between the scientific and business sectors, to bolster the competitiveness of the national economy and facilitate Moldova's integration into the European Research Area. The implementation of the reform to consolidate Higher Education and Research centres continued during the reporting period, with the merging of research institutes and universities departments in a broader effort to improve efficiency and increase the education-research nexus.

Moldova is classified as an Emerging Innovator in the 2024 European Innovation Scoreboard, with innovation performance at 23.2% of the EU average.

Moldova has institutional and legal frameworks in place for the implementation of a Smart Specialisation Strategy. The National Programme for Smart Specialisation for the years 2024-2027, together with an Action Plan for its implementation, were approved in August 2024.

Moldova's participation in Horizon Europe in 2023 decreased by some 30% to 7 projects with a total funding of EUR 1.5 million. A National Horizon Europe Office operates in Chisinau and has information and communication functions.

Gross domestic expenditure on R&D remained static at 0.23% of GDP in 2023, which is below the EU-27 average 2.24% and the target of 3% of GDP.

Chapter 26: Education and culture

The EU supports cooperation in education and culture by funding programmes and the coordination of Member State policy through the open method of coordination. The EU and its Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.

Moldova's **education and training system** continues to undergo modernisation. The National Education 2030 strategy and its implementation plan were adopted in March 2023. Public expenditure on education as a percentage of GDP in 2023 was 5.8%.

In autumn 2023, the Ministry of Education and Research (MoER) launched a plan to modernise the learning environments in 35 model schools across the country, which represents a significant step towards enhancing the quality and inclusivity of primary and secondary education and sets a pilot for broader efforts for rationalising the school network.

In October 2023, the National Institute for Education and Leadership (INEL) was established with the primary objective to develop mentoring programmes tailored to young individuals aspiring to specialise in pedagogy, and more broadly to strengthen the continuous professional development of teachers and school leaders. In 2024, the MoER initiated a process of curriculum development to improve the relevance of education and better match the actual demands of knowledge and skills across all levels of education, except VET. Moldova has a national commitment to the European Alliance for Apprenticeships (EAfA).

A roadmap for the operationalisation of the National Qualifications Framework (2023-2027) is in place. As a new member of the Advisory Group of the European Qualifications Framework (EQF), Moldova has started to prepare to reference its NQF to the EQF.

According to the results of the OECD PISA 2022 (published in December 2023), average performance in 2022 was at the same level as in 2018 in mathematics, and lower compared to 2018 in reading and science, with scores generally low compared to OECD averages. The results show a high proportion of 15-year-old students failing to demonstrate basic proficiency (level 2) in reading (49 %), in maths (56%) and in science (49%).

In 2023 some steps were taken to improve inclusive education, and the Programme for the Development of Inclusive Education 2024-2027 is in place. A merit-based scholarship was launched in autumn 2023 for Roma pupils and students within secondary, technical vocational and higher education.

Gender sensitive approaches are increasingly mainstreamed in the policies of the education system in Moldova, including in the Implementation Program of the Education Strategy 2030 for the years 2023-2025.

In **VET**, Moldova continued the gradual introduction of a dual-VET approach, which aims at facilitating matching skills to labour market demands. Some initiatives for the reorganisation of the VET school network were initiated, and three vocational schools were merged. A comprehensive plan is under way to reorganise eight additional technical vocational education institutions through absorption.

Moldova is making progress in the operationalisation of the national register of qualifications, and **validation of non-formal and informal learning** continues.

In the field of **higher education**, the country has made significant progress on the key European Higher Education Area commitments. Moldova also continued its active participation in the Bologna Process. The Bologna Process Implementation Report notes that work remains to be done in the field of recognition and quality assurance.

In **digital teaching and learning**, green and digital skills are not formally integrated into overarching curricular documents. Moldova has undertaken various initiatives to foster digital

skills in science and technology classes. For the academic year 2023/2024, a total of 103 900 students were engaged in optional STEM subjects. From those 50 883 were girls and 53 017 were boys. Further efforts are needed to align digital education with the EU Digital Education Action Plan 2021-2027. In January 2024, Moldova joined the Eurydice Network.

In the area of **youth** policy, in July 2023 amendments to the Law on youth were approved in order to diversify funding instruments for youth programmes and the support of social innovation programmes. In August 2023 the Advisory Commission for youth policies was established and the Regulation for its organisation and operation was approved. The budget allocated for the implementation of the Youth Strategy 2030 (approved in 2023) was increased by 25% in 2024 compared to 2023, with additional resources earmarked for the development of new programmes.

In 2023 and 2024 several initiatives were implemented to bolster funding for **sports**. The State Budget has allocated a slightly increased amount of MDL 57 million (almost EUR 3 million) for the implementation of the Calendar of National and International Sports Activities 2024, providing grants to sports federations. Additional funds have been earmarked for rewarding athletes and coaches who attain exceptional results at major international sports competitions, including scholarships for high-performance athletes. Since January 2024, teachers working in the field of sports have received a 15% increase in their salaries. A Memorandum of Collaboration has been established with the Association for Supporting Community and Sports Initiatives. Moldova continued to participate in the European Week of Sport.

In 2023 the Ministry of Culture was entrusted with responsibility for media, alongside its existing responsibilities in culture, cultural heritage, and tourism. A new law adopted in 2024, sets the legal base for the establishment of a National Fund of Culture, which in the future will finance projects to support contemporary creation and cultural heritage valorisation. Financial incentives were introduced for graduates of higher education and post-secondary technical professional institutions who enter professions within cultural organisations or community centres (houses of culture) in towns and villages. In 2024, the salaries of approximately 1 700 cultural sector workers were increased by an average of 25%. In 2023, amendments to the Law on cinema were adopted, to strengthen the national film industry. Moldova has not yet renewed its association to the Creative Europe programme for the period until 2030.

Chapter 29: Customs union

All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to the common computerised customs systems.

On 1 January 2024, the new Customs Code entered into force, putting in place new rules broadly aligned to the Union Customs Code and related acts. Transitional provisions were introduced though, postponing the implementation of certain customs simplifications, and rolling back the old customs regime - including customs duty exemptions - for the free economic zone and inward processing procedure, among others. The authorities should step up preparations for addressing the transitional provisions of the new customs legislation and strengthen its alignment with the Union Customs Code and related acts.

The new customs law and its implementing acts contain provisions for transit, which are mostly aligned with the CTC. Significant efforts were made to accomplish all the legal requirements, and

training of customs staff and operators, before the nationwide implementation phase that started on 1 July 2024. Implementation of the law should considerably reduce waiting times at the border with Ukraine and the EU and improve the connectivity of the region. Moldova should strengthen efforts to combat customs fraud, in particular smuggling of tobacco products, by cooperating with OLAF, and implement the World Health Organization Framework Convention on tobacco control protocol to eliminate illicit trade in tobacco products.

Moldova has been implementing the mutual recognition of Authorised Economic Operators (AEO) programme with the EU since November 2022, and has issued AEO authorisations to 149 operators, including 31 for security and safety, which are recognised in all EU Member States. The procedure for requesting and obtaining the status of AEO has been digitalised and simplified through an IT solution.

On **administrative and operational capacity**, the reorganisation act of the Customs Service (approved at the end of 2022) is not yet applicable. The customs model should be modernised to move towards a risk-based operating model with customs clearance carried out inland (at customs posts or operators' approved places) to avoid long waiting times at the border crossing points. This should be embedded in a wider trade facilitation context (simplifications for AEO, use of the common transit procedures, etc.), including risk-based audit. In the reporting period, Moldova began its participation in the EU customs programme for 2023-2027.

Strengthening of IT governance and digital transformation remains the Customs Service's top priority. It has started the implementation of Customs Decision System (a national digital platform of interaction between the customs authority and business for all types of authorisations). Automated validation of customs declaration was introduced, in the first stage, for export only. Efforts are still needed to fully automatise the risk management and customs clearance processes. A draft IT Strategy for the Customs Service 2024-2027 (and its roadmap) was developed, pending approval by government. It sets out the gradual alignment of IT business processes to the provisions of Union Customs Code (e.g. Work Programme 2023), ensuring a full digital environment and interconnection and interoperability with EU IT systems.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

Chapter 14: Transport policy

The EU has common rules on technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.

On **general transport**, Moldova adopted its Mobility Strategy for 2030 yet the action plan remains to be developed. Steps were taken to prepare an intelligent transport systems (ITS) strategy for all modes of transport. As observer, Moldova continued to actively participate in the work of the Transport Community Treaty (TCT). Sustainable Urban Mobility Plans are in development for Chisinau and Edinet.

On **road transport**, some progress was achieved. Moldova approved the creation, organisation and working methods of the Transport Accident and Incident Investigation Bureau. The new

updates introduced to the road transport code supports passenger transport market competition. Legislation on market access, the profession of road transport operators, digital tachographs and access to the haulage market is partially aligned. Moldova needs a new road safety strategy in order to be aligned with the EU road safety policy framework for 2021-2030 following the Safe System approach and its four pillars: safety of infrastructure, safety of vehicles, safe road use and post-crash care. Further actions are needed to transpose provisions related to guidelines for road safety audits/inspections of infrastructure and vehicles, and enhancement of the road safety crash data system. National legislation is partially aligned with the EU *acquis* on road safety. The agreement to temporarily liberalise bilateral and transit road transport between the EU and Moldova, signed in June 2022, has been extended up to December 2025.

No progress was achieved on the legislation regarding the transport of dangerous goods, which remains partially aligned with the EU *acquis*.

On **rail transport**, the adopted Railway Transport Code entered into force in 2024. It is partially aligned with the EU *acquis*. It includes provisions on separating train operations from infrastructure management; the independence of infrastructure managers to make decisions; access to rail network and services; licensing; multi-annual infrastructure contracts; railway safety; the roles of those involved in the rail system; the supervision of safety management systems; safety certificates and safety authorisations; train drivers; and regulation of the railway market. It established a national safety authority and a national investigation body.

There are no existing regulations governing interoperability. Moldova should further pursue alignment with the 4th railway package, including adoption of the Technical Specifications for Interoperability and the Common Safety Methods.

On **maritime transport**, the Moldovan flag vessel remains on the blacklist of the Paris Memorandum of Understanding on Port State Control, due to ship inspections which took place in past years. National authorities have started working on capacity improvement of the Naval Agency and adoption of new rules on registration of maritime and inland waterway vessels (adopted in 2023). A new Regulation was adopted in April 2024 by the government regarding procedures and principles on determining the minimum crew requirements for navigation, for maritime and/or mixed vessels. Legislation on port services is not aligned with the EU *acquis*.

The country has two **inland waterways** of international importance, the Nistru and Prut Rivers. Moldova also has access to the Danube River and participates in the EU strategy for the development of the Danube region.

On **aviation**, the country is partially aligned with the EU *acquis*, having implemented more than half of the legal acts listed under the EU-Moldova Common Aviation Area Agreement in its legislation.

There are no legal and technical provisions on **intermodal transport** in Moldova. Moldova needs to apply **EU passenger rights** *acquis* for all modes of transport. The updates introduced to the road transport code also regulate the rights of passengers.

Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy and nuclear safety, radiation protection and nuclear safeguards.

On **security of supply**, Moldova continued to safeguard its energy security by improving its legislative framework and strengthening gas and electricity transmission networks and interconnections. In December 2023, the Law on natural gas was amended in order to provide for mandatory storage of gas, in line with the EU *acquis* on gas storage. By May 2024, the Risk Assessment, Preventive Action Plan and Emergency Plan were submitted to the Energy Community Secretariat. The plans will have to be updated, in line with the Secretariat's Opinion.

In 2023, undertakings active on the Moldovan markets participated in the matching rounds organized under AggregateEU, EU mechanism for demand aggregation and joint purchasing of gas. Gas stored in Ukraine and Romania was used to successfully cover the 2023-2024 winter consumption. A Reasoned Request by the Energy Community Secretariat was submitted on 12 June 2024.

On electricity networks, infrastructure projects should be accelerated to reduce Moldova's structural vulnerability. The on-site works on Vulcanesti–Chisinau 400kV power line started in March 2024 while the financing for the second electricity interconnection with Romania, Suceava–Balti, was secured and a solution study for a third interconnection (Gutinas – Strasenii) was performed.

The Law on energy was amended in order to align with the EU Regulation Governance of the Energy Union and Climate Action and the EU Regulation on trans-European energy infrastructure. Based on this, the NECP was drafted and publicly consulted, and it received recommendations from the Energy Community Secretariat in April 2024.

On the **internal energy market**, progress has been achieved concerning the centralised gas and electricity markets. Certain provisions from the Capacity Allocation and Congestion Management Regulation were introduced in the Law on electricity in December 2023, providing the legal ground to designate the nominated electricity market operator (NEMO). In February 2024, the government designated "Operatorul Pietei de Energie M" LLC, the local subsidiary of the Romanian NEMO, Opcom, as electricity market operator in Moldova and in March 2024 the National Agency for Energy Regulation (NAER) issued the proper licence. On gas, the existing market operator, BRM East Energy started transactions on the centralised market for contracts, Over-The-Counter/retail in April 2024.

Moldova made progress on the unbundling of gas and electricity transmission system operators (TSOs). In February 2024, VestMoldTransgaz, an operator owned by Transgaz Romania (75%) and by European Bank of Reconstruction and Development (EBRD), was provisionally certified as Independent System Operator of the whole gas transmission system, including the gas transmission network owned by Moldovagaz and other entities. On 24 June the Energy Community Secretariat issued its opinion on the unbundling of VestMoldTransgaz as Independent System Operator. NAER should take utmost account of this opinion when adopting the final certification decision. The final certification took place in August 2024. The requirements of the Energy Community Secretariat regarding unbundling of the TSO Moldelectrica were fulfilled in March 2024 by a government decision approving the Regulation on the organisation and operation of the Ministry of Energy.

In December 2023, the law on electricity was aligned with the REMIT Regulation. Implementation by NAER has advanced.

Moldova further progressed on the **promotion of renewable energy sources** by aligning the Law on renewables sources with the Directive on the promotion of the use of energy from renewables

(RED II). Provisions related to sustainability and greenhouse gas emission saving criteria for biofuels, bioliquids, and biomass from REDII still need to be aligned with. In February 2024, the Ministry of Energy published a calendar for tendering of large investments in solar (60 MW) and wind (105 MW). The tender documentation was approved by the Tendering Committee in June, which was followed by the launch of the tendering process by the Ministry of Energy on behalf of the Government on 16 August.

As of January 2024, the net metering mechanism was replaced by net billing for new applicants, which can be prosumers of up to 200 kW installed power, thereby aligning with the EU practice. The net-metering scheme is to be gradually phased out by the end of 2027. In January 2024, an additional capacity of 100 MW was allocated for net billing mechanism permissible by the end of 2025, aiming at “controlling” and ensuring a balanced evolution of the segment amid the users of the supporting scheme.

On **energy efficiency**, substantial progress has been achieved in institutional development. The former Energy Efficiency Agency was reorganised into the National Centre for Sustainable Energy (NCSE), with a focus on the management of energy efficiency projects in public and residential buildings in an open and transparent manner with oversight from donors’ community.

In December 2023, in order to finance energy efficiency in residential buildings projects, the government approved the Programme for the implementation of the Energy Efficiency Obligation Scheme for the period 2024-2026 and established Residential Energy Efficiency Fund as unit under the NSCE. In April 2024 it approved its financing programme. In June 2024, NSCE approved two energy efficiency financing products, one for apartment buildings and one for individual houses with extreme energy vulnerability. NCSE has launched the two calls for proposals for the selection of residential buildings to conduct energy audits, as the first step in the entire financing procedure. In the first call, 25 blocks of flats were selected, and the energy audit was carried out and the technical design is currently being prepared. A second selection of 38 associations has been tendered for energy audits. Additionally, under the second financial product, NCSE has identified 60 vulnerable individual houses for future energy audits.

In October 2023, a new Law on the energy performance of buildings was adopted to align with the Energy Performance of Buildings Directive.

Also in October 2023, Moldova further aligned with the EU *acquis* on energy labelling with the adoption in of the Law on the labelling of energy-related products. Subsequently, in January 2024, national legislation aligned with several EU delegated regulations on energy labelling.

On nuclear energy, nuclear safety and radiation protection, Moldova still needs to align with and fully implement the Euratom Directives on nuclear safety, management of spent fuels and nuclear waste, basic safety standards and drinking water. Moldova is not yet a member of ECURIE and EURDEP systems.

On nuclear safeguards, upon EU accession, the existing systems of accountancy and control of nuclear materials in Moldova will need to be adapted to accommodate for the safeguards provisions (Chapter 7) of the Euratom Treaty.

Chapter 21: Trans-European networks

The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.

On **transport networks**, the current strategic framework for transport infrastructure is outlined in the 2030 National Strategy for Development. Following completion of the inter-ministerial consultation, the National Mobility Strategy for 2023-2030 is pending adoption. At the end of 2023, a high-level understanding was signed to adapt the maps of the extended Trans-European Transport Networks (TEN-T) of Moldova. In line with the revised TEN-T regulation that entered into force in July 2024, the country is now part of the Baltic Sea - Black Sea - Aegean Sea corridor. TEN-T network is integrated into the national strategic framework: 2030 National Mobility Strategy and 2025-2027 National Development Plan approved in May 2024. A pre-feasibility study is under way for the completion of the Chisinau ring road. Corridor study has been launched for development of the TEN-T core network along Iasi-Ungheni – Chisinau – Odesa corridor. The Road Fund remains the primary source of national budget funding for public road maintenance. The construction of the Bahmut, Porumbrei and Comrat bypasses were completed.

Regarding rail, rehabilitation works for the north-south railway corridor have been delayed and are now expected to begin by mid-2025. Greater efforts are required to ensure smoother and faster implementation of the project. A detailed analysis of the possibility of combining or switching to a narrower railway gauge for certain sections of the rehabilitated network is needed. Some progress has been made in terms of standard gauge deployment in Moldova.

No progress has been made on repairing the Cahul-Giurgiulești railway line, which is part of the TEN-T network, following a landslide in August 2022. Authorities have only managed to sign a contract with an engineering company. Rehabilitation works on the Basarabeasca-Giurgiulești railway segment are currently ongoing.

On **energy networks**, the Regulation on guidelines for trans-European energy networks was partially aligned with the Law on energy. In December 2023, an intergovernmental memorandum of understanding was signed between the Moldova and Romania on the implementation of projects necessary for the interconnection of gas and electricity networks. The memorandum was approved by the government in February 2024. It establishes, among other things, the basis for the second and third electricity interconnections, the increase in capacity of the gas interconnection, and the centralised electricity market operator in order to integrate the energy markets. For financing the Suceava–Bălți power line (the second interconnection with Romania), loan agreement negotiations with the European Bank for Reconstruction and Development were carried out, based on a government decision issued in January 2024. On-site works at the Vulcănești-Chisinau 400 kV power line started in February 2024, and the main power transformers for the Chisinau substation were delivered. The line, which is the CESEC priority project is predicted to be operational until the end of 2025.

Chapter 27: Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

The institutional reform of the Ministry of the Environment was completed in August 2023 with the approval of a new organisation chart and increased number of positions, but requires strengthening efforts to attract, train and retain qualified staff. The Environmental Strategy 2030 was finalised and approved on 12 June 2024. Further progress is hindered by insufficient human and financial resources, weak implementation, control and enforcement in most sectors, and insufficient prioritisation of environment and climate change across other policy areas.

On **horizontal legislation**, the Law on environmental impact assessment has been complemented by implementing legislation to ensure quality of strategic and environmental impact assessment reports. Moldova should ensure adequate implementation of the Law on environmental impact assessment and transparency of the related procedures with regard to the preparation and implementation of infrastructure investments. Further alignment is needed to establish an effective system of environmental liability and the assessment of environment damages, investigation of environmental violations and crimes as well as to introduce effective measures of the Penal and the Contravention Codes in alignment with the Environmental Crime Directive and with the Environmental Liability Directive. Moldova would benefit from the establishment of a system of public interest defence in the environmental sector, including entitling civil society organisations in this process. Moldova should also ensure that environmental monitoring meets EU standards.

On **waste management** and circular economy, Moldova further strengthened the application of the Extended Producer Responsibility and the polluter-pays-principle. Amendments to the Law on waste introduced the deposit-refund system for beverage packaging a scheme for separate collection of waste, development of a secondary material market and increasing recycling capacities in the industry, while reducing amounts directed to landfills. Specific provisions on landfill waste were established and the National Waste Management Programme was adopted in December 2023. The implementation of regional solid waste management systems is in progress.

On **water management**, requirements for the collection, treatment and discharge of wastewater into the sewerage system and discharge from urban and rural localities have been regulated. Moldova is encouraged to strengthen implementation – the water and sanitation network needs to be further expanded to increase the population coverage, especially in rural areas, and to reduce the negative effects on natural resources. Furthermore, capacities for monitoring of ground and surface water needs to be strengthened and the annual water monitoring programme fully implemented for the protection and sustainable development of transboundary river basins.

On **nature protection**, the National Forestry Code was adopted in March 2024, establishing the framework for the use of forest resources and the protection of its biodiversity. Moldova continues afforestation efforts. Guidelines on Developing Management Plans for Emerald Sites in Moldova was published in June 2024 and Moldova should continue to prepare to identify and pre-designate sites that will be covered by the Natura 2000 network. The reform of Moldsilva Agency and the establishment of an independent service for protected areas remain pertinent.

On **industrial pollution control and risk management**, the existing pollutant release and transfer register (PRTR) platform remains outdated, despite technical improvements.

On **chemicals**, the Sustainable Management of Chemicals Programme 2030 was approved in October 2023. There was no progress on aligning national legislation with the EU REACH and CLP Regulations. Cooperation with the European Chemicals Agency is encouraged.

On **civil protection and disaster risk management**, the country became a full member of the UCPM in January 2024. Moldova should continue its efforts to further strengthen prevention, preparedness and develop an integrated and intergovernmental disaster risk management system. Moldova is encouraged to improve its resilience to disasters through prevention and preparedness actions and make use, when appropriate, of the scientific partnership for natural hazards, through the Emergency Response Coordination Centre.

Climate change

On **climate change**, Moldova has made good progress over the reporting period. In April 2024, Moldova adopted its Law on climate action which formalises its commitment to climate-neutrality by 2050. It establishes the legal background for greenhouse gas (GHG) permitting, carbon pricing mechanisms, and indicates the development of a long-term low emission development strategy. The law, and accompanying decree, provide a legal basis also for the national greenhouse gas inventory system, which still requires operationalisation. The Low Emission Development Programme 2030 is effective since January 2024. Moldova must prepare and submit a new Nationally Determined Contribution under the Paris Agreement, establishing a post-2030 mitigation target. In June 2024, the National Committee for Climate Change was established, which will coordinate all actions in the field at national level.

As a Contracting Party to the Energy Community, Moldova is yet to adopt its National Energy and Climate Plan and the transposition of the Monitoring, Reporting, Verification and Accreditation regulations is well advanced, although not completed yet. The Government is encouraged to accelerate its preparation towards carbon pricing, consistently with the Energy Community's Decarbonisation Roadmap, when it comes to the Monitoring, Reporting, Verification and Accreditation (MRVA) of greenhouse gas emissions.

Moldova is a party to the Montreal Protocol on substances that deplete the ozone layer and ratified the Kigali Amendment to the Montreal Protocol in September 2023. In February 2024, Moldova adopted laws regarding the approval of the rules of commercial regime and the regulation of the use of halogenated hydrocarbons that destroy the ozone layer.

Continued implementation of climate change adaptation policies and mainstreaming of adaptation in all policy areas is paramount, in line with the National Climate Change Adaptation Programme (until 2030) and related Action Plan.

The main obstacles and implementation challenges are attributable to limited national capacities, sectoral policy fragmentation and segregation, insufficient monitoring, and control of GHG emissions and data reliability. Moldova should consider aligning with major upgrades of the EU climate policy as a result of the Fit for 55 package.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

Chapter 11: Agriculture and rural development

The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of natural resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy, and organic farming.

On **horizontal issues**, the national strategy for agriculture and rural development for 2023-2030, adopted in February 2023, requires a multi-annual implementation plan, which should cover financing, monitoring and reporting.

A Strategy for collecting and monitoring farm-level data need to be developed. The work to establish a farm sustainability data network has started with the formation of a working group and the adoption of the corresponding legislation. Further efforts are required to set up the IACS. A roadmap for the creation of a national farm registry was adopted. An action plan for its implementation, including on human and financial resources, is now needed. An animal register is in place. A land parcel identification system and a Farm Accountancy Data Network must be established. Interoperability of the various elements comprising the IACS should be ensured from the onset. The legislative framework for the creation of a Farm Advisory Service is being developed.

The institutional capacity of the AIPA has been strengthened. A human resource development strategy enhancing staff retention needs to be developed. Further e-application systems for direct support should be developed to improve the efficiency of the application, evaluation, payment execution and reporting processes.

Regarding the **common market organisation**, efforts are needed to further develop the regulatory framework in line with the EU *acquis*. The reporting period saw progress in aligning with EU marketing standards for edible vegetable oils and vegetable or animal-based spreads intended for human consumption.

In the **quality policy** area, there has been further legislative alignment including around certification and control. Efforts should continue to follow all updates of the EU *acquis* in this area.

For **organic farming**, implementing legislation for the Law on organic production and labelling has been adopted in August 2024 aligning with the EU *acquis*.

Chapter 12: Food safety, veterinary and phytosanitary policy

The EU food acquis, including hygiene rules for foodstuff production, ensure a high level of food and feed safety and a high level of protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded together with quality of seeds, plant protection material, protection against harmful organisms and animal nutrition.

In the area of **general food safety**, following the 2023 institutional reform of the National Agency for Food Safety in February 2024, its Human Resources Development Strategy 2024-2027 was developed and approved, as well as a training programme for national staff and staff from territorial subdivisions (inspectors).

On **veterinary policy**, the law on veterinary health activity aligning with the Regulation on transmissible animal diseases and amending and repealing certain veterinary health acts, was adopted

Moldova has further improved its surveillance system for animal diseases and the diagnostic resources of the competent authorities. The country continued to successfully implement active surveillance of EU programmes for African swine fever and rabies prevention and control. Avian bird flu detection and response have improved.

Institutional cooperation between the Ministry of Health and the National Food Safety Agency has been strengthened for monitoring the antimicrobial resistance of zoonotic and commensal bacteria from farm animals and food of animal origin.

Residues of pharmacologically active substances used in food-producing animals and the interpretation of the results have been further aligned with the EU *acquis*. Monitoring of veterinary antimicrobial products has been strengthened, but traceability mechanisms of animal drugs and medicines from import of substances to farm level application needs to be further improved, ensuring interoperability with other registers as the animal register and laboratory testing.

The legislative framework for official controls and placing of plant protection products on the market has been further aligned with the EU *acquis*. On official controls, further efforts are needed on risk assessment and reporting on risk-based official controls whilst the transparency principle should be respected. Adequate financial resources should support the performance of official controls, also by means of proportionate and transparent collection of fees. Maximum permitted limits of residues of plant protection products in or on food and feed of plant and animal origin were harmonised. Further measures regarding the sustainable use of pesticides are required.

On the **placing of food, feed and animal by-products on the market**, the sampling size for bovine raw milk was further expanded and ovine/caprine milk included in the 2024 National monitoring and surveillance programme. Residue monitoring is yet to be further expanded to new products and the number of samples of official controls obtained at farms, processors and distributors increased.

The national reference laboratories (Food Safety Laboratory, Animal Health Diagnostic Laboratory) scope of accreditation was extended.

The method for determination of **genetically modified organisms** in products of plant origin (soya seeds and processed products, maize, rapeseed) was accredited at the Central Phytosanitary Laboratory.

During the reporting period, Moldova was authorised to export fresh poultry meat and certain plant reproductive material.

Chapter 13: Fisheries and aquaculture

The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.

Moldova needs to further develop, implement and enforce fisheries and aquaculture policy. The overall coordination of the authorities on biodiversity protection needs to be strengthened. The adoption of a multiannual national strategic plan dedicated to aquaculture and a national legislation on aquaculture aligned with EU *acquis* is pending.

On **inspection and control**, a system preventing importation of fishery products from IUU fishing is needed.

Concerning **international agreements**, international cooperation activities should be further strengthened, and progress should be made in adopting and integrating in national law the international fisheries agreements, finalising legislation covering the definition of fishing vessel

in line with international fisheries instruments and in rules with regards to the registration and deregistration of vessels engaging in IUU fishing.

As regards to the wider blue economy, Moldova continues to participate in the Common Maritime Agenda. It maintains a strong commitment at both the grassroots and ministerial level, with the Moldovan Ministry of Environment coordinating cooperation among participating countries under the initiative in 2024. The positive regional cooperation under the Common Maritime Agenda should continue.

Chapter 22: Regional policy and coordination of structural instruments

Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through 'shared management' between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU acquis elements such as environmental or public procurement legislation.

On the **legislative framework**, Moldova possesses a framework of strategic documents guiding development initiatives. These include the National Strategy for Regional Development (2022-2028) and the National Program for Local Development (2024-2028). Also, a separate national programme for the development of cities as growth poles is in place. The development and implementation of a dedicated legal framework for the European Regional Development Fund and the Cohesion Fund is pending. The potential of European groupings of territorial cooperation is not being fully exploited so far, although they can be used as instruments for integrated multi-level governance in coherent areas split by borders and facilitating the implementation of Small Project Funds in Interreg cooperation programmes.

The current **institutional framework** supports management of EU funds, with the State Chancellery acting as the national coordinating authority since the end of 2023 and being responsible for all five Interreg cooperation programmes in which Moldova participates. To strengthen oversight of **EU funds management**, Moldova established a National Working Group in February 2024. This group, comprised of representatives from key ministries and government agencies, fosters improved coordination of cross-border, transnational, and interregional cooperation programmes.

Moldova is strengthening its **administrative capacity** to manage EU funds to ensure the efficient management of cross-border and transnational cooperation initiatives under the Interreg umbrella. High turnover of staff is a challenge that Moldova continues to address through salary increases, improved working conditions, and enhanced training programmes. A 'SPRINT' programme for civil servants is set to attract staff and enhance public service appeal. The Institute for Public Administration serves as one of the training institutions to develop capacity for authorities involved in the management of EU funds.

Multiannual **programming** takes place via the government approved medium-term budget framework. The current National Programme for Local Development aligns with the National Strategy for Regional Development 2022-2028. This programme strengthens national involvement in regional and local development initiatives. Significant progress has been achieved in establishing two critical management systems: an information system specifically designed

for managing regional and local projects, was launched in July 2024 and a Register of Capital Investment Projects, already operational and mandatory for all large-scale investment projects.

The development of **monitoring and evaluation** systems for EU funds includes the establishment of an electronic management and information system. While adequate administrative capacity exists for monitoring and evaluation under EU indirect management rules, timely integration of resulting recommendations remains a challenge.

On financial management, control and audit, Moldova's successful implementation of activities and the effectiveness of its management and control systems demonstrate its capacity for sound financial management. A nationwide management information system is under development with a phased roll-out across public entities since January 2024.

Chapter 33: Financial and budgetary provisions

This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource; and (iv) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

Some progress was made on **traditional own resources** with the entry into force of new customs legislation, which is now broadly aligned with the EU *acquis*. Moldova should upgrade the IT infrastructure as a basis for creating a traditional own resources system.

Moldova does not have adequate measures in place to combat VAT and customs duties fraud. No progress was made during the reporting period to develop such measures. Moldova should align with the EU *acquis* its legislation on structure, exemptions, deductions, special schemes, and the scope of reduced rates.

No progress was made on the underlying policy on **gross national income** and its alignment with the EU *acquis*. Compilation of the national accounts and gross national income should be based on the definitions and accounting rules of the European ESA 2010 standards. In the reporting period, there was no progress on the changeover to ESA 2010, national data collection or the calculation of non-recyclable plastic.

On **administrative capacity**, Moldova has not to set up the institutions for the own resources system, an own resource coordination body and implementing rules for alignment with EU requirements.

CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: External relations (Chapter 30); Foreign, security and defence policy (Chapter 31).

Chapter 30: External relations

The EU has a common commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.

On the **common commercial policy**, the Commission for Emergency Situation (CSE) introduced an import licensing mechanism for certain cereals, starting on 4 October 2023 and running until the end of the emergency period. Despite high-level assurances that the measure would be removed, it was extended twice—and on 5 July 2024 replaced by legislation which makes it semi-permanent. The measure applies to imports from all countries, including from the EU. A special commission established by the Ministry of Agriculture with participation of Ministry of Economic Development and Digitalisation and National Food Safety Agency (ANSA) processes the requests for licences. The government notified the EU and the WTO only in January 2024 about the introduction of the mechanism.

On export control of **dual-use goods** the authorities continued to adjust legislation aimed to ensure alignment with the EU Directive on the control of exports, brokering, technical assistance, transit and transfer of dual-use items. The law on the control regime of trade in strategic goods was adopted in July 2024 and will enter into force in January 2025 therefore providing partially alignment with the directive. Moldova is neither a participant nor an adherent to the Australia Group and is encouraged to become an adherent and an eventual member.

On **bilateral trade agreements**, Moldova progressed with Parliament's ratification of the FTA with the EFTA states on 28 March 2024 and entered into force in April 2024. The FTA will take effect once Moldova and one member of EFTA have notified to the depositary on the completion of their respective ratification procedures. The agreement took effect for Moldova and Iceland on 1 September 2024. Parliament also ratified the agreement on economic cooperation with Portugal. The government commissioned the feasibility study for potential negotiation of an FTA with South Korea.

Moldova has 41 bilateral investment treaties, of which 20 are with EU member states. On 17 April 2024, the government approved the decision on the initiation of negotiations of a bilateral investment's protection and promotion agreement with Italy.

On **development policy and humanitarian aid**, Moldova remains rather a recipient of aid than a donor. It does not have a development policy nor provide structural technical assistance to any partner countries. Although Moldova has legislation on humanitarian aid, there is no dedicated structure or budget to implement it. Moldova should continue to build up capacities of a newly established department for development cooperation within the Ministry of Foreign Affairs and work further on a legal framework on international cooperation, development and humanitarian aid towards non-EU countries, aligned with EU policies and principles. Since June 2023, Moldova provided three batches of humanitarian aid to Ukraine worth of approximately EUR 529 000 of goods and supplies.

Chapter 31: Foreign, security and defence policy

Member States must be able to conduct political dialogue under the EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.

The **political dialogue** between the EU and Moldova on foreign and security policy has intensified. The EU-Moldova Association Council met in May 2024. The annual EU-Moldova consultations on common security and defence policy took place in December 2023, the third EU-Moldova high-level political and security dialogue was held in Chisinau in April 2024.

The new National Security Strategy, adopted in December 2023, identifies Russia as the source of major threats to Moldova's security, and the EU accession process as strategically important for strengthening security and national resilience. In July 2024, the government approved the new national Defence Strategy, focusing on modernisation of national defence capacity and committing to increase defence spending to 1% of GDP by 2030.

In the area of the **CFSP**, Moldova's alignment rate with statements by the High Representative on behalf of the EU and Council decisions on sanctions continued increasing from 80% in 2023 to 90% as of 30 September 2024. The President of Moldova participated in the Summit on Peace in Ukraine hosted by Switzerland.

On **restrictive measures**, Moldova aligned for the first time in November 2023, with individual sanctions on Ukraine's sovereignty and territorial integrity, listing numerous Russian individuals and entities. In July 2024, the country also aligned with the sanctions regime targeting those seeking to destabilise Moldova.

In November 2023, Parliament amended the Law on the enforcement of international restrictive measures. There has been good cooperation with the EU on preventing circumvention of sanctions against Russia and Belarus related to Russia's war of aggression against Ukraine. More work is needed to enhance the robustness of implementation, including by strengthening cooperation and communication between national authorities in charge of preventing sanctions circumvention.

As a member of multiple **international organisations**, Moldova has continued to align with international and EU initiatives in support of Ukraine and supported relevant resolutions of the UN General Assembly, the Human Rights Council and the Council of Europe, among others. Moldova is party to the Rome Statue of the **International Criminal Court**.

Moldova continued supporting EU measures and documents on **conflict prevention**, but its own capacities in this field remain limited.

On **disarmament and non-proliferation**, Moldova is not yet a member of the Wassenaar Arrangement, the Australia Group and other multilateral export control nor non-proliferation regimes. It participates in the Proliferation Security Initiative and The Hague Code of Conduct and is a party to the Arms Trade Treaty. Moldova does not have a separate national strategy for **small arms and light weapons** (SALW). In April 2024, the Moldovan Parliament voted to suspend Moldova's participation in the Conventional Armed Forces in Europe Treaty.

As regards the **CSDP**, Moldova's new 2024 contributions to Operation EUFOR ALTHEA in Bosnia and Herzegovina and EUTM Somalia constitute a considerable increase compared to previous contributions. In April 2024, Moldova deployed three additional police officers to the NATO Mission in Kosovo (KFOR). Security and defence cooperation has substantially increased over the past 2 years, including in the framework of the European Peace Facility. In May 2024, Moldova became the first partner country to sign a Security and Defence Partnership (non-binding instrument) with the EU.

Regarding **hybrid threats**, Moldova, in line with recommendations from the 2023 EU hybrid risk survey, is implementing a range of measures to increase resilience and improve its ability to counter hybrid threats. In spring 2024, the Centre for Strategic Communications and Countering Disinformation started to operate. In February 2024, Moldova launched the National Agency for Cyber Security and National Institute for Cyber Security.

ANNEX I – RELATIONS BETWEEN THE EU AND MOLDOVA

On 3 March 2022, Moldova presented its application for **membership of the EU** was granted European perspective and candidate country status in June 2022. In December 2023, the European Council decided to open accession negotiations with the country. The first intergovernmental conference opening the negotiations took place on 25 June 2024.

Moldova continues to broadly implement its obligations under the **Association Agreement (AA)**. **A Deep and Comprehensive Free Trade Area (DCFTA)**, which was signed in 2014, fully entered into force in July 2016. The AA/DCFTA remains the bilateral legal instrument serving as the basis for political association and economic integration between the EU and Moldova. Regular political and economic dialogue between the EU and Moldova has continued through the AA/DCFTA structures.

The latest EU-Moldova Association Council meeting took place in May 2024 and the latest EU-Moldova Association Committee took place 16-17 November 2023. The 10th meeting of the EU-Moldova Association Committee in Trade Configuration took place 5-6 October 2023, and the EU-Moldova Parliamentary Association Committee held a meeting on 29 November 2023 in Chisinau. Trade relations with the EU have further intensified since the start of Russia's war of aggression against Ukraine. The EU is Moldova's biggest trade partner, accounting for 53.7% of its total trade volume in 2023. Autonomous trade measures have been applied since July 2022; the EU unilaterally granted additional tariff rate quotas for a number of all agricultural products for 12 months. This measure was extended in May 2024 to remove all outstanding tariffs under the DCFTA until July 2025. In light of Moldova's candidate status, the EU and Moldova continued to implement the Priority Action Plan in June 2023 to help accelerate implementation of the DCFTA and give Moldova greater access to the EU internal market.

In addition to the AA/DCFTA structures, a Human Rights Dialogue with Moldova is in place since 2010 and convenes annually. The High-Level Energy Dialogue continued holding biannual meetings during the reporting period, and the High-Level Political and Security Dialogue was held in April 2024. The new high-level Transport Dialogue was launched in February 2024 to further deepen cooperation on connectivity. The EU remains fully committed to supporting a comprehensive, peaceful, and sustainable settlement of the Transnistrian conflict, based on the sovereignty and territorial integrity of Moldova in its internationally recognised borders, with a special status for the Transnistrian region. The DCFTA applies to the entire territory of Moldova.

Citizens of Moldova have enjoyed **visa-free travel to the Schengen area** since April 2014. As part of the visa liberalisation monitoring mechanism, the Commission has regularly assessed the progress made by the country in implementing reforms under the visa roadmap. The Commission's seventh report under the Visa Suspension Mechanism, published in October 2024, concluded that Moldova continues to take action to address the recommendations made in the previous year's report. A readmission agreement entered into force in January 2018.

The EU remained deeply committed under the common foreign and security policy to deepen cooperation with Moldova in these areas. In 2024, Moldova became the first country to sign a Security and Defence Partnership with the EU. The **EU Partnership Mission in Moldova (EUPM)** continued supporting Moldovan institutions in building resilience, while the assistance to the Moldovan Armed Forces provided through the European Peace Facility (EPF) reached EUR 137 million. In addition, the EU has kept in place a dedicated sanctions regime targeting individuals and entities who try to destabilise Moldova.

The EU is the largest provider of financial assistance to Moldova. Since 2021, the EU has mobilised EUR 2.2 billion for Moldova through, among others, macro-financial assistance, budget support, bilateral assistance through annual action programmes, humanitarian aid, crisis response support and projects with international financial institutions guaranteed by the EU. In June 2023, the EU presented a support package for Moldova to address the impact of Russia's war of aggression against Ukraine on Moldova and to bring the country closer to the EU. The EU has been an active member of the Moldova Support Platform since it was set up in 2022 (now the Moldova Partnership Platform as the focus has shifted to long-term development priorities). Moldova and the European Commission are working together discussions on the **Moldova Growth Plan**, which would help reap the early benefits of access to the EU single market, accelerate economic reforms and increase financial assistance in this regard.

The bilateral allocation for Moldova for 2021-2024 amounts to EUR 260 million under the Neighbourhood, Development, and International Cooperation Instrument – Global Europe 2021-2027 (NDICI-GE). The 2023 annual programme for Moldova allocated EUR 150 million to: (i) support energy security in Moldova, civil society, investment under the Economic and Investment Plan; (ii) respond to the immediate and long-term needs in the security and migration sector; and (iii) support Moldova on its path to EU accession. Under the Eastern Partnership Economic and Investment Plan (EIP), the EU has already mobilised up to EUR 1.6 billion in public and private investments for five flagship projects in Moldova.

Bilateral annual programmes are complemented by a package of multi-country and regional programmes supporting civil society, the energy sector, strengthening border management and assisting with migration and security in a broader sense. The country also receives support from TAIEX and competitiveness programmes together with international financial institutions and international organisations.

Since its launch in 2009, Moldova has participated **in the Eastern Partnership (EaP)**. This overarching framework has given a further boost to bilateral and regional relations with the EU.

Since 2014, Moldova has progressively extended its participation in **EU programmes**. It has joined the EU customs programme, Fiscalis, LIFE, EU4Health, Horizon Europe, the Connecting Europe Facility (CEF), the single market programme, the Union Civil Protection Mechanism (UCPM), Digital Europe, and Employment and Social Innovation. Organisations and individuals from Moldova are also eligible for certain schemes under the Erasmus+ and European Solidarity Corps programmes. Moldova participates in several Interreg programmes and is a member of the EU macro-regional strategy for the Danube region. Moldova's participation fee for EU programmes has been waived as a result of the impact on Moldova of Russia's war of aggression against Ukraine. To strengthen the digital sector and to enhance access to EU initiatives and funds, Moldova is participating as an observer in two pilot projects under the Technical Support Instrument.

ANNEX II – STATISTICAL DATA

STATISTICAL DATA (as of 5/09/2024)

Moldova

Basic data	Note	2011	2018	2019	2020	2021	2022
Population (thousand)		3 560 i	2 730 i	2 686 i	2 640 i	2 597 pi	2 604 i
Total area of the country (km ²)	1) 2) 3)	33 846 w	33 847 w	33 847 w	33 847 w	33 849 w	33 849 w

National accounts	Note	2011	2018	2019	2020	2021	2022
Gross domestic product (GDP) (million national currency)	4)	98 773 w	189 063 w	206 256 w	199 734 w	242 079 w	274 207 w
Gross domestic product (GDP) (million euro)	4)	6 046 w	9 527 w	10 484 w	10 116 w	11 569 w	13 781 w
GDP (euro per capita)	4)	1 698 w	3 519 w	3 935 w	3 839 w	4 457 w	5 428 w
GDP per capita (in purchasing power standards (PPS))	4)	5 013 w	12 375 w	13 361 w	12 977 w	16 299 w	17 243 w
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		:	:	:	:	:	:
Real GDP growth rate: change on previous year of GDP volume (%)	4)	5.8 bw	4.1 w	3.6 w	- 8.3 w	13.9 w	- 5.0 w
Employment growth (national accounts data), relative to the previous year (%)	4) 5)	3 iw	3 iw	- 12 iw	- 4 iw	1 iw	2 iw
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)	4)	3 bw	1 w	17 w	- 4 w	13 w	- 7 w
Unit labour cost growth, relative to the previous year (%)	4)	- 3 w	9 w	4 w	5 w	- 5 w	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)	4) 6)	116.6 iw	126.4 biw	132.4 iw	135.7 iw	123.0 iw	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)	4)	13.3 w	11.8 w	11.7 w	10.8 w	12.3 w	9.6 w
Industry (%)	4)	16.7 w	15.7 w	15.2 w	15.2 w	14.7 w	14.3 w
Construction (%)	4)	7.6 w	10.0 w	10.1 w	11.5 w	9.3 w	8.2 w
Services (%)	4)	62.4 w	62.5 w	63.0 w	62.5 w	63.6 w	67.8 w
Final consumption expenditure, as a share of GDP (%)	4)	109.5 w	99.5 w	100.1 w	99.6 w	100.3 w	102.4 w
Gross fixed capital formation, as a share of GDP (%)	4)	23.2 w	23.3 w	23.4 w	24.9 w	24.1 w	22.5 w
Exports of goods and services, relative to GDP (%)	4)	32.5 w	30.7 w	31.2 w	27.9 w	30.6 w	41.2 w
Imports of goods and services, relative to GDP (%)	4)	66.1 w	56.8 w	56.4 w	51.4 w	57.8 w	69.5 w
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	3 w	:

Business	Note	2011	2018	2019	2020	2021	2022
Industrial production volume index (2015 = 100)		88.0 w	111.8 w	113.9 w	107.1 w	120.3 w	115.1 w
Number of active enterprises (number)		47 684 w	35 372 w	36 299 w	37 228 w	38 783 w	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		12.6 w	13.7 w	:	:	:	:

Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		6.2 w	22.1 w	:	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)	7)	57.5 iw	70.3 iw	69.4 iw	69.9 iw	71.1 iw	:
Value added by SMEs (in the non-financial business economy) (EUR million)		:	:	:	:	:	:
Total value added (in the non-financial business economy) (EUR million)		:	:	:	:	:	:

Inflation rate	Note	2011	2018	2019	2020	2021	2022
Consumer price index (CPI), change relative to the previous year (%)	8)	7.6 w	3.0 w	4.8 w	3.8 w	5.1 w	28.7 w

Balance of payments	Note	2011	2018	2019	2020	2021	2022
Balance of payments: current account total (million euro)		- 612.1 w	- 1 026.2 w	- 987.8 w	- 777.9 w	- 1 435.7 w	- 2 358.1 w
Balance of payments current account: trade balance (million euro)		- 2 144.2 w	- 2 789.2 w	- 2 958.3 w	- 2 714.4 w	- 3 540.6 w	- 4 933.1 w
Balance of payments current account: net services (million euro)		114.3 w	301.4 w	326.5 w	349.2 w	399.3 w	863.0 w
Balance of payments current account: net balance for primary income (million euro)		414.9 w	453.7 w	549.4 w	342.3 w	225.2 w	56.7 w
Balance of payments current account: net balance for secondary income (million euro)		1 003.0 w	1 007.9 w	1 094.7 w	1 245.0 w	1 480.5 w	1 655.2 w
Net balance for primary and secondary income: of which government transfers (million euro)		:	:	:	:	:	:
**3 year backward moving average of the current account balance relative to GDP (%)	9)	- 8.6 ibw	- 6.7 piw	- 8.7 piw	- 9.3 iw	- 9.8 iw	- 12.4 iw
**Five year change in share of world exports of goods and services (%)		:	:	:	:	:	:
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		242.2 w	233.1 w	428.4 w	133.3 w	314.2 w	514.0 w
Foreign direct investment (FDI) abroad (million euro)		25.7 dw	29.0 dw	37.3 dw	3.3 dw	12.1 dw	42.7 dw
of which FDI of the reporting economy in the EU-27 countries (million euro)		:	:	:	:	:	:
Foreign direct investment (FDI) in the reporting economy (million euro)		267.9 dw	262.2 dw	465.7 dw	136.6 dw	326.3 dw	556.7 dw
of which FDI of the EU-27 countries in the reporting economy (million euro)		:	:	:	:	:	:
**Net international investment position, relative to GDP (%)	10)	- 32.5 w	- 36.6 w	- 40.6 w	- 40.4 w	- 40.0 w	- 42.1 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)	4) 11)	10.8 diw	8.0 diw	8.1 diw	9.2 diw	9.0 diw	8.3 diw

Public finance	Note	2011	2018	2019	2020	2021	2022
General government deficit / surplus, relative to GDP (%)		- 2.0 ew	- 0.8 ew	- 1.4 ew	- 5.1 ew	- 1.9 ew	- 3.2 ew
General government gross debt relative to GDP (%)		19.7 ew	27.2 ew	25.1 ew	33.1 ew	32.6 ew	35.0 ew
Total government revenues, as a percentage of GDP (%)		30.5 ew	30.2 ew	30.0 ew	30.4 ew	32.0 ew	33.3 ew
Total government expenditure, as a percentage of GDP (%)		32.5 ew	31.0 ew	31.4 ew	35.5 ew	33.9 ew	36.5 ew

Financial indicators	Note	2011	2018	2019	2020	2021	2022
Gross external debt of the whole economy, relative to GDP (%)	4)	66.8 iw	66.0 iw	61.2 iw	65.1 iw	66.7 iw	65.4 iw
Gross external debt of the whole economy, relative to total exports (%)		205.0 w	215.2 w	196.2 w	233.2 w	217.7 w	158.7 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		1 153.4 w	2 006.5 w	2 213.3 w	2 617.3 w	3 027.9 w	3 115.9 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	:	:	:	:	:
**Annual change in financial sector liabilities (%)		:	:	:	:	:	:

**Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:
Interest rates: day-to-day money rate, per annum (%)		:	:	:	:	:	:
Euro exchange rates: average of period (1 euro = ... national currency)		16.337 w	19.844 w	19.674 w	19.744 w	20.926 w	19.898 w
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)	12)	103.6 w	117.8 w	118.7 w	125.1 w	123.0 w	132.4 w
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)	12)	0.1 iw	0.2 iw	0.2 iw	0.0 iw	0.1 iw	0 iw
Value of reserve assets (including gold) (million euro)		1 527.5 w	2 630.2 w	2 733.8 w	3 082.9 w	3 445.8 w	4 206.0 w

External trade in goods	Note	2011	2018	2019	2020	2021	2022
Value of imports: all goods, all partners (million euro)		3 736 w	4 886 w	5 222 w	4 732 w	6 085 w	8 788 w
Value of exports: all goods, all partners (million euro)		1 595 w	2 294 w	2 483 w	2 160 w	2 670 w	4 114 w
Trade balance: all goods, all partners (million euro)		- 2 141 iw	- 2 592 iw	- 2 739 iw	- 2 572 iw	- 3 415 iw	- 4 673 iw
Terms of trade (export price index / import price index * 100) (number)		100.2 iw	99.4 iw	98.8 iw	113.5 iw	110.4 iw	105.4 iw
Share of exports to EU-27 countries in value of total exports (%)		44.2 iw	65.9 iw	64.1 iw	66.4 iw	61.0 iw	58.4 iw
Share of imports from EU-27 countries in value of total imports (%)		42.1 iw	48.4 iw	48.5 iw	45.6 iw	43.8 iw	47.4 iw

Demography	Note	2011	2018	2019	2020	2021	2022
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		0.0	- 0.9 e	- 1.6 e	- 3.8 ep	:	- 3.6 ep
Infant mortality rate deaths of children under one year of age (per thousand live births)		11.0	:	:	8.7	:	9.0 p
Life expectancy at birth: male (years)		66.9	:	:	:	:	:
Life expectancy at birth: female (years)		75.0	:	:	:	:	:

Labour market	Note	2011	2018	2019	2020	2021	2022
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	5) 6) 13)	51.5 w	54.9 w	52.9 bw	51.1 w	52.8 w	53.7 w
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)	5) 6) 13)	48.1 w	53.3 w	50.2 bw	49.1 w	51.1 w	52.1 w
Male employment rate for persons aged 20–64 (%)	5) 6) 13)	49.8 w	55.9 w	53.9 bw	53.1 w	55.6 w	55.8 w
Female employment rate for persons aged 20–64 (%)	5) 6) 13)	46.6 w	50.9 w	46.8 bw	45.5 w	46.9 w	48.7 w
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)	5) 6) 13)	40.9 w	48.5 w	40.5 bw	40.5 w	42.6 w	44.1 w
Employment by main sectors							
Agriculture, forestry and fisheries (%)	13)	27.5 w	39.3 w	21.0 bw	21.1 w	21.5 w	20.8 w
Industry (%)	5) 6)	13.1 w	11.0 w	14.7 bw	14.6 w	14.4 w	14.8 w
Construction (%)	5) 6)	5.7 w	4.6 w	7.0 bw	7.2 w	7.7 w	7.7 w
Services (%)	5) 6)	53.7 w	45.1 w	57.3 bw	57.1 w	56.4 w	56.7 w
People employed in the public sector as a share of total employment, persons aged 20–64 (%)	5) 6)	27.8 w	23.9 w	29.4 bw	29.6 w	28.6 w	28.8 w

People employed in the private sector as a share of total employment, persons aged 20–64 (%)	5) 6) 13)	72.2 w	76.1 w	70.6 bw	70.4 w	71.4 w	71.2 w
Unemployment rate: proportion of the labour force that is unemployed (%)	5) 6)	6.7 w	2.9 w	5.1 bw	3.8 w	3.2 w	3.1 w
Male unemployment rate (%)	5) 6)	7.7 w	3.5 w	5.8 bw	4.3 w	3.9 w	3.6 w
Female unemployment rate (%)	5) 6)	5.6 w	2.4 w	4.4 bw	3.3 w	2.5 w	2.6 w
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)	5) 6)	14.9 w	7.1 w	10.4 bw	10.9 w	9.2 w	10.7 w
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)	5) 6)	2.2 w	0.8 w	0.9 bw	0.7 w	0.8 w	0.7 w
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)	5) 6)	5.9 w	2.8 w	8.5 bw	5.8 w	4.2 w	3.8 w
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)	5) 6)	4.8 w	2.9 w	2.5 bw	2.0 w	1.7 w	1.7 w

Social cohesion	Note	2011	2018	2019	2020	2021	2022
Average nominal monthly wages and salaries (national currency)	14)	3 042 bw	6 268 w	7 234 w	7 943 w	8 980 w	10 447 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	114 w	126 w	133 w	143 w	129 w
GINI coefficient		34 w	34 w	34 bw	35 w	36 w	35 w
Poverty gap		23.7 w	19.7 w	17.4 bw	26.3 w	26.1 w	21.4 w
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)	5)	22.4 w	21.1 w	19.0 bw	16.9 w	19.6 w	21.5 w

Standard of living	Note	2011	2018	2019	2020	2021	2022
Number of passenger cars relative to population size (number per thousand population)		120.0	230.0 e	246.0 e	261.0 p	275.0 e	297.0 ep
Number of mobile phone subscriptions relative to population size (number per thousand population)		1 043.4 w	1 656.4 w	1 678.7 w	1 564.0 w	1 834.7 w	2 040.4 w
Mobile broadband penetration (per 100 inhabitants)		:	80.8 w	90.1 w	90.3 w	104.8 w	117.7 w
Fixed broadband penetration (per 100 inhabitants)		:	23 w	25 w	27 w	30 w	32 w

Infrastructure	Note	2011	2018	2019	2020	2021	2022
Density of railway network (lines in operation per thousand km ²)	1) 2) 3) 15)	34.2 iw	34.0 iw	34.0 iw	34.0 iw	34.0 iw	:
Length of motorways (kilometres)		:	:	:	0	0	0

Education, innovation and research	Note	2011	2018	2019	2020	2021	2022
Public expenditure on education relative to GDP (%)	4)	7.0 iw	5.6 iw	:	:	:	:
*Gross domestic expenditure on R&D relative to GDP (%)	4)	0.34 iw	0.26 iw	0.24 iw	0.24 iw	0.23 iw	0.23 iw
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	:	:	:	:	:
Percentage of households who have internet access at home (%)		24.8 w	54.2 w	60.8 bw	64.6 w	66.8 w	67.5 w

Environment	Note	2011	2018	2019	2020	2021	2022
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*Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)		30.3 ew	30.7 ew	30.5 ew	30.5 ew	32.3 ew	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		:	:	:	:	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		1.8	2.6	3.0	3.1	3.6	5.5
Road share of inland freight transport (based on tonne-km) (%)		:	:	:	:	:	:

Energy	Note	2011	2018	2019	2020	2021	2022
Primary production of all energy products (thousand TOE)		556	798	668	682	762	525
Primary production of crude oil (thousand TOE)		13	5	5	5	5	5
Primary production of solid fuels (thousand TOE)		0	0	0	0	0	0
Primary production of gas (thousand TOE)		0	0	0	0	0	0
Net imports of all energy products (thousand TOE)		2 045 i	2 219 i	2 174 i	2 103 i	2 306 i	2 181 i
Gross inland energy consumption (thousand TOE)		2 585	2 988	2 840	2 715	3 009	2 692
Gross electricity generation (GWh)		1 016	954	941	983	1 131	995

Agriculture	Note	2011	2018	2019	2020	2021	2022
Agricultural production volume index of goods and services (at producer prices) (2015 = 100)	16)	83.2 w	120.0 w	127.2 w	110.5 w	178.1 w	150.9 w
Utilised agricultural area (thousand hectares)		:	:	:	:	:	:
Livestock numbers: live bovine animals (thousand heads, end of period)	16)	203.9 w	144.8 w	123.7 w	108.9 w	104.1 w	102.4 w
Livestock numbers: live swine (thousand heads, end of period)	16)	438.6 w	397.3 w	396.6 w	339.5 w	347.9 w	340.1 w
Livestock numbers: live sheep and live goats (thousand heads, end of period)	16)	832.4 iw	768.7 iw	676.3 iw	616.4 iw	573.7 iw	558.7 iw
Raw milk available on farms (thousand tonnes)	16) 17)	560.0 w	411.7 w	367.3 w	321.7 w	295.3 w	270.5 w
Harvested crop production: cereals (including rice) (thousand tonnes)	16)	2 498.2 iw	3 466.7 iw	3 549.6 iw	1 505.3 iw	4 690.0 iw	1 784.4 iw
Harvested crop production: sugar beet (thousand tonnes)	16)	588.6 w	707.2 w	607.0 w	423.2 w	757.8 w	478.2 w
Harvested crop production: vegetables (thousand tonnes)	16)	361.6 w	283.3 w	307.2 w	226.8 w	232.0 w	257.0 w

Source: Eurostat and/or the statistical authorities in Moldova

: = not available

b = break in series

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

The data managed by the National Bureau of Statistics of the Republic of Moldova does not include data from the Transnistrian region over which the government of the Republic of Moldova does not exercise control, unless otherwise indicated.

Footnotes:

- 1) As of the end of the year.
- 2) Including data from the Transnistrian region.
- 3) Including wetlands.
- 4) Based on 2008 SNA.
- 5) From 2019 LFS is carried out on a new sampling plan and according to the revised definition of employment.
- 6) From 2014 data estimated using the usually resident population.
- 7) In accordance with the Law no. 206 of July 7, 2006 'Regarding support of small and medium-sized enterprises', Small and medium-sized enterprises includes enterprises with less than 250 persons employed (annual average) and annual turnover of not more than 50 million Lei and with total assets (fixed assets and current assets) of not more than 50 million lei.
- 8) Consumer price inflation.
- 9) Based on 1993 SNA.
- 10) GDP according to SNA 2008.
- 11) Personal transfers.
- 12) Annual average nominal effective exchange rate (trade-weighted effective exchange rate) index (2015=100), 19 countries.
- 13) Including persons producing goods for own consumption.
- 14) Includes units with 1 and more employee.
- 15) Including data from the Transnistrian region.
- 16) Without the data from the Transnistrian region.
- 17) Includes cow, sheep and goat milk.

