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**ANNEX**

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Moldova for 2024 – part 2

**Action Document for Multi-sectorial Budget Support**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title OPSYS Basic Act</b>	Multi-sectorial Budget Support Annual Action Plan in favour of the Republic of Moldova for 2024 – part 2 OPSYS business reference: ACT-62648 ABAC Commitment level 1 number: JAD.1417003 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	Yes ii. Energy; v. Economic development (incl. private sector, trade and macroeconomic support); vi. Human Development (incl. human capital and youth); ix. Agriculture, food security and rural development
<b>EIP Flagship</b>	Yes 1. Supporting a sustainable, innovative, green and competitive economy; 3. Increasing energy efficiency; 5. Investing in human capital and preventing ‘brain drain’
<b>3. Team Europe Initiative</b>	No
<b>4. Beneficiar(y)/(ies) of the action</b>	The action shall be carried out in the Republic of Moldova.
<b>5. Programming document</b>	Multiannual Indicative Programme (MIP) 2021-2027 for the Republic of Moldova <sup>1</sup>
<b>6. Link with relevant MIP(s)</b>	Priority area 1: Resilient, sustainable and integrated economy

<sup>1</sup> Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323 final

<b>objectives/expected results</b>	
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>7. Priority Area(s), sectors</b>	<p>230 Energy  311 Agriculture  114 Post-Secondary Education  160 Other Social Infrastructure and Services</p>
<b>8. Sustainable Development Goals (SDGs)</b>	<p>Main SDG:  SDG 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development  Other significant SDGs (up to 9) and where appropriate, targets:  SDG 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture  SDG 5 Achieve gender equality and empower women  SDG 12 Ensure sustainable consumption and production patterns  SDG 13 Combat climate change and its impact  SDG 11 Make cities and human settlements resilient and sustainable  SDG 7 Sustainable and modern energy for all  SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university  4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship  4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations  SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value  8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training  8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment  SDG 10 Reduced inequalities</p>
<b>9. DAC code(s)</b>	<p>230 Energy – 47%  23210 - Energy generation, renewable sources - multiple technologies - 47%  311 Agriculture - 31%  31120 Agriculture development – 19%  31166 Agriculture extension – 8%</p>

	31110 Agriculture policy and administrative management – 4% 160 Other Social Infrastructure and Services – 16% 16020 Employment creation – 16% 111 Education – 6% 11330 Vocational Training – 3% 11430 Advanced technical and managerial training – 3%			
<b>10. Main Delivery Channel</b>	12000 – Recipient government			
<b>11. Targets</b>	<input checked="" type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>12. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>13. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
EIP		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EIP Flagship		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
Tags		YES	NO	

	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	environment, climate resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	human development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	migration and mobility	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	agriculture, food security and rural development	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	rule of law, governance and public administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>			
<b>14. Amounts concerned</b>	Budget line(s) (article, item): 14.020111 Eastern Neighbourhood Total estimated cost: EUR 64 000 000.00 Total amount of EU budget contribution EUR 64 000 000.00 of which		

	EUR 57 000 000.00 for budget support and EUR 7 000 000.00 for complementary support.
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>15. Implementation modalities (management mode and delivery methods)</b>	<p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Budget Support Sector Reform Performance Contract</li> </ul> <p><b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1.</p>

## 1.2. Summary of the Action

This action contributes to achieving results under MIP 2021-2027<sup>2</sup>, priority area 1: Resilient, sustainable and integrated economy. It represents the second part of the Annual Action Plan in favour of the Republic of Moldova for 2024.

This action will strengthen the resilience of the Republic of Moldova (hereinafter Moldova) in a still complex geopolitical context while promoting an accession-oriented reform agenda and key priorities from the National Development Strategy “European Moldova 2030”<sup>3</sup>. The budget support programme targets key reform priorities of the latter strategy as well as the Moldova Growth Plan, centred on a Reform Agenda currently under development, via three components: 1) energy security (EUR 30 million), 2) human development, skills and employment (EUR 14 million), and 3) innovative agriculture (EUR 20 million).

The proposed action will seek to maintain reform momentum in the energy sector, strengthening the energy security and independence of the country, further contributing to market reforms and strengthening the use of renewables, while contributing to the flagship on energy of the Economic and Investment Plan (EIP).

Despite large investments in the education system, the mismatch between the skills of the workforce and the demands of the employers is often pointed as a cause for the low participation rate on the labour market. Workforce participation remains below that in the EU. Social reform is a major challenge for Moldova with a rate of spending on social protection which remains one of the lowest in Europe. This goes hand in hand with the country’s demographic crisis. Since gaining independence, the country lost one third of the population due to emigration, low replacement rates and low life expectancy.

The human development, skills and employment component of this action seeks to improve the employability of the workforce in Moldova in line with labour market needs. Specifically, it aims to enable more people to get active in the labour market through improving Vocational and Educational Training (VET), access to childcare services as well as active labour market measures. This component is aligned with the EIP’s Flagship 5 on investing in human capital and preventing ‘brain drain’.

Increased innovation and competitiveness, while ensuring the sustainability and climate adaptation of the agri-food sectors, will mobilise additional economic growth potential and employment opportunities, notably SMEs (EIP flagship). For this reason, professionalisation and market integration of small and medium-sized producers as well as development across the agri-food value chains is the focus of the agri-food support. More specifically, the intervention supports the reform of the agriculture technical advisory service, access to finance for agricultural producers and food business operators, as well as building robust information and administration systems in preparation of EU accession.

<sup>2</sup> Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323 final

<sup>3</sup> [LP315/2022 \(legis.md\)](https://legis.md)

The specific objectives are in line with the Joint Communication “The Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all” on the future of the Eastern Partnership<sup>4</sup> as well as the policy targets of the Joint Staff Working Document ‘Recovery, resilience and reform: post 2020 Eastern Partnership priorities’<sup>5</sup>. The Action is aligned with the National Development Strategy “European Moldova 2030”. The targeted Sustainable Development Goals are, 2, 4, 5, 7, 8, 10, 11, 12 13, and 17.

### 1.3. Beneficiar(y)/(ies) of the action

The Action shall be carried out in the Republic of Moldova which is included in the list of ODA recipients.

## 2. RATIONALE

### 2.1. Context

In recent years, EU-Moldova cooperation has intensified, notably gaining a strong momentum with the decision by the European Council in June 2022 to grant candidate status to Moldova<sup>6</sup>. In March 2023, the European Council reaffirmed that the EU would continue to provide support to strengthen Moldova’s resilience, security, stability, and economy, as well as support on its accession path to the European Union<sup>7</sup>. The momentum was further strengthened with the European Council endorsing the Commission recommendation to open accession negotiations in December 2023<sup>8</sup>. Accession negotiations were officially opened on 25 June 2024 with the first Intergovernmental Conference.

Following a request from the European Council, and as announced by Commission President von der Leyen on 31 May 2023 in Chisinau, the Commission and the European External Action Service have put together 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<sup>9</sup>. Moldova has in this context put forward various sector strategies and is in the process of developing a detailed Reform Agenda, following the adoption by the Commission in October 2024 of the Communication on the Moldova Growth Plan<sup>10</sup> and the proposal for a Regulation establishing the Reform and Growth Facility for Moldova<sup>11</sup>. The Reform Agenda will provide the framework of priorities to accompany and strengthen the inclusive economic development and resilience of the country.

### Component 1: Energy

Moldova made remarkable progress in diversifying and securing energy suppliers thanks to the EU support, and the political willingness to carry out reforms and execute partial completion of large infrastructural projects. Since 2021, the EU has significantly increased its resources and mobilised a wide range of instruments in support of Moldova with particular attention to energy security, namely by mobilising EUR 240 million in budget support (State and Resilience Building Contract) for vulnerable consumers amid rising energy costs through the Energy Vulnerability Reduction Fund (EVRF).

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<sup>4</sup> JOIN(2020) 7 final

<sup>5</sup> Joint Staff Working Document – Recovery, resilience and reform: post 2020 Eastern partnership priorities – SWD(2021) 186 final - [https://www.eeas.europa.eu/sites/default/files/swd\\_2021\\_186\\_f1\\_joint\\_staff\\_working\\_paper\\_en\\_v2\\_p1\\_1356457\\_0.pdf](https://www.eeas.europa.eu/sites/default/files/swd_2021_186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf)

<sup>6</sup> European Council meeting (23 and 24 June 2022) – Conclusions, <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>

<sup>7</sup> European Council meeting (23 March 2023) – Conclusions, <https://data.consilium.europa.eu/doc/document/ST-4-2023-INIT/en/pdf>

<sup>8</sup> European Council meeting (14 and 15 December 2023)–Conclusions, <https://www.consilium.europa.eu/media/68967/europeanCouncilConclusions-14-15-12-2023-en.pdf>

<sup>9</sup> The EU presents a Support Package for the Republic of Moldova, 28 June 2023, [https://neighbourhood-enlargement.ec.europa.eu/news/eu-presents-support-package-republic-moldova-2023-06-28\\_en](https://neighbourhood-enlargement.ec.europa.eu/news/eu-presents-support-package-republic-moldova-2023-06-28_en)

<sup>10</sup> COM(2024) 470 final

<sup>11</sup> COM(2024) 469 final

Moldova moved from an integrated energy system, characterised by unidirectional flows of gas and electricity from the East to gradual integration into the EU internal energy market. Until October 2021, Gazprom was the only supplier of gas. Efforts have been made by Moldova with EU support to diversify the supply routes, mainly by construction of a new gas interconnector with Romania, reverse flow of gas on the Trans-Balkan gas pipeline T1 and synchronous interconnection with Continental Grid of ENTSO-E on 16 March 2022. The structural reform allowed to move away from the historical dependence on only one source of gas and a dominant electricity producer to competitive markets, significantly reducing the potential of energy being used as a political weapon.

Global energy prices continue to be the main threat to ongoing reforms, undermining economic competitiveness, increasing energy poverty, and hindering industrialisation from taking place. Investments in renewable energy infrastructure, and application of energy efficiency measures would facilitate the conditions for an affordable energy supply, much needed for a decarbonised industrialisation. This adheres to the EU Green Deal and formulates the basis for an EU accession trajectory for a socio-economic and carbon-free development. This component will support the investments as part of Flagship 3 of the EIP on increasing energy efficiency.

A new Joint Moldova, Energy Community and European Commission Roadmap was endorsed during the 5<sup>th</sup> EU-Moldova High-Level Energy Dialogue, held on 2 February 2024. Both parties agreed on the next steps and a timeline of further reforms covering the gas and electricity market and to boost energy efficiency and renewable energy capacity.<sup>12</sup> Moldova's draft integrated National Energy and Climate Plan (NECP) was submitted to the Energy Community Secretariat in December 2023, which issued its recommendations on 3 April 2024.<sup>13</sup> The draft NECP describes the policies and measures envisaged to achieve the 2030 energy and climate targets across the five dimensions of energy security, internal energy market, energy efficiency, decarbonisation, and research, innovation and competitiveness.<sup>14</sup>

The Ministry of Energy is the key state body responsible for the implementation of national energy efficiency and renewable energy policies in Moldova. The Ministry of Environment is mandated to develop and implement the national climate change policy and international climate change negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). Local municipalities implement energy efficiency and renewable energy at local level in buildings, developing heating and cooling of public buildings based on renewable energy sources (RES), and the National Centre for Sustainable Energy implements policies in the areas of energy efficiency and renewable energy. The National Bureau of Statistics provides data collection and processing for all sectors.

## **Component 2: Human development, skills and employment**

The national education and training system has been in a modernisation path since the adoption of the Education Code in 2014, which establishes the legal framework for the country's human capital development. Moldova has advanced significantly towards equitable access to learning opportunities for all with a literacy rate close to 100%, without differences for men and women.<sup>15</sup> Moldova has also achieved almost universal primary and secondary education completion rates for boys and girls. Yet, the quality of primary and secondary education remains relatively low compared to other countries in the region. The various efforts of the Government to strengthen education and skills have not triggered noticeable improvements in students' learning outcomes, neither their preparedness to rapidly access a job after completion of their studies and contribute to the socio-economic growth of the country. Vocational education and training (VET) is mostly supply-driven and scarcely connected with the labour market

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<sup>12</sup> [Press remarks at EU-Moldova High-Level Energy Dialogue \(europa.eu\)](#)

<sup>13</sup> [Moldova's NECP aligned with Governance Regulation, concludes the Secretariat - Energy Community Homepage \(energy-community.org\)](#)

<sup>14</sup> [Integrated National Energy and Climate Plan presented in Moldova - EU NEIGHBOURS east](#)

<sup>15</sup> World Bank, Gender Data Portal: <https://liveprod.worldbank.org/en/economies/moldova>

demands.

The action is instrumental to support the efforts spelled out in the strategy of the Ministry of Education and Research to modernise the education system, matching skills development to labour market demand with a focus on green and digital jobs and ensuring the attractiveness of the teaching profession. Strategic synergies and coordination with other ongoing actions for the achievement of these ambitious goals is envisaged. An ongoing EUR 10 million EU project with UNICEF and UNDP aims to contribute to human capital development in Moldova, improving relevance of education and lifelong learning opportunities for all, to better match the labour market demands. Importantly, the focus on skills development of the action, including digital skills, is meant to help reduce the existing quality gaps between general education and VET, the latter being supported only through fewer initiatives by a restricted group of cooperation agencies. In addition, it will target human capital and skills, a flagship of the EIP in Moldova.

Moldova's economy is characterised by a low labour market participation rate of only 58.4%<sup>16</sup> (75% in the EU), high informality rate and underemployment. In addition, there is a high share (23%) of youth, who are neither in employment nor in education or training (NEETs aged between 15 and 29), the share of young NEET women being higher than the average<sup>17</sup>. Constant emigration, low birth rates and ageing of the population contribute to the shrinking of the working-age population. Many companies report labour shortages and skills mismatch as severe constraints. In addition, the quality of employment and job security are matters of concern. In 2022, one in four workers had an informal job, and about 6.9 % of waged workers received some part of their salaries "in envelope". The unreported wages are estimated at more than 7% of the gross domestic product (GDP). The prevalence of undeclared work entails significant losses of state revenues and leaves workers out of decent working conditions and the umbrella of health and social protection systems. The policymakers tend to focus on unemployment as their main policy target (over the last two decades, unemployment has not exceeded a 4% rate on average) while inactivity, underemployment, and labour shortages cripple the private sector (only 55.3% of women are in employment in Moldova<sup>18</sup>). Women and men in all their diversity should have equal opportunities, equal access to employment, decent work, equal pay for work of equal value in order to be economically independent. Furthermore, women and men should equally share care responsibilities and have access to adequate social protection, public services, and financial and business opportunities. In addition, women and girls also need to have access to enabling conditions, such as access to safe, affordable and accessible public transport and other mobility options, both in rural and urban areas. Women's economic empowerment is key to reducing poverty and to achieving inclusive and sustainable growth under the 2030 Agenda.

This component is complementary with various ongoing technical assistance interventions in the country, notably an EU-financed project implemented by the International Labour Organisation (ILO) "EU Support to Inclusive Labour Markets in the Republic of Moldova", with a total budget of EUR 2 million, which started in November 2023 and supports the National Employment Agency and the State Labour Inspectorate to improve the performance and efficiency of these institutions, the latter also benefitting from a Twinning project. This action will support the Ministry of Labour and Social Protection.

### **Component 3: Innovative agriculture**

The Moldovan economy remains heavily reliant on the agricultural sector, with a large productivity gap in comparison to the EU and low levels of processing and value addition. Employment opportunities with adequate salaries are scarce and jobs outside of agriculture are rare in rural areas – non-agricultural activity accounts for only 5% of income in rural areas. The agriculture sector has been strongly impacted by Russia's war of aggression against Ukraine through the loss of traditional eastern export markets, interruptions of supply chains, increased commodity, and transport prices. Although agri-food products account for

<sup>16</sup> [https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-anul-2023-9430\\_61083.html](https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-anul-2023-9430_61083.html)

<sup>17</sup> Moldova Updated Country Profile, 2023, p. 33

<sup>18</sup> [https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-anul-2023-9430\\_61083.html](https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-anul-2023-9430_61083.html)



approximately 45% of all exports, most of the agricultural output is produced by small low productivity farmers facing challenges to meet EU quality requirements for export and hence cannot access new markets. To support the accession path towards the EU Single Market, Moldova needs to increase the productivity, competitiveness, sustainability, climate resilience and inclusive growth supporting circular economy principles and the shift towards an agroecology transition that foster the innovation of small and medium sized farms and agri-food businesses, including women-owned<sup>19</sup>, which at the same time will contribute to reducing urban-rural disparities and foster the rehabilitation of rural areas.

Synergies exist with several development partner interventions, as the German Agro-political dialogue, relevant to the proposed action<sup>20</sup>. Reform support is also provided through the High-Level Advisers (HLA) mission since 2023, deploying an HLA to the Ministry of Agriculture and Food Industry. Twinning projects focused on agrifood, and sustainable food systems will complement this action. In addition, an ongoing project with UNIDO aims to increasing standard compliance of agricultural producers and food business enterprises (EUR 1.5 million) with the National Food Safety Agency (ANSA) and the Ministry of Agriculture and Food Industry (MAFI).

Moldova benefitted from the “ENPARD Moldova – Support to Agriculture and Rural Development” budget support which enhanced the competitiveness of its agri-food sector by supporting farm investment, the creation of producer groups and helping agri-food establishments trade with the EU, based on the previous National agricultural strategy for the years 2014-2020. EU support also helped agricultural producers to comply with international and EU quality standards on food safety. The EU programme also supported rural development initiatives, initiated at the local level by Local Action Groups to revitalise rural areas.

The action supports the implementation of the National Strategy for Agriculture and Rural Development (NARDS) 2023-2030 and the National Food safety strategy 2030 to promote a sustainable and competitive agricultural sector and the Nationally Determined Contribution. It contributes to the implementation of the European Green Deal<sup>21</sup>, Farm to Fork<sup>22</sup> and Adaptation strategies<sup>23</sup>, as well as the Zero deforestation regulation<sup>24</sup> in Moldova and Flagship 1 of the EIP on supporting SMEs.

## 2.2. Problem Analysis

### **Component 1: Energy**

Moldova imports all its primary fuel needs (oil and gas), while almost 80% of the electricity needs are covered by the production in the Transnistrian region, which is reliant on subsidized Russian gas for electricity generation. Consequently, Moldova is susceptible to fluctuations in energy market prices, and energy blackmailing in the case of electricity and gas. The persistently high energy prices pose a significant hindrance to socio-economic development. On one hand, they impede investments and render industries less competitive. On the other hand, they contribute to energy poverty and diminish the purchasing power of consumers, at most affecting the most vulnerable groups such as older population, rural population (women in particular)<sup>25</sup>, persons with disabilities and Roma. Energy consumption in buildings represent almost a 60%

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<sup>19</sup> Moldova Updated Country Gender Profile, 2023, p. 36: Significant 17.5% of enterprises in agriculture are owned by women entrepreneurs aged 15-34.

<sup>20</sup> <https://www.apd-moldova.de/>

<sup>21</sup> COM(2019) 640 ‘Communication from the Commission on the European Green Deal’

<sup>22</sup> COM(2020) 381 ‘Communication from the Commission on a Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system’

<sup>23</sup> COM(2021) 82 ‘Communication from the Commission on Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change’

<sup>24</sup> Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation.

<sup>25</sup> Moldova Updated Country Gender Profile, 2023, p. 40

share of the total final energy consumption and has a huge potential for energy efficiency and reduction of CO<sub>2</sub> emissions. Renewable energy accounts for 21.5% of final energy consumption, but most of this is biomass/wood used for heating in rural areas, and green electricity accounts for only 6% of energy production on the right bank of the Nistru River<sup>26</sup>. The development of a more resilient energy infrastructure thus remains one of the priorities for the Moldovan energy policy. To enhance energy security the government seeks to reduce energy imports through energy efficiency measures and to increase its own energy generation through renewables.

Access to energy in rural areas poses another challenge. About a quarter of the rural population lacks access to gas supply and central heating, which contributes to higher deforestation rates. The reliance on biomass energy sources in rural areas reflects both poverty levels and the availability of locally produced or collected fuelwood, agricultural waste, wood waste, and animal waste. A significant portion of energy supplies, such as liquefied gas, coal, and fuelwood, are often provided to rural households as donations to vulnerable individuals. Access to clean energy is similarly limited for Roma households, with an estimated 35 % lacking indoor kitchens and 13 % relying on wood and coal for cooking. These trends are even more prevalent among Roma households in rural areas.

The action aims to strengthen Moldova's energy security and domestic renewable energy generation capacity by supporting energy-efficiency measures and local generation of renewable energy. Thereby, the action contributes to the reduction the country's fossil energy consumption and thus will reduce Moldova's dependence on energy imports and exposure to external availability and price shocks. The action is in line with the Energy Community and European Commission Roadmap, which was endorsed during the 5<sup>th</sup> EU-Moldova High-Level Energy Dialogue and the goals of the National Energy and Climate Plan (NECP).

## **Component 2: Human development, skills and employment**

Human capital development in Moldova suffers from structural constraints affecting the country's workforce negatively. Negative demographic trends, affect directly the efficiency of the school network and the quality of teaching and learning. The transition from knowledge-based learning to competency-based learning is incomplete, and there is a substantial mismatch between skills supply in schools (both in general education and VET) and skills demands in the labour market. The VET student population has decreased significantly in recent years, with the partial exception of post-secondary VET (slight increases between 2012/13 and 2022/23), a decrease mostly due to the decreasing demographic trends. This increase may be attributed to the Ministry of Education and Research's efforts to enhance VET participation and the support provided by international development partners<sup>27</sup>. Most of the VET teaching workforce is comparatively old<sup>28</sup>, and lacks VET tailored pedagogical training, teaching and industrial experience<sup>29</sup>. In addition, due to the delayed implementation of the Moldovan National Qualifications Framework (NQF), most of Moldova's VET study programmes and qualifications are not yet based on the national qualification standards<sup>30</sup>.

According to the 2022 National Employment Agency (NEA) survey<sup>31</sup>, 17% of business entities reported a workforce shortage in the last 12 months with the main reasons being a lack of qualified and experienced staff

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<sup>26</sup> [https://statistica.gov.md/files/files/publicatii\\_electronice/balanta\\_energetica/Balanta\\_energetica\\_editia\\_2023\\_rom.pdf](https://statistica.gov.md/files/files/publicatii_electronice/balanta_energetica/Balanta_energetica_editia_2023_rom.pdf)

<sup>27</sup> OECD (2023), Enhancing the evaluation of VET programmes and institutions in Moldova, OECD Education Policy Perspectives, OECD iLibrary (oecd-ilibrary.org)

<sup>28</sup> ETF, 2020, Continuing professional development for vocational teachers and principals in Moldova, <https://www.etf.europa.eu/en/publications-and-resources/publications/continuing-professional-development-vocational-teachers-10>

<sup>29</sup> Vodita, O., E. Ionascu-Cuciuc and L. Hincu (2022), Education and Training of Vocational Education and Training (VET): Teachers in the Republic of Moldova, Springer, Singapore, <https://doi.org/10.1007/978-981-16-6474-8>.

<sup>30</sup> OECD (2023), Enhancing the evaluation of VET programmes and institutions in Moldova, OECD Education Policy Perspectives, OECD iLibrary (oecd-ilibrary.org)

<sup>31</sup> [https://www.anofm.md/view\\_document?nid=19888](https://www.anofm.md/view_document?nid=19888)

(mentioned by 71% of business entities who reported a workforce shortage), a low number of applicants (60%) and failure to provide the needed wage (16%). NEA data show that on average only 1 out of 4 registered job vacancies are filled by the unemployed, while about 80% of the unemployed are insufficiently skilled to be integrated into the labour market. The overall unemployment issues are generated by the labour supply (childcare, lack of transport, age, healthcare, education, experience) rather than by the labour demand (lack of jobs, low wages). Women in rural areas face difficulties in vocational education and the labour market due to unpaid care and domestic work due to limited access to childcare services and limited availability of VET programmes. VET programmes are often not accessible for persons with disabilities, especially those with motor skills disorders, hearing, and visual impairments. Training on inclusive education for teachers in VET is lacking. Moreover, the traditional curriculum of VET perpetuates gender-biased selections of fields of study, driven by societal stereotypes about suitable professions for women and men.

Since the beginning of Russia's war of aggression against Ukraine, Moldova has received the highest influx of refugees per capita of any EU countries, with over 1.8 million crossing into the country. Ukrainian refugees living in the country face significant barriers when trying to access the job markets, especially for self-employment opportunities.

The Ministry of Labour and Social Protection (MLSP) in Moldova is currently undertaking a reform of all subordinated institutions. In 2023, the MLSP approved the Reform on improving NEA services for 2023-2026. The Government's work programme 'Prosperous, Secure, European Moldova'<sup>32</sup> promotes the employment of working-age inactive people, unemployed persons and people with disabilities. It further seeks to reform social aid and improve social assistance efforts. The 2022-2026 National Employment Programme (NEP) and its implementation Action Plan<sup>33</sup> aims to strengthen the NEA institutional capacities, streamline its funding and digitise employment services and measures, as well as to increase funding for the active labour market measures. In addition, the State Labour Inspectorate (SLI) reform aims to improve institutional effectiveness and bring it in compliance with the relevant conventions<sup>34</sup>. Recent improvements include the implementation of new risk criteria to select companies for inspection and the conduct of unannounced visits. The full implementation of the SLI reform requires financial support and technical expertise and guidance in the areas such as the strategic planning and new inspection methods and setting-up of modern training systems and the adoption of new technologies. Weaknesses in the labour inspection system (in relation to unannounced visits, application of sanctions) have constrained the application and enforcement of labour rights and the effectiveness of the inspection system. The Moldovan government is currently undergoing a major overhaul of its public administration and civil service, including a reform of its social protection system to make services more accessible and efficient while enhancing transparency of eligibility criteria. The ongoing social protection reform (RESTART) is led by the Ministry for Labor and Social Protection (MLSP) with support from the UN Resident Coordinator Office (RCO).

The action aims to strengthen the capacities of key institutions to deliver the social and employment policy objectives as spelled out in the National Employment Programme (NEP 2022–2026), support the reforms of the current social policy, including a social safety net, and develop the labour market to increase labour market participation and reduce the informality of the economy. Particularly, the action addresses the skills mismatch and aims to improve the capacities of the employment service and of the SLI, who needs additional resources and empowerment, among others, to be able to address informal employment and carry out unannounced inspections.

### **Component 3: Agriculture**

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<sup>32</sup> [https://gov.md/sites/default/files/document/attachments/program\\_de\\_guv-final\\_ro.pdf](https://gov.md/sites/default/files/document/attachments/program_de_guv-final_ro.pdf)

<sup>33</sup> [https://www.legis.md/cautare/getResults?doc\\_id=134612&lang=ro](https://www.legis.md/cautare/getResults?doc_id=134612&lang=ro)

<sup>34</sup> Labour Inspection Convention, 1947 (No. 81) and the Labour Inspection (Agriculture) Convention, 1969 (No. 129) both ratified by Moldova

The agricultural sector of Moldova remains of particular importance for the economy of the country as it contributes to 13.5% of GDP<sup>35</sup> and accounts for nearly half of the total exports of goods<sup>36</sup>. Agriculture employs approximately a fifth of the total labour force. Together with forestry and fishing, it has the highest share of employed population (23.4%), salaries are below average (64.2%). Most farm holdings (71%) own less than 1 hectare<sup>37</sup> and produce predominantly for their own consumption (85%). Small producers and family farmers lack the necessary skills, knowledge and knowhow needed to practice farming in a more efficient, competitive and profitable. 60% of employment in agriculture is estimated to be informal. Many informal workers (55%) are own-account workers, followed by contributing family workers (13%), of which women represent 75%. At the same time, female entrepreneurship is in a state of expansion, 17.5% of enterprises in agriculture are owned by women entrepreneurs aged 15-34.<sup>38</sup> However, due to unequal distribution of assets owned, women continue facing constraints in starting and developing enterprises that would increase their access to resources and economic opportunities.

In past years, competitiveness of SMEs in the agri-food sector has been constrained through the multiple crises, including recurrent droughts and extreme weather events (2020, 2022) as well as the consequences of Russia's war of aggression against Ukraine. While positive development trends have been observed in some sub-sectors or value chains, processing and value addition remains at infant stage with exports mostly comprised of primary products. Significant financial investments as well as investments in knowledge, skills and competences by the private sector will be required to adapt to standards and quality requirements during the EU accession process. Less than 20% of agricultural producers have acquired an agricultural education of any kind.<sup>39</sup> Currently, Moldova does not have a functional extension or farmer advisory service. Services provided by federations or associations of agricultural producers, NGOs or commercial training providers show limited geographical outreach, innovation (rarely covering agribusiness or food industry aspects<sup>40</sup>), quality or sustainability and agendas are often driven by available funding sources<sup>41</sup>. According to the National Strategy for Agriculture and Rural Development (NARDS) 2023-2030, the current system of agri-food research, innovation, education and rural extension does not function as an integrated system and lacks functional interlinkages. The action will support the planned reform to develop and institutionalise an agricultural advisory service that can deliver the know-how, advise on use of adequate technology and innovation for sustainable and climate resilient farming and agri-food businesses across the country through lifelong learning and skills-based approach non-formal education and peer-to-peer learning.

Access to finance for small and medium farmers remains constrained by high interest rates of the commercial sector and availability of suitable financial products, as well as their ability to formulate business proposals, present collateral and required documentation. Therefore, financial measures administered by NARDS remain relevant, also for investment measures, especially for incubation of new activities and lower amounts. The Fund increases smallholder and MSMEs access to finance for innovations and production improvements, while advancing on the diversification of farming activities and value addition, as well as their greening. A specific focus will be on increasing innovation and use of adequate technologies that increase agricultural productivity, allow transition and adaptation to EU requirements and standards of production and processing

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<sup>35</sup> Production volume by economic activities, CAEM Rev.2, 2014-2021

[https://statbank.statistica.md/PxWeb/pxweb/en/40%20Statistica%20economica/40%20Statistica%20economica\\_13%20CNT\\_CNT210\\_Resurse/CNT210050.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](https://statbank.statistica.md/PxWeb/pxweb/en/40%20Statistica%20economica/40%20Statistica%20economica_13%20CNT_CNT210_Resurse/CNT210050.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

<sup>36</sup> Employed population by economic activities, level of education, age groups, sex and area, 2014-2022

[http://statbank.statistica.md/PxWeb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_03%20MUN\\_MUN020/MUN120200.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774](http://statbank.statistica.md/PxWeb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN_MUN020/MUN120200.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774)

<sup>37</sup> On average, male holders in the Republic of Moldova manage 1.21 hectares compared to 0.86 hectares managed by female holders (National Bureau of Statistics, Women and Men in the Agriculture of Republic of Moldova).

<sup>38</sup> Factsheet Women Entrepreneurs, UN Women, 2021

<sup>39</sup> Country gender profile Republic of Moldova 2021. The 2011 Agricultural Census revealed that 25,313 family farms (2.8 percent) had benefited from consulting services in the previous three years, while this figure was 87 (2.5 percent) among corporate farms.

<sup>40</sup> As per NARDS, section 1.4 Research, education, consultancy in agriculture and rural extension

<sup>41</sup> <https://www.fao.org/3/ca9836en/CA9836EN.pdf>, page 52

(animal health and welfare, phyto-sanitary etc.) as well as adoption of new and strengthening of existing quality schemes (as organic, geographical origin). Energy issues, including renewables, which can be produced and used by the agri-sector, will be advanced within the energy reform package. The objective is to move this sector towards commercial and sustainable farming that generates high value, meets quality standards and market demands, respects good agricultural and environmental practises, protects biodiversity, adopts innovative solutions to improve soil and water management, enhances climate change adaptation and mitigation, offers decent work and conducive conditions for young people and generation renewal in rural areas.

Unfavourable demographics in rural areas (aging and population migration) create tensions in the labour market and limit the capacity to develop agriculture. While diversification of rural activities can target young people, resources to develop smaller infrastructures, cultural projects and social services, that have a direct impact on the lives of rural residents should also be supported as part of the rural development agenda, for example through the LEADER approach.

Complementary measures on improving e-governance, including digital systems and registries, will improve sector monitoring, reporting, policy formulation and efficient payment administration, while accelerating progress on alignment with the EU *acquis* chapters 11 ‘Agriculture and rural development’ and 12 ‘Food safety, veterinary and phyto-sanitary policy’.

### **2.3. Lessons Learned**

The intervention seeks to optimise the best practices and lessons learnt from programmes that have similar thematic or geographical scope of intervention. The objective is to increase the complementary and continuity of ongoing and past actions, be it EU-funded or supported by the donor community. All initiatives shall capitalise on past dialogue initiatives with civil society to better empowered them, raise the concerns from the citizens and newly arrived populations (refugees) and ensuring that gender is mainstreamed throughout all actions. It is of utmost importance to reinforce the link between state and society to better respond to citizens’ aspirations and concerns and deliver support to the population that is service oriented.

Reforms promoted through sectoral budget support operations require a well-articulated and coordinated national policy framework. This must be translated into a sound implementation strategy with appropriately resourced (financial and staff resources) and a clear monitoring and evaluation (M&E) framework. As these are not yet entirely in place, complementary measures are required, especially in form of external technical expertise. In a low-resource and low-capacity environment, where political instability and staff turnover is relatively high, the provision of appropriate advisory services and strategic capacity building measures are key-drivers to improve sectoral governance and to mainstream reform processes at systems level. However, the risk to create (or perpetrate) dependency on externally driven technical assistance is high, without effectively building the capacity of the national institutional stakeholders.

Sectorial reform processes require clear communication strategies creating awareness and buy-in from the citizens, coupled with concrete actions and results at decentralised local levels improving the populations living conditions. A critical factor in the implementation and level of achievement of external assistance in the area of human capital development relates to the absorption capacity of the Government of Moldova and sector institutions. Another takeaway from past budget support programme is the importance of explaining more effectively such programme modality to the recipient government. For instance, the lack of involvement of the Ministry of Finance in policy dialogue presents a challenge when utilizing this approach. Enhanced cooperation among government bodies could help address more effectively PFM processes.

From 2021 to 2024, the State and Resilience Building Contract (SRBC) for Moldova contributed to maintain macro-economic stability, enhance public finances, and ensure the reform and implementation of the Energy Strategy of Moldova 2030. With the disbursement of EUR 240 million, the EU has supported the implementation of the National Energy Crisis Action Plan (NECAP) and the Energy Vulnerability Reduction

Fund (EVRF). The Fund continues to provide temporary subsidies to vulnerable consumers as a means to mitigate the ongoing energy crisis risk caused by Russia's war of aggression against Ukraine. The SRBC for Moldova has assisted Moldova in mitigating the socio-economic impact of the rising gas prices in particular on vulnerable groups, strengthen the Government's overall capacity to deliver tailor-made services to these vulnerable groups and basic services to its population, and support the long-term socio-economic recovery, energy security, and energy transition of Moldova. The impact of the EU support has been crucial in preventing potential social unrest, including tensions that could have sparked protests and demonstrations due to rising consumer energy prices.

The Eastern neighbourhood agriculture and rural development (ENPARD) programme was implemented as sectoral budget support between 2015-2018. The final evaluation emphasized the need for multi-sectorial integrated action and highlighted the key role of rural development measures (including the improvement of infrastructures and basic services; citizens participation in development processes; support to community groups, women and youth) for social inclusion, to maintain active population and labour force in rural communities as a basis for investment and agriculture sector development.<sup>42</sup> The EU LEADER instrument has been a very successful tool in this regard. LEADER Action groups receive funding from the state budget, National Fund for agriculture and rural development since 2023, when LEADER was institutionalized in Moldova.

The updated Country Gender Profile of Moldova dated November 2023 reveals several key lessons for promoting gender equality and women's empowerment. Firstly, focusing on agriculture, it is essential to maintain dedicated policies and programmes that enhance training opportunities for women in farming. Addressing gender-based inequalities in laws, taxation, finance, and property rights is crucial to ensuring equal opportunities for women in this sector. Secondly, improving access to education, particularly in fields where gender disparities persist, is vital. Initiatives should aim to actively encourage women to pursue STEM education to address existing imbalances. Lastly, promoting gender-sensitive small and medium-sized enterprise development is essential for socio-economic progress. Incentives and support mechanisms should be established to encourage greater women's participation in economic activities, benefitting both individuals and the broader community.

## **2.4. Additional Areas of Assessment**

### **2.4.1. Public Policy**

The comprehensive policy underpinning this intervention is the National Strategy for Development "European Moldova 2030" (hereafter National Strategy for Development) adopted in 2022<sup>43</sup>. Its primary strategic focus and vision revolve around enhancing the quality of life. As a result, by 2030, tangible and sustainable improvements in the various aspects of quality of life in Moldova are foreseen, which align with the European aspirations outlined in the Association Agreement between Moldova and the European Union. This intervention will contribute to achieving various objectives outlined by National Strategy for Development, including but not limited to ensuring an adequate and quality education for all; promoting a strong and inclusive social protection system; increasing sustainable incomes and reducing inequalities, and promoting a peaceful and secure society. The National Strategy for Development policy directions have led to the development of the subsequent sector-specific policies that are aligned with the broader European aspirations of Moldova. Such sectors include: (i) energy security, efficiency and renewables; (ii) human development, skills and employment; and (iii) sustainable agriculture. In addition to National Development Strategy "European Moldova 2030", there are sectoral strategies, approved (or in the process of approval) which, aligned with the general one provide specific policies and targets.

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<sup>42</sup> Moldova ENPARD Evaluation – Final Report - Specific Contract N° SIEA-2018-531

<sup>43</sup> Official Gazette No 409-410 Art. 758: [https://www.legis.md/cautare/getResults?doc\\_id=134582&lang=ro](https://www.legis.md/cautare/getResults?doc_id=134582&lang=ro)

Finally, this intervention will contribute to the reform priorities of the Moldova Growth Plan and the Reform Agenda currently under development, which will accelerate Moldova's socio-economic development, promote economic convergence with the EU and guide EU financial assistance in the years 2025-2027. This will be achieved by accelerating socio-economic and fundamental reforms, enhanced access to the EU Single Market and increased financial assistance through a dedicated Reform and Growth Facility for Moldova with disbursements conditional on reform progress. The Moldova Growth Plan will build on the progress achieved with this intervention.

### **2.4.1.1 Energy**

Aligned with the UN's Sustainable Development Goals, the Integrated National Energy and Climate Plan (NECP) demonstrates consistency and contributes to the fulfilment of the five dimensions of the EU and Energy Union: decarbonisation, energy efficiency, energy security, internal energy market, and research, innovation, and competitiveness. The primary objective of the NECP is to delineate existing, planned, and potential policies and measures for the achievement of the 2030 energy and climate targets during the current decade.<sup>44</sup> The NECP directly addresses the Moldova 2030 strategy's energy related pressing issues. For instance, it acknowledges the necessity for investments in the development of balancing services, in parallel to the development of variable renewables investments (solar and wind). Moldova is also considering the commissioning of new local power plants including investments in biogas to diversify the sources of generation<sup>45</sup>. The development of the NECP stems from an open and transparent input from a diverse array of stakeholders, experts, and the general public. For the scope of this intervention, the NECP targets the share of renewables and greenhouse emissions only for the right bank of the river Nistru where the competent authorities exercise monitoring and control.

The NECP places specific emphasis on targets set for 2030, encompassing the reduction of greenhouse gas emissions, with 68.6% below 1990 level, the augmentation of energy production from renewable sources to achieve a 27% share in gross energy consumption, the promotion of energy efficiency in order to keep the primary energy consumption under 3000 ktep<sup>46</sup> the strengthening security of energy supply, with the reinforcement of gas and power system interconnections. Aligned with the UN's Sustainable Development Goals, the NECP demonstrates consistency and contributes to the fulfilment of the five dimensions of the EU and Energy Union: decarbonisation, energy efficiency, energy security, internal energy market, and research, innovation, and competitiveness. The primary objective of the NECP is to delineate existing, planned, and potential policies and measures for the achievement of the 2030 energy and climate targets during the current decade.

To achieve the objectives outlined in the NECP, Moldova is dedicated to align its policies as closely as possible with the overarching goals of EU energy and climate policies. This alignment is in accordance with recent EU legislative packages such as the Green Deal, Fit for 55, and REPowerEU, along with international agreements such as the Paris Agreement and commitments within the Energy Community<sup>47</sup>. The energy sector currently contributes to over two-thirds of national greenhouse gas (GHG) emissions, necessitating its recognition as a priority sector for forthcoming initiatives. To fulfil Moldova's obligations, crucial factors for the NECP include the advancement of renewable energy sources, investments in energy efficiency, and a commitment to greater openness and enhanced interconnection with the EU energy systems. The NECP establishes mandatory targets in GHG reduction, share of renewables and maximum energy consumption, as committed within the Energy Community in December 2022. To achieve these targets, new measures are

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<sup>44</sup> Annex 6 of the NECP

<sup>45</sup> Biogas Fired CHP Power Plants 75 MW

<sup>46</sup> Kilotonnes of oil equivalent

<sup>47</sup> Conclusions of 8 July 2022 Informal Energy Community Ministerial Council have been formally adopted by the EnC Ministerial Council in December 2022.

envisaged, in line with the mentioned EU energy *acquis*. Forecasts and simulations made with Times Model<sup>48</sup> showed that the targets can be met and exceeded by implementing the foreseen measures. Based on this, another programmatic document, a new Energy Strategy, is under development. This new strategy will have even more ambitious, but non-mandatory targets for 2030 and will provide milestones up to 2050.

In addition to the NECP and in the process of EU accession, Moldova must align with and implement the ‘Clean energy for all Europeans’ package, including with the 2018 EU Renewable Energy Directive, Energy efficiency directive and the Electricity Integration package, allowing for integration into the EU internal electricity market, and set up the national energy efficiency fund with a focus on interventions in the residential sector<sup>49</sup>. To support this process, the Joint Moldova, Energy Community and European Commission Roadmap provides a detailed timetable of key actions to be implemented by Moldova, and it is of utmost importance that Moldova implements all the reforms in a timely manner, allowing for the development of a well-functioning gas and electricity market, as well as boosting energy efficiency and renewable energy to support both its energy security and economic growth.

The NECP implementation is funded by the national budget, which is divided into recurrent expenditure of Government institutions, competent to monitor and executed the Strategy, and energy related project investments from the private sector. Direct investment in large-scale energy projects (such as the interconnection pipelines or power transmission lines) are executed by private companies like VestMoldTransgaz and state-owned ones such as Moldelectrica, the latter using loans guaranteed by the Government. Among the challenges of such investments is the lack of incentives made to the private sector and consequently, investments in the energy sector fell since 2016. The sector budget also foresees allocation for energy efficient projects. In 2022, the Energy Efficiency Fund and the Energy Vulnerability Reduction Fund were established in accordance to Law 205/2021.<sup>50</sup>

The Ministry of Energy is responsible for the implementation of the NECP which ensures the coordination with the relevant stakeholders and provide to the Government the progress report. To ensure the proper and timely implementation of the NECP, the Ministry and other stakeholders benefits from a solid technical assistance provided by the EU, EBRD, AFD and USAID. There is a need for improvement of inter-institutional communication in terms of national climate and energy policy design and implementation, further harmonization of energy and climate planning and reporting processes. Progress reports, regulatory decisions of energy related investments verify policy implementation in the energy sector are credible. To date, the strategic objectives of securing energy supply and ensuring regional and European integration have largely been achieved. The development of competitive markets and the promotion of energy sustainability and combating climate change, have been interrupted amid Russia’s war of aggression against Ukraine and the energy crises. The policy represents an efficient prioritisation of the country’s challenges, calling for quick solutions and rescheduling/resizing of objectives.

#### **2.4.1.2 Human development, skills and employment**

In Moldova, education, health, employment and social services are generally based on the principles of local autonomy and decentralisation. The country is organised in administrative territorial units consisting of two levels of local government, each responsible for delivering a range of key public services. At “level 1”, it consists of 896 villages (“communes”), towns and cities (“municipalities”), which are public authorities with elected local councils and mayors. Level 1 territorial units are responsible for the delivery of early childhood education and care services.<sup>51</sup> The “Level 2” administrative territorial units are comprised of 32 districts

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<sup>48</sup> TIMES models encompass all the steps from primary resources through the chain of processes that transform, transport, distribute and convert energy into the supply of energy services demanded by energy consumers.

<sup>49</sup> The Republic of Moldova 2023 Report Communication on EU Enlargement policy

<sup>50</sup> [https://www.legis.md/cautare/getResults?doc\\_id=133358&lang=ro#](https://www.legis.md/cautare/getResults?doc_id=133358&lang=ro#)

<sup>51</sup> On this subject, inter alia the following studies/publications: *Republic of Moldova. Comprehensive education sector analysis*, Expert Group NGO, commissioned by UNICEF Moldova (2019); European Committee of the Regions, *Moldova*,



(“raions”), the municipalities of Chisinau and Balti, and the territorial autonomous unit (ATU) of Gagauzia. The governance of the VET system is complex and involves a large number of often small public and non-public institutions that are under the responsibility of different ministries. The main actor for VET governance and policy making is the Ministry of Education and Research (MoER), who is also directly responsible for maintenance and investments in the majority of VET institutions (83 out of 90 VET institutions in 2022/23)<sup>52</sup>. The Ministry of Health, the Ministry Labour and Social Protection, the Ministry of Agriculture, Regional Development and Environment, and the Ministry of Internal Affairs are in charge of VET institutions that provide VET programmes relevant to their area of expertise. The Ministry of Finance participates in the VET governance through the provision of funding, in close consultation with the MoER<sup>53</sup>. The MoER, the aforementioned ministries and other bodies such as the National Agency for Quality Assurance in Education and Research (ANACEC), are the key actors involved in VET policy making and in the main governance functions. Social partners and civil society organisation such as the Chamber of Commerce and Industry, the Sectoral Committees are often consulted in the design and implementation of policies and programmes. The social partners play a key role in the governance of the employment relationship and are key actors in promoting the principles of decent work in Moldova. The cooperation of the Ministry of Education and Research and the Ministry of labour and Social Protection with the social partners should be improved.

In 2021, the Government expenditure on education was 16.3% of the total government expenditure<sup>54</sup>, and amounted to 5.5% of the GDP, which is higher than many OECD and EU countries. The largest share of Moldova’s education expenditure goes to secondary education (45% of the total), followed by 30% for early childhood education and care and primary education, 9% to VET, and 8% to tertiary education<sup>55</sup>. All public VET institutions receive allocations from the national budget to fund their operations each year based on a per student funding model that was introduced in 2017. The VET institution funding model is mainly input driven and based on the number of students who attended in the previous school year relative to each specific programme. This is particularly challenging for smaller VET institutions who cannot benefit from “economies of scale”<sup>56</sup>. VET institutions have an advanced degree of financial management autonomy and may also co-finance their activities through fund-raising activities generating additional income. Dual-VET is a comparatively recent innovation in the system, and it is too early to properly assess. However, in general creation of public-private partnerships and the establishment of memorandum of understanding between VET institutions and the private sector encounter difficulties and proceed at a slow pace.

In addition to the National Development Strategy “European Moldova 2030”, the 2022-2026 National Employment Programme and its implementation Action Plan include separate specific objectives to strengthen the institutional capacities of relevant institutions, streamline the funding and digitize employment services and measures, as well as to increase funding for the active labour market measures by 2026. The National Employment Agency reform aims at better targeting different categories of unemployed people. To achieve the results, significant resources are required for the digitalisation of services. The reform envisages the development of new options for jobseekers to register online, without visiting the territorial employment offices in person, the revision of the profiling procedure and the procedure for planning individual labour market transition, improving the package of services and active measures for the unemployed and employers, implementation of activation strategies for the unemployed who receive social aid and unemployment

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<https://portal.cor.europa.eu/divisionpowers/Pages/Moldova.aspx>; World Bank (2018), *Moldova Preschool and General Education: Transitioning to a Decentralized Service Delivery Model - Selected Issues*, <https://files.eric.ed.gov/fulltext/ED589970.pdf>

<sup>52</sup> Data from National Bureau of Statistics, 2023

<sup>53</sup> ETF (2020), *VET good multilevel governance in Moldova*, [https://www.etf.europa.eu/sites/default/files/2020-11/report\\_multilevel\\_vet\\_governance\\_in\\_moldova\\_-\\_assessment\\_report.pdf](https://www.etf.europa.eu/sites/default/files/2020-11/report_multilevel_vet_governance_in_moldova_-_assessment_report.pdf)

<sup>54</sup> <https://data.worldbank.org/country/moldova>

<sup>55</sup> OECD (2023), *Enhancing the evaluation of VET programmes and institutions in Moldova*, OECD Education Policy Perspectives, OECD iLibrary ([oecd-ilibrary.org](https://www.oecd-ilibrary.org))

<sup>56</sup> International Labour Organisation (2021), *Career development support system review. Moldova 2021*, [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/genericdocument/wcms\\_835223.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/genericdocument/wcms_835223.pdf)

benefits. It will also review the rights and obligations of the unemployed who receive social aid and unemployment benefits in order to motivate them to get integrated more quickly into the labour market.

To reach the expected targets, the National Employment Agency should improve the quality of the employment services and measures provided and adjust the services to the individual needs of different categories of people. As a result, the institutional performance should be increased. The costing methodology of the reform was done by the Ministry of Labour and Social Protection, the total amount indicated for technical assistance and other types of assistance is EUR 6 million. The reform is partially covered from the state budget. The other expected sources of funding are contributions from development partners. The indicators included in the reform are realistic. In order to avoid duplication of activities in different sectors the Ministry of labour and Social Protection created Sectoral Coordination councils, which organize meetings regularly. Undeclared work is another significant issue faced by Moldova, to which several factors contribute, including weak enforcement of labour regulations, which further deepens the cultural acceptance of informal employment practices.

In 2022, the State Labour Inspectorate only detected 82 cases of undeclared work (80 in 2021), the lowest numbers in the last 12 years. As of March 2023, the State Labour Inspectorate has been given additional powers including the right to conduct unannounced visits, although only limited to cases of undeclared work, under-declared work, human trafficking, and labour exploitation. In the period 30 October 2023 – 8 December 2023 the SLI conducted a campaign on unannounced inspections on undeclared work. In this period 268 companies have been controlled and as a result 136 persons without an employment contract were identified. By the end of the year 63% of the persons identified were officially employed. In April 2024, the Government adopted the National Programme for reducing undeclared work 2024-2025, which includes measures related to the capacity of the State Labour Inspectorate as well as proposed regulatory changes, awareness-raising activities, and sector-specific measures to improve compliance with labour law. In the first 6 months of 2024, the Labour Inspectorate identified 1000 cases of undeclared work, 53 % of the cases identified were legalised. The management of the State Labour Inspectorate aims to ensure the development of the labour inspection system in Moldova in accordance with international standards and the European perspective. Internal organisation's systems, work procedures, inspection tools and practices should be reviewed, updated and improved.

### **2.4.1.3 Agriculture**

Due to the agri-food sectors importance for the national economy as well as its potential to stimulate further growth, the importance of agricultural development is reflected in Moldova 2030 as well as a number of economic policies, as the National strategy for economic development 2030, the Economic Reform Programme 2024-28, Smart Specialisation or the Industrial development strategy. The key sector policy document is the National Strategy for Agriculture and Rural Development (NARDS) 2023-2030. It promotes a sustainable and competitive agricultural sector across four specific objectives:

1. Enhancing the potential of the primary agricultural sector and promoting smart, sustainable and climate-resilient farming practices;
2. Development of the food industry and diversification of markets;
3. Supporting sustainable socio-economic development in rural areas;
4. Ensuring the transposition of the EU acquis and its progressive implementation in the field of agriculture, rural development and food security.

A monitoring framework with quantified indicators has not been developed and annual progress reporting is not being undertaken, partly on the background of general lack of quality data and integration of data sources for the agricultural sector. The NARDS will be operationalized through a strategic, Common agricultural policy (CAP) plan inspired programme, under formulation. An amendment to the 'National Subsidy law for agriculture and rural development' for the financial measures under the National Fund for agriculture and rural development 2024-27, aligned to the strategy and programme, is undergoing consultations.

In the context of recent year's international crisis situations (e.g. commodity price fluctuations, disconnected logistics and supply chains), the National Food Security Strategy 2023-2030 reflects the priorities of the Government regarding the development of sustainable food systems ensuring the country's food security. It is based on securing domestic food supply, self-sufficiency and substitution of imports. As indicated in the second country's Nationally Determined Contribution, the National Climate Change Adaptation Programme 2030 was approved by the Government of Moldova in August 2023. The Programme sets objectives aimed at increasing the climate resilience of six priority sectors: agriculture, health, transportation, energy, water, and the forestry sector, and is accompanied by an action plan for preventing and overcoming risks and vulnerabilities caused by climate change. In the agricultural sector, it includes more efficient use of natural resources and promotion of adapted technologies (e.g. drought-adapted species, anti-hail nets and measures that would protect crops during early frosts, agro-forestry, efficient water use).

The Government's key 'tool' for the development of the agri-food sector (including rural development) is the National Agricultural and Rural Development Fund (FNDAMR). The Fund was established in 2016<sup>57</sup> in order to strengthen the farmers' competitiveness and sustainability. According to the Subsidy Law, the regulatory framework should cover a period of five years, thus, bringing stability in the development of agrifood sector. In 2018, the Ministry of Agriculture and Food Industry introduced advanced payment mechanism for the start-ups in the development of agribusinesses. In 2021, direct payments for animal premiums were introduced. Moreover, during the last five years the number of support measures for the increase of the farmer's competitiveness and the wellbeing of the rural communities has grown substantially. In 2023, its allocations from the state budget amounted to MDL 1.7 billion (approx. EUR 75 million). Financial support provided includes measures as 'Increase the competitiveness of the agri-food sector through restructuring and modernisation' with 9 sub-measures as 'boosting the establishment and operation of agricultural producer groups', 'boosting investments for the use and technological renovation of livestock farms', 'boosting investments for the development of post-harvest and processing infrastructure', Stimulating promotion activities, among others.

AIPA is the central agency under MAFI subordination that oversees the financial management<sup>58</sup>. It is ISO 9001: 2015 'Quality Management' certified since 2017, confirming compliance with the principles of the quality management system. AIPA has also passed an external audit mission on the implementation of the international standard ISO 37001: 2016 - Anti-Bribery Management Systems. In 2021 and 2022, two accreditation audits for an EU paying agency ('as if AIPA was an EU agriculture paying agency') were conducted at AIPA in the framework of the previous Twinning project, which showed the agency's progress in strengthening its internal control system, towards becoming an EU-like agriculture paying agency. The National Food safety agency (ANSA) was created in 2013. It is an authority subordinated to the Government, whose mission is to ensure the implementation of the state's policies in the areas aimed at guaranteeing food safety and the quality of food products, including of ethyl alcohol, alcohol production, wine products and beer. The strategic objective is to ensure food safety from the production of raw material to the distribution of food to the consumer. It is also about ensuring a high level of protection of human life and health based on risk analysis through the application of a modern and efficient system of surveillance and process monitoring throughout the food chain. ANSA issues permissive acts, verifies compliance with the licensing conditions, preventing and combating infringements in the area under its control, conducts state control over entrepreneurial activity in the area of operation, among others.

Inspired by Austrian and Slovenian Chambers of agriculture's public-private model of organisation of Agriculture technical advisory services, the Government currently developing a Moldovan network of Agriculture Chambers with a National Coordination Centre and 10 regional Chambers. The development of an 'Agricultural Knowledge and Innovation System' (AKIS) is envisaged. Policy implementation monitoring and evaluation processes are ensured by the Ministry of Agriculture and Food Industry, through its Public Policy Coordination and European Integration Directorate (DCPPIE) in a participatory framework.

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<sup>57</sup> 16 December 2016 the Parliament adopted the Subsidy Law no. 276

<sup>58</sup> As per GD 20/2019 regarding AIPA's reorganization as a public institution.

The National Bureau of statistics (NBS)<sup>59</sup> is the Central Agency that manages and coordinates the activity in the field of statistics from the country. Its activities are guided by the Development strategy of the National Statistical System 2023-2030<sup>60</sup> and National Statistical System development program for the period 2023-2026<sup>61</sup>. NBS units, relevant to agricultural statistics, are the agriculture and environment division, agriculture statistics section, statistical sample surveys in agriculture section, and environment statistics service. The NBS has local branches in each rayon and others in four regions that collect data and send it to the headquarters. The first and only general census of agriculture was conducted in 2011 and registered over 900 thousand holdings with some agricultural activity. A new agriculture census is planned for 2025<sup>62</sup>, but budget allocation and preparatory steps are delayed.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore, the policy can be supported by the Commission with the proposed budget support contract.

#### 2.4.2. Macroeconomic policy

Overall, Moldova continues to demonstrate a satisfactory track record in carrying out broadly sound macroeconomic policies. Following a year and a half of economic contraction triggered by both Russia's war of aggression against Ukraine and a severe drought, Moldova's nascent economic recovery began in the second half of 2023 and is expected to strengthen over the programme period 2024-2026 according to the Economic Reform Programme (ERP) of Moldova<sup>63</sup>. The ERP plans a gradual and front-loaded reduction of the deficit as the economic recovery takes hold, targeting a deficit of 4.6% of the GDP in 2024 which will narrow further in 2025 and 2026. Under the IMF program, Moldova budget deficit is expected to be 5% of the GDP in 2024 and will come down further in 2025 and 2026. Real GDP growth of 0.7% for 2023 as a whole was primarily the result of strong net exports as imports remained subdued especially in the first half of the year. Private consumption and investment began to recover in the second half of the year as inflation continued to decline, enabling monetary policy to ease.

Inflation fell sharply in 2023, returning to the central bank's target range of 5% +/- 1.5 pps. In October, on the back of falling global food and energy prices and the previous tightening of monetary policy. The central bank continued its monetary easing cycle that began at the end of 2022 with a series of rate cuts in 2023 and the latest in March 2024 to 3.75%. Inflation is projected to remain within the target range over the forecast period, though is expected to rise slightly towards the end of 2024 and into 2025 on the back of increased administrative prices for healthcare and fuel tariffs. However, risks related to Moldova's energy security and thus import price volatility remain, despite the country's recent efforts to reduce its dependence on imports of Russian natural gas.

Overall, the banking sector seems well capitalised, with all banks meeting the capital adequacy ratio, and a substantial fall in the share of non-performing loans in recent years. However, financial intermediation remains low, with the share of loans extended to the private sector at 20% of GDP on average between 2017 and 2021. In addition, overall progress on the recovery of the stolen assets and legal proceedings as regards the 2014 bank fraud have been slow and non-transparent. Russia's war of aggression against Ukraine had a sizable impact on regional trade flows, strongly affecting Moldova. In the first half of 2022, Moldova's exports saw a marked increase, largely due to re-exports from Ukraine and increased exports of cereals and agricultural products.

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<sup>59</sup> As per GD.935/2018 regarding the organization and operation of the National Bureau of Statistics

<sup>60</sup> [https://www.legis.md/cautare/getResults?doc\\_id=135611&lang=ro](https://www.legis.md/cautare/getResults?doc_id=135611&lang=ro)

<sup>61</sup> [https://www.legis.md/cautare/getResults?doc\\_id=138684&lang=ro](https://www.legis.md/cautare/getResults?doc_id=138684&lang=ro)

<sup>62</sup> [https://www.legis.md/cautare/getResults?doc\\_id=138684&lang=ro](https://www.legis.md/cautare/getResults?doc_id=138684&lang=ro) reference to the agriculture census on section 3.2.10. *Realizarea lucrărilor de pregătire către Recensământul general agricol (RGA), runda 2030*

<sup>63</sup> [2024 Economic Reform Programmes of Albania, Bosnia and Herzegovina, Georgia, Kosovo\\*, Moldova, Montenegro, North Macedonia, Serbia and Türkiye: The Commission's overview and country assessments \(europa.eu\)](https://ec.europa.eu/economy_finance/2024-economic-reform-programmes-of-albania-bosnia-and-herzegovina-georgia-kosovo-moldova-montenegro-north-macedonia-serbia-and-turkiye-the-commission-s-overview-and-country-assessments-europa.eu)

The trade deficit is set to remain very wide on account of the country's weak export base and reliance on energy imports. Still, it is projected to narrow in 2024 and 2025 thanks to lower energy import prices and stronger exports, in particular of services led by the ICT sector. The positive impact on the balance of services due to the large number of Ukrainian refugees in Moldova should fade as this consumption begins to be counted as domestic demand in the national accounts. Remittances are projected to remain high though lower than before the start of Russia's war of aggression against Ukraine, as many Moldovans returned from working in Ukraine or Russia. Moldova's foreign currency reserves experienced significant volatility in 2022. The central bank drew heavily on reserves in the first half of the year in an effort to support the local currency. However, by end- 2022, reserves have been rebuilt to record-high USD 4.4 billion (a rise of 14.6% on the year) because of the significant international financial support. Thus, reserves accounted for 5 months of imports of goods and services. Significant reliance on external assistance in form of concessional donor funding and commercial borrowing continues, though it is affected by the lack of the absorption capacity and overall need to strengthen human resources across the public administration. Capacity to mitigate the impact of the recent energy crisis and support economic recovery in the context of Russian invasion in Ukraine will critically depend on external financing, particularly a successful implementation of the IMF programme and EU macro financial assistance.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

### **2.4.3. Public Financial Management**

The Government's Public Financial Management (PFM) reform agenda is set out in the 2023-2030 Public Finance Management Reform Strategy. It was adopted in February 2023, and it is under implementation. The strategy was adopted following the publication of the new 2020 Public Expenditure and Financial Accountability assessment, published in July 2022. The Ministry of Finance and other key institutions remain committed to PFM reforms based on the PFM strategy. The country has demonstrated progress in PFM and Domestic Revenue Mobilisation through the following key reforms:

1. Steps taken to enable future reforms in Public Investment Management through the development and establishment of a national procedure for the appraisal of public investment projects. The procedure is automated through a web-based application increasing efficiency and transparency in allocating government resources to public investment;
2. Enhancement of debt management and development of domestic securities market, in particular with the issuance of the first ever 10-year bond in the domestic market;
3. Improvements in public financial control and audit including enhancement of technical capacity in the Central Harmonisation Unit and selected line ministries, including in the Ministry of Energy;
4. Elaboration of Public Internal Financial Control policy strategy;
5. Elaboration of national Public procurement development programme;
6. Revision of the strategic framework for the Supreme Audit Institution and enhancement of capacities in financial and compliance audits;
7. Enhancement of the parliamentary oversight of the budget through the establishment of a standing Public Accounts Committee (Committee for control of public finances) and public hearings of the reports of the Court of Accounts;
8. Improved score in latest available Open Budget Index;
9. Enter in application of the new Customs Code in January 2024.

The regulation regarding public capital investment projects, approved by Government Decision No. 684/2022, is an important improvement in PFM. By Order of the Minister of Finance no. 69/2023, the Instruction on the evaluation of public capital investment projects was approved, which is to be registered with the Ministry of Justice and published in the Official Gazette of the Republic of Moldova. By Order of the Minister of Finance no. 87/2023, the Working Group for public capital investments was approved. The 2023 Enlargement Report

for Moldova underlined the need for Moldova to further align its legislation with EU law, especially by aligning the laws on concessions and public-private partnerships. It also needs to adopt specific legislation on the award of procurement contracts in the field of defence and security and amend secondary public procurement legislation. The efficiency of the public procurement system needs to be improved and the e-procurement system needs re-engineering. Moldova has taken steps to align legislation with the EU *acquis* on VAT and excise duties. Legislation on direct taxation has yet to be aligned with the EU *acquis* and international best practice. Significant efforts are needed to equip the tax administration with the IT systems, procedures and staff needed to align with the EU *acquis*”.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

#### **2.4.4. Transparency and Oversight of the Budget**

The latest available Open Budget Survey (OBS) is from 2024. In this publication, Budget Transparency in Moldova is scored 81/100 ranking significantly better than its peers and improving the score on 2019 results. The budget related information is accessible on the website of the Ministry of Finance with all relevant laws and regulations. Budget related information, including the Medium-Term Budget Framework for 2024-2026, approved by Government Decision No. 408 of June 21st, 2023, is made publicly available in full, and it is easy to access through various Ministry of Finance and Government official websites. The Ministry of Finance has prepared and published an annual Citizens’ Budgets on based on the enacted budgets since 2015.

The 2024 Open Budget Survey made the following recommendations to improve transparency for Moldova:

- Pilot mechanisms to monitor budget implementation.
- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.
- Allow any member of the public or any civil society organization to testify during its hearings on the budget proposal prior to its approval.
- Allow members of the public or civil society organizations to testify during its hearings on the Audit Report.

Positive developments took place in what it refers to the budget oversight. The Moldovan Supreme Audit Institution - the Court of Accounts (CoA), developed and started the implementation of its new Development Strategy for 2021-2025. Additionally, a new Audit Strategy and the first ever communication strategy for the institution is finalised and started implementing. In addition to the annual audits of the State budget and the State Social and Compulsory Health Insurance Funds, and all the consolidated accounts of the Ministries, the Court of Accounts publishes audit reports mostly covering compliance issues. All Audit reports are publicly available. The first international Peer Review was successfully organised. The dedicated Public Financial Control Committee in the parliament is functioning however could benefit from further support and empowerment. Initial steps were taken to grant the CoA additional financial independence, however full financial independence is yet to be ensured.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The Overall Objective/Impact of this action is to strengthen Moldova’s resilience and support an accession-oriented reform agenda, with a particular focus on energy, human capital and skills and agriculture.

The Specific Objectives (**Outcomes**) of this action are to

1. Enhance energy security by decreasing energy consumption and strengthening locally generated renewable energy.
2. Improved employability of the workforce in Moldova in line with the labour market needs.
3. Modernisation, innovation, and alignment to standards by agriculture producers and agri-food operators.

The **Induced Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

1.1 contributing to Outcome 1 (or Specific Objective 1): Stimulation of innovation in sustainable technologies and practices, creation of economic growth through new markets and industries.

1.2 contributing to Outcome 1 (or Specific Objective 1): Energy savings and reduced energy demand, as a result of lower energy consumption, better insulation and more efficient heating and cooling systems.

1.3 contributing to Outcome 1 (or Specific Objective 1): Electricity wholesale market is developed.

2.1 contributing to Outcome 2 (or Specific Objective 2): Improved relevance and quality of vocational education and training.

2.2 contributing to Outcome 2 (or Specific Objective 2): More people in work in line with labour market demands and reduction of informality.

3.1 contributing to Outcome 3 (or Specific Objective 3): Farmers benefit from improved technical advisory services.

3.2 contributing to Outcome 3 (or Specific Objective 3): Better alignment with EU standards and access of agricultural products to EU markets through increased financial support provided through the National Fund for agriculture and rural development.

The **Direct Outputs** to be delivered by this action contributing to the corresponding Induced Outputs are:

1.1.1 contributing to Induced Output 1.1: Infrastructure investments, such as renewable energy installations, individual storage systems and insulations are installed.

1.1.2 contributing to Induced Output 1.2: Buildings renovated and upgraded to energy efficiency standards.

1.1.3 contributing to Induced Output 1.2: Jobs and skills in various sectors, including construction, manufacturing, and energy services are created.

1.1.4 contributing to Induced Output 1.3: Increased competition, efficiency, and investments.

2.1.1 contributing to Induced output 2.1: Improved alignment of technical vocational curricula with the national qualifications, and enhanced quality of vocational trainings in VET institutes.

2.2.1 contributing to Induced output 2.2: Increased lifelong learning opportunities, employment and outreach services provided by National Employment Agency.

2.2.2 contributing to Induced output 2.2: Specific measures in fighting undeclared work in construction, agriculture, hospitality implemented.

3.1.1 contributing to Induced Outputs 3.1 and 3.2: Increased fiscal space for the implementation of agricultural and rural development financial support measures and implementation of the agricultural technical advisory reform.

3.1.2 contributing to Induced Outputs 3.1 and 3.2: Increased capacity for policy formulation, monitoring and implementation, aligned with the EU *acquis*.

### 3.2. Indicative Activities

Technical assistance referred to under the activities will be supported through **complementary measures**. Continuous policy dialogue will be ensured with the State Chancellery, which is responsible for the policy coordination with the line ministries.

Activities related to Direct Output 1.1.1:

- Expansion of the Eco-Vouchers programme beyond the pilot phase for providing vouchers for replacement of inefficient household appliances, with a focus on vulnerable groups.
- Implementation of a voucher incentive program for small-scale batteries with solar PV systems, with a focus on vulnerable groups.

Activities related to Direct Output 1.1.2:

- Financing energy efficiency measures in residential sector through the Residential Energy Efficiency Fund.
- Capacity building and training in energy efficiency standards of buildings.

Activities related to Direct Output 1.1.3:

- Capacity building and training for energy auditors, RES installers, designers, supervisors, and construction companies on energy efficiency and renewable energy projects, focused on gender balance.
- Conducting information and awareness-raising activities to highlight the need for skills development and promotion of women participation in the energy sector.

Complementary measures which will focus on the modernisation of the existing GHG data collection system as well as activities regarding the MRV process, which will attribute to the targets of by NECP.

Activities related to Direct Output 2.1.1:

The implementation of Direct Outputs 2.1.1 will be supported mostly through intense gender-sensitive and participatory policy dialogue for effective policies for skills development, including green and digital skills, in alignment with the occupational and qualification standards in the country. Among others, activities under this output include:

- Development of quality and efficiency standards for VET providers (i.e. students/teacher ratio, minimum standards for learning environments, policy on sexual harassment, accessibility standards);
- Mapping and ranking of VET providers according to agreed quality and efficiency standards, including gender and disability-sensitive criteria for equitable access to quality education and training.
- Development of studies for consolidating the VET schools' network to improve efficiency and quality of the system, as well as to ensure equitable outcomes for women and men, especially the most vulnerable (persons with disabilities, Roma).
- VET Centres of Excellence assume responsibilities as coordinators of the network of VET schools within their sectoral domain.
- Carrying out nation-wide VET Teachers training needs analysis and organisation of in-service teacher trainings to fill the identified gaps, including to raise awareness on gender equality and disability inclusion, promote gender-sensitive and inclusive teaching methodologies and eliminate gender stereotypes in education.
- VET Centres of Excellence increase their activity as providers of continuous education.
- The National Qualification Framework (NQF) services of Moldova strengthened cooperation with the EQF (European Qualification Framework) advisory group, for alignment to EU practices;
- The national register of qualifications continues to be operationalised and strengthened.
- Validation of non-formal and informal Learning continues at the accredited institutions.



- Operationalisation of a dual-VET system continue, and gradually more agreements are operationalised with enterprises in the key industries, particularly for skills enabling green transformation in agriculture and energy.
- Tracer studies, based on methodologies approved by Ministerial decision, are integrated in the evidence-based policy making cycle, to ensure equitable outcomes for women and men, especially the most vulnerable.
- Inter-service coordination is strengthened between Ministry of Education and Research, Ministry of Labour and Social Protection, respective subordinated agencies and other sector stakeholders.

#### Activities related to Direct Outputs 2.2.1 and 2.2.2:

The implementation of the direct outputs 2.2.1 and 2.2.2 will be supported through complementary measures which will focus on the following:

- Inclusive awareness-raising and information activities which will contribute to increasing the number of vulnerable population, including refugees, with access to employment services and benefits.
- The outreach services and the active labour market measures provided by National Employment Agency continue to be provided and expanded to other regions and reach the most vulnerable, including refugees. Measures will be monitored and evaluated.
- Preventive measures to avoid drop out from education, development of upskilling and reskilling plans for adults, second chance education programmes for adults, training of Public Employment Services staff to provide career guidance and counselling.
- Ensure inter-system data links between the information systems of relevant institutions, to adjust National Employment Agency internal procedures to implement new options for jobseekers to register online individually, including with the help of social workers or librarians, without visiting tertiary education organisations in person.
- Internal risk methodology of the State Labour Inspectorate is introduced and operationalised, internal integrity mechanisms are strengthened, to conduct unannounced inspections on undeclared work.
- The meetings with social partners are organised more frequent and take place monthly or more often.

#### Activities related to Direct Output 3.1.1:

- (Re)formulation of Government financial support measures for producers and food business operators with limited access to commercial finance/bank credits, gender and disability sensitive (especially under the National Fund for Agriculture and Rural Development), to improve EU quality requirements on environment, biodiversity, zero deforestation and climate change and standards alignment, farm sustainable income diversification, circular economy based agro-food processing, green measures, including agroecology and agroforestry. This should also include measures related to good governance and transparency and integrity of the fund.
- Inclusive information and awareness rising activities on financial support measures available to farmers, including owned by women and persons with disabilities, and how to access them (eligibility criteria; application process).
- Facilitating dialogue between Government, banking and finance institutions, and private sector on financial instruments, commercial finance and insurance.
- Development of detailed concept for establishment of technical advisory services (costing, gender-balanced staffing, accessibility standards, monitoring framework, information and knowledge exchange with research and education etc.); establishment/refurbishment of accessible advisory centres, supplies and staffing; training of advisors/extension agents; establishment of cooperation and information exchange mechanisms for advisory services with research and education/academia (including centres of excellence).

#### Activities related to Direct Output 3.1.2:

- Conduct trainings and provide technical expertise on gender and disability-sensitive data collection and analysis for policy formulation, monitoring and implementation (result of complementary measures), aligned with EU *acquis*:
- Improved policy dialogue in support of the agri-food sector:
  - o Conduct joint participatory sector reviews on implementation of the National Strategy for Agriculture and Rural Development, national programme and action plans for legal approximation 2024-27.
  - o Participatory consultations on review of legal and regulatory framework and financial support measures for the agri-food sector through the National Fund for Agriculture and Rural Development.
- Roll-out of the National Farm Register and unique ID code.
- Develop and improve registries and data collection systems, digitalisation and increasing monitoring capacities (including supplies and services for development of registries and modules of the Integrated administration and control system (IACS)).
- Publication of annual reports of the National Agency for interventions and payments in agriculture (including by beneficiary categories, esp. micro and small farmers, farms owned by women, men, and measures food processing and value addition).
- Digitalisation of the application process for financial measures from the National Fund of Agriculture and Rural Development to increase efficiency in approval and payment execution.
- Preparation of the agricultural census: drafting of legal acts, definition of data sets, methodology of gender and disability sensitive data collection, data processing, training of enumerators etc.
- Capacity building and training on EU requirements and standards for government officials (e.g. AIPA, ANSA), farmers and food businesses, encouraging participation of women and persons with disabilities.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

**Outcomes of the Strategic Environmental Assessment (SEA) screening** (relevant for budget support and strategic-level interventions).

The SEA screening concluded that no further action was required. Key environmental and climate-related aspects need be addressed during design.

**Outcomes of the Environmental Impact Assessment (EIA) screening** (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action is no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1 and is gender mainstreamed throughout the action. This implies that the principles of gender equality and women empowerment are significant objectives to this Action. The implementation of this action is guided by the

principles and objectives of the EU Gender Action Plan III<sup>64</sup>. The problem analysis for all three components makes reference to specific gender considerations related to gender equality that inform the design of the Action. Gender equality objectives are made explicit in the narrative and are backed up with gender-specific indicators that are sex and disability disaggregated, where relevant and where data is available. Monitoring and reporting section includes a commitment to monitor and report gender equality results. In line with the EU Gender Action Plan III and the Country Level Implementation Plan, the Action contributes to strengthening economic and social rights and the empowerment of girls and women; equal participation and leadership; and addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation; ensuring freedom from all forms of gender-based violence. In addition, the Action foresees consultations with participation of women farmers/organisations.

### **Human Rights**

All activities included in this action are designed and are to be implemented in accordance with the principles of good governance, democracy and human rights. Problem analysis for all 3 components identifies persons living in vulnerable situations which are potentially impacted by the future Action – rural population, older women and men, persons with disabilities and Roma. It includes protection, promotion and fulfilment of human rights by building the capacities of the duty-bearers, as well as empowers the right-holders to claim their rights through awareness rising and information activities. The proposed Action is in line with the Human Rights Country Strategy for Moldova and addresses concerns raised by International Treaty Bodies as well as deficiencies identified by the European Court of Human Rights of the Council of Europe.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the rights of people with disabilities are significant objectives to this Action. In this regard, the Action includes the following core elements of disability mainstreaming: accessibility (accessibility standards for VET providers; VET teachers in-service teacher trainings, including on accessibility), inclusion (inclusive awareness-raising and information activities on access to social and employment services and benefits; outreach services and trainings on social and employment services to reach the most vulnerable; inclusive information and awareness rising activities on financial support measures available to farmers), consultation (consultations on review of legal and regulatory framework and financial support measures for the agri-food sector with participation of organisations of persons with disabilities) and empowerment (capacity building and training on EU requirements and standards for government officials (e.g. AIPA, ANSA), farmers and food businesses, including women and persons with disabilities). The proposed Action promotes the rights, social inclusion and/or empowerment of persons with disabilities through inclusive activities, awareness raising and capacity building. In addition, the Action foresees consultations with participation of farmers/organisations of persons with disabilities.

### **Democracy**

This action will support accountable public administration which is essential for democratic governance and inclusive economic development. The citizens have a democratic right to an accountable, transparent, and well-functioning public administration. This is also a guarantee for delivery of quality services and the key driver of economic growth and competitiveness.

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<sup>64</sup> The Gender Action Plan III is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through EU Presidency Conclusions of 16 December 2020. Drafting was led by the European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process; [https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf)

## Conflict sensitivity, peace and resilience

The ‘do no harm’ principle and conflict-sensitivity are embedded in the Action. It considers “benefits of peace” for the broader society which are important to support more comprehensive conflict transformation and longer- term socio-economic development and resilience, notably supporting the country’s energy security, economic development and increased employability of the workforce. The action aims to promote peace and cooperation between key stakeholders in Moldova and conflict prevention to mitigate the consequences of Russia's war of aggression against Ukraine in Moldova.

## Disaster Risk Reduction

N/A

### 3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
People and the organisation	Moldova does not continue in its path towards economic recovery, macro-financial stability and EU accession.	<b>L</b>	<b>H</b>	Intense political dialogue, close support for reforms, increased financial support
People and the organisation	Limited institutional and human resource capacities of public administration to benefit from provided expertise and implement reforms as well as high staff turnover	<b>M</b>	<b>H</b>	Formalise national authorities’ commitments to the modality of activities’ implementation, especially mobilisation of external expertise. Concentrate activities and closely coordinate jointly (EU and Moldova) throughout the implementation of activities. Provide capacity building to increase institutional capacities, including on gender equality and disability inclusion
External environment	Increased refugee inflow from Ukraine due to the deterioration of regional and national security	<b>M</b>	<b>H</b>	Creation of response measures and preparedness of authorities to respond to threats. Activation of contingency measures and scaling-up of gender and disability-sensitive humanitarian assistance. Contribution to the fight against disinformation.
External environment	Mass departure of Moldovan citizens to the EU Member States due to the deterioration of	<b>L</b>	<b>H</b>	Policy dialogue and public awareness. Creation of response measures and preparedness of authorities to respond to threats.

	regional and national security.			Contribution to the fight against disinformation.
External environment	Reduced investments by businesses (domestic and foreign) due to uncertain regional security situation and worsened investment climate (high interest rates, political instability, increased migration and labour shortages)	<b>M</b>	<b>H</b>	Monitor investment climate and mobilise co-funding opportunities for both women-owned and men-owned businesses to help reduce investment costs, with support of ongoing regional programmes for businesses and guarantees.
Planning, processes and systems Communication and information	Weak coordination between the government and the donors, and/or between donors, leading to a duplication of efforts, and/or incompatibility of deployed means to the fast-evolving operating context.	<b>H</b>	<b>M</b>	Mobilise the whole EU toolbox and encourage the EU MS contributions in coherence with formal and informal Team Europe initiatives with the objective to respond to the priority needs identified. Continue active engagement in Sector Coordination Platforms with Government and development partners. Continued alignment of the EU support to national priorities and strategies.

### External Assumptions

Currently, there are no indications that Russia's war of aggression against Ukraine might also be extended to Moldova. However, a deterioration of the situation in Ukraine might cause additional pressures on the Moldovan government with intensified (out)migration or refugee inflow, which would require a concentration of Moldovan authorities' financial and human resources to emergency measures and slow down initiated reforms.

### 3.5. Intervention Logic

The underlying intervention logic for this action is that:

IF energy security is enhanced and external shocks from unreliable importers of energy reduced (Specific Objective 1); AND employability of the workforce is improved in line with the needs of the labour market

AND modernisation, innovation and alignment to standards by agriculture producers and agri-food operators are supported, AND associated policy dialogues are ongoing,

WHILE Moldova continues its path towards economic recovery, macro-financial stability and EU accession; AND has adequate institutional and human resource capacities of public administration in order to implement the reforms,

THEN this action will contribute to strengthening Moldova's resilience and promoting an EU accession-oriented agenda.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain	Indicators (max. 15)	Baselines (value and year)	Targets by the end of the budget support contract (value and year)	Sources of data (1 per indicator)
<b>Indicative Impact of the policy</b>	To strengthen Moldova's resilience and support an accession-oriented reform agenda, with a particular focus on energy, human capitals and skills, and agriculture.	Gini Index: Distribution of income	25.7 (2021)	22 (2028)	Partner's strategy/policy and reporting World Bank, Poverty, and Inequality Platform

<p><b>Expected Outcomes of the policy</b></p>	<p>1. Enhanced energy security by decreasing energy consumption and strengthening locally generated renewable energy</p> <p>2. Improved employability of the workforce in Moldova in line with the needs of the labour market</p> <p>3. Modernisation, innovation and alignment to standards by agriculture producers and agri-food operators.</p>	<p>1.1 Energy independence increased due to energy savings as a result of energy efficiency measures taken at the annual level</p> <p>1.2 GEF 2.7 Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support</p> <p>1.3 GEF 2.4 Renewable energy generation capacity installed (MW) with EU support</p> <p>2.1 employment rate of women, persons with disabilities</p> <p>3.1 Enterprise value-added, profitability and per capita productivity rates (EU indicator, D1)</p> <p>3.2 Areas (in ha) where sustainable land and water management practices have been introduced (esp. eco/green measures, organic farming, climate smart agriculture) (ha), in line with the Farm to Fork Strategy (EU indicator, D1)</p>	<p>1.1 6 million kWh saved (2024)</p> <p>1.2 0 tonnes CO<sub>2</sub>eq (2024)</p> <p>1.3 Renewable energy capacities installed with EU support - 0 MW (2024)</p> <p>2.1 employment rate of women 55.3% (2023); employment rate of persons with disabilities 17% (2023);</p> <p>3.1 Agriculture labour productivity (in USD million): 43.7 (NBS, 2018), to be updated (tbd)</p> <p>Share of and operators</p>	<p>1.1 Additional 12 million kWh (2027)</p> <p>1.2 5000 tonnes CO<sub>2</sub>eq by 2027</p> <p>1.3 Renewable energy capacities installed with EU support - 5 MW by 2027</p> <p>2.1 employment rate of women is at least 58% (2027); employment rate of persons with disabilities is at least 19% (2027);</p> <p>3.1 Agriculture labour productivity (in USD million): (tbd)</p> <p>Share of implementing HACCP and/or ISO 22000: 30% slaughterhouses, 60% meat and</p>	<p>1.1, 1.2.,1.3. National Center for Sustainable Energy (CNED);Ministry of Energy</p> <p>2.1 Official data provided by the National Bureau of Statistics</p> <p>3.1 National Bureau of statistics</p>
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			<p>implementing HACCP and/or ISO 22000: 16% slaughterhouses, 28% meat and meat processing, 31% milk and dairy, 47% egg collection and packaging centers, disaggregated by sex</p> <p>No. of protected geographical origin: 27 registered through the national procedure (2023)</p> <p>3.2 Organic operators (certified and in conversion): 139 (2022), 28616,07 ha (2022)65,0</p>	<p>meat processing, 60% milk and dairy, 60% egg collection and packaging centers, disaggregated by sex (2027)</p> <p>No. of geographical origin certification (PDOs etc.):35 (2027) disaggregated by sex</p> <p>3.2 Organic operators (certified and in conversion): 150 (2022), 40,000 ha (2027), disaggregated by sex</p>	<p>3.2 Yearbook on organic agriculture; Ministry of agriculture and food industry reports; ANSA data; MOVCA membership database; MOLDAC</p>
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<sup>65</sup> Of the total area in the organic system, 23756.81 ha are already certified; 1100 ha are in the conversion period year 1; 4477 ha were already in the second year of conversion and 383.7 ha are in the last year of conversion.

<p><b>Induced Outputs</b></p>	<p>1.1 Stimulation of innovation in sustainable technologies and practices, creation of economic growth through new markets and industries</p> <p>1.2 Energy savings and reduced energy demand, as a result of lower energy consumption, better insulation and more efficient heating and cooling systems.</p> <p>1.3 Electricity wholesale market is developed.</p> <p>2.1 Improved relevance and quality of vocational education and training,</p> <p>2.2 More people in work in line with labour market demands and reduction of informality.</p>	<p>1.1.1 Share of individuals supported under the Moldovan Residential Energy Efficiency Fund (MREEF) that meet standards and technical requirements (disaggregated by sex, age, disability and firm size)</p> <p>1.2.1 Energy efficiency consumption gains per sector (residential/public)</p> <p>1.2.2 GEF 2.7 Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support</p> <p>1.2.3 Share of refurbished social housing units in urban and rural areas</p> <p>1.3.1 Share of transactions among markets participants in line with EU practices</p> <p>2.1. Share of students enrolled in approved technical vocational training programmes in national VET institutes, and share (%) of them enrolled in active dual-VET programmes, disaggregated by sex and disability</p> <p>2.2. % (number) increase in persons benefiting from active employment measures provided by the National</p>	<p>1.1.1 0 individuals</p> <p>1.2.1 Share of expenditure on housing, water, electricity, gas and other fuels for the poor population - 20% (baseline year TBC)</p> <p>1.2.2 0 tonnes CO<sub>2</sub>eq (2024)</p> <p>1.2.3 3000 m<sup>2</sup></p> <p>1.3.1 No electricity market operator</p> <p>2.1: 2024: Total VET students at ISCED 3 and 4: 47.162 (25.568 male, 21.594 female, and a total of 514 students with disability). Out of the total VET</p>	<p>1.1.1 10; At least 90 individuals (year tbc)</p> <p>1.2.1 Share of expenditure on housing, water, electricity, gas and other fuels for the poor population - 18% (year TBC)</p> <p>1.2.2 5000 tonnes CO<sub>2</sub>eq by 2027</p> <p>1.2.3 16000 m<sup>2</sup> (year tbc)</p> <p>1.3.1 Functional day ahead and intraday market. Share of transactions are (tbc)% in line with EU practices.</p> <p>2.1: 2027: Total VET students at ISCED 3 and 4): 60.000 (in the context of decreasing</p>	<p>1.1,1.2,1.3. National Center for Sustainable Energy (CNED)</p> <p>Ministry of Energy</p> <p>2.1: EMIS (Education Management Information system of the MoER), Schools registries, data Ministry of Finance</p>
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	<p>3.1 Farmers benefit from improved technical advisory services.</p>	<p>Employment Agency, disaggregated by sex, age and disability</p> <p>3.1 Share of farmers receiving extension/technical advisory services (disaggregated by sex, disability, region/raions, farm size and turnover) and degree of satisfaction with services</p>	<p>students, 1325 (2.8%) are enrolled in dual-VET programmes.</p> <p>2.2: 1861 unemployed beneficiaries in 2023</p> <p>3.1: Share of farmers receiving extension/technical advisory services: tbc (2023), (disaggregated by sex, age, disability, region/raion, farm size/turnover)</p> <p>Degree of satisfaction with services: (tbc) % satisfied/ good or very good, (disaggregated by sex, age, disability,</p>	<p>demography of Moldova the target cannot be higher) with increased gender parity compared with baseline, and increased participation of students with disability.</p> <p>2.2: 50% increase in persons benefiting from active employment measures (2027)</p> <p>3.1: Share of farmers receiving ‘regular’ extension/technical advisory services: (2027), (disaggregated by sex, age, disability, region/raion, farm size/turnover)</p> <p>Degree of satisfaction with services: (tbc) % satisfied/ good or</p>	<p>2.2: NEA Annual Report</p> <p>3.1 AIPA external/expert review to be conducted</p> <p>3.2. RD (2023)</p>
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	<p>3.2 Better alignment with EU standards and access of agricultural products to EU markets through increased financial support provided through the National Fund for agriculture and rural development.</p>	<p>3.2 Number of farmers and food business operators benefitting from start-ups, farm income diversification, producer groups/cooperation, green measures, quality and standard compliance, rural development/LEADER measures from the NFARD (disaggregated by sex, age, disability, region/raion, farm size/turnover)</p>	<p>region/raion, farm size/turnover)</p> <p>3.2.1 Number of farmers and food business operators benefitting from start-ups, farm income diversification, producer groups/cooperation, green measures, quality and standard compliance from the NFARD (1100, 2023)</p> <p>3.2.2 Share of the rural population targeted by LEADER Local Development Strategies: 1,12mio people in 783 localities/ over 50% of the</p>	<p>very good, (disaggregated by sex, age, disability, region/raion, farm size/turnover)</p> <p>3.2.1: Number of farmers and food business operators benefitting from start-ups, farm income diversification, producer groups/cooperation, green measures, quality and standard compliance, from the NFARD (1300 annually in 2025,2026; 1400 in 2027)</p> <p>3.2.2 Share of the rural population targeted by LEADER Local Development Strategies: 70% of the national territory, 46</p>	
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			<p>national territory, 37 LEADER Local Action groups (LAGs) and 401 rural development projects implemented through the National LEADER Programme/NFARD (2023)</p>	<p>LEADER Local Action groups (LAGs) and 500 rural development projects implemented through the National LEADER Programme/NFARD (2026,2027)</p>	
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<p><b>Direct Outputs</b></p>	<p>1.1.1 Infrastructure investments, such as renewable energy installations, individual storage systems and insulations are installed.</p> <p>1.1.2 Buildings renovated and upgraded to energy efficiency standards.</p> <p>1.1.3 Jobs and skills in various sectors, including construction, manufacturing, and energy services are created.</p> <p>1.1.4 Increased competition, efficiency and investments.</p>	<p>1.1.1. Renewable energy generated by the capacity installed with EU support</p> <p>1.1.2. Number of refurbished housing units, according to energy performance criteria, disaggregated by rural/urban</p> <p>1.1.3. Number of people trained in approved/accredited courses for skilling, up-skilling and re-skilling perspective professionals in the areas of smart techniques/technologies for the green transition under technical vocational programmes run by public VET institutes and lifelong learning opportunities by public-private partnerships, disaggregated by sex, age and disability</p> <p>1.1.4 Number of participants registered on the electricity day ahead market</p>	<p>1.1.1.: Renewable energy generated by capacities installed with EU support – zero MWh</p> <p>1.1.2. 4 multi-apartment buildings and 40 houses</p> <p>Total 44 buildings, (TBC) in rural, (TBC) in urban areas</p> <p>1.1.3 In 2023-24 at total of 3289 students enrolled in training courses for smart techniques/technologies for the green transition (of which 2654 at ISCED 3 and 635 at ISCED 4)</p> <p>1.1.4 Zero participants</p>	<p>1.1.1 Renewable energy generated by capacities installed with EU support 7500 MWh in 2027h</p> <p>1.1.2 14 multi-apartment buildings and 300 houses Total 310 buildings, (TBC) in urban areas</p> <p>1.1.3 by 2027-28 the number of students enrolled in VET training in the areas of smart techniques/technologies for the green transition is increased by 10% from the baseline (approximately 3600 students in 2027-28)</p> <p>1.1.4 At least 8 participants in 2027</p>	<p>1.1.1. 1.1.2, 1.1.3 National Center for Sustainable Energy (CNED) Ministry of Energy)</p> <p>Ministry of Finance, Ministry of Economy, Ministry of Education Ministry of labour</p> <p>(Education Management Information system), School registries, data Ministry</p> <p>1.1.4 Ministry of Energy, National Energy Regulatory Agency</p>
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	<p>2.1.1 Improved alignment of technical vocational curricula with the national qualifications, and enhanced quality of vocational training programmes in VET institutes</p> <p>2.2.1 Lifelong learning opportunities, employment and outreach services provided by the National Employment Agency increased.</p> <p>2.2.2 Specific measures in fighting undeclared work in construction, agriculture, hospitality implemented.</p>	<p>2.1.1. Number of approved technical vocational training curricula aligned with the national qualification framework (NQF)</p> <p>2.2.1. Number of unemployed who participated in active labour market measures (the voucher system for training services) on annual basis, disaggregated by sex, age and disability</p> <p>2.2.2 No. of specific measures for fighting undeclared work in construction, agriculture and hospitality approved.</p>	<p>2.1.1.: 70 qualifications approved as part of the National Qualification Framework (NQF), 2024; 360 technical vocational training programmes approved across all levels of VET, of which 215 are active/operational.; 90% of the 215 active VET programmes are based on approved curricula aligned with national qualification standards.</p> <p>2.2.1. 1861 unemployed benefited of active labour market measures in 2023 (762 training vouchers)</p> <p>2.2.2: N/A</p>	<p>2.1.1 Target 2027: TBC</p> <p>2.2.1 TBC</p> <p>2.2.2. Target 2027: 150 qualifications approved as part of the NQF; All approved VET programmes are operationalised, and at least 30% equipped with appropriate teaching and learning materials and qualified teachers; 100% of the active VET programmes are aligned on approved curricula aligned with national qualification standards.</p> <p>2.2.1. increase by 50 % the number of unemployed benefiting of active labour market measures, especially</p>	<p>2.1.1 EMIS (Education Management Information system), School registries, data Ministry of Finance</p> <p>2.2.1.1.: NEA Annual Report</p> <p>2.2.2.1.: National Registry of Qualifications and list of approved training programmes, available at the MoER</p> <p>2.2.2.1. Ministry od Labour Annual Reports</p>
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	<p>3.1.1 Increased fiscal space for the implementation of agricultural and rural development financial support measures and implementation of the agricultural technical advisory reform.</p> <p>3.1.2 Increased capacity for policy formulation, monitoring and implementation, aligned with EU <i>acquis</i>.</p>	<p>3.1.1. Annual financial allocations to the National Fund for agriculture and rural development (total and for selected measures)</p> <p>3.1.2. Frequency and quality of reporting on the implementation of the National strategy for agriculture and rural development, with stakeholder participation</p> <p>Degree of operationalization of the National Farm register</p> <p>Degree of digitalization of AIPA / Integrated Administration and Control system (IACS) modules developed and operational;</p> <p>Number of agricultural statistics aligned to EU <i>acquis</i></p>	<p>3.1.1 MDL 464.8 million funding allocation from the NFARD for targeted measures</p> <p>3.1.2.1 Agriculture sector joint progress reviews conducted annually, with stakeholder participation: 0 (2023)</p> <p>3.1.2.2. NARDs implementation progress report published: 0 (2023)</p> <p>3.1.2.3. Number of farmers registered in the National Farm registry: 0</p> <p>3.1.2.4. Number of Integrated Administration and Control system (IACS) modules developed and</p>	<p>the voucher system for trainings</p> <p>2.2.2 At least 3 measures for fighting undeclared work in construction, agriculture and hospitality approved and implemented</p> <p>3.1.1. TBC million funding allocation from the NFARD (MDL) for targeted measures</p> <p>3.1.2.1 Agriculture sector joint progress reviews conducted annually, with stakeholder participation: 2 (2027)</p> <p>NARDs implementation progress report published: 2 (2027)</p> <p>Number of farmers registered in the</p>	<p>3.1.1.: TBC</p> <p>3.1.2.: TBC</p>
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			<p>deployed/operational: 0</p> <p>Number of AIPA financial support measures' digitalized: 2 (credit, insurance), LEADER measure partly (2023)</p> <p>3.1.2.5. Agriculture census conducted: 0 (2011 not aligned)</p>	<p>National Farm registry: 15,000 (2027), disaggregated by sex</p> <p>Number of Integrated Administration and Control system (IACS) modules developed and deployed/operational: 2</p> <p>Number of AIPA financial support measures' digitalized: 5 (2027), including disaggregation by sex, disability</p> <p>Agriculture census, aligned to EU data needs, conducted: 1 (2027)</p>	
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## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Moldova.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation of the Budget Support Component**

#### **4.3.1. Rationale for the Amounts Allocated to Budget Support**

The amount allocated for the budget support component is EUR 57 000 000, and for complementary support is EUR 7 000 000.00. This amount is based on the analysis of the relevance of the overarching National Development Strategy as well as the sectoral strategies in energy, agriculture, education and employment, on the needs, capacity, and opportunities for sustainable results in the three different sectors.

#### **4.3.2. Criteria for Disbursement of Budget Support**

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the **“European Moldova 2030” National Development Strategy** and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches may focus on the following policy priorities:

- Energy sector - improved energy efficiency and enhanced electricity wholesale market,
- Employment - increased number of persons benefiting from active labour market measures and increased childcare services to enhance employment rate of women,
- Education – increased relevancy, quality and efficiency of Vocational Education and Training,
- Agriculture - agriculture producers and agri-food operators' modernisation, innovation and EU alignment; Enhanced capacity for policy formulation, monitoring and implementation aligned with EU acquis.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante or at the latest by the end of the first quarter of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### 4.3.3. Budget Support Details

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

**Indicative disbursement timetable**

Fiscal year and quarterly breakdown (in MEUR)	Year 1 (2025)				Year 2 (2026)				Year 3 (2027)				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	

Fixed tranche		17										17	
Variable tranche				12				12				16	40
Total		17		12				12				16	57

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into MDL Leu will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

#### 4.4. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.<sup>66</sup>

##### 4.4.1. Indirect Management with a pillar-assessed entity

A part of this action, specifically the complementary measures, may be implemented in indirect management with a pillar-assessed entity(ies), which will be selected by the Commission's services using the following criteria:

- Proven knowledge and expertise in energy, employment, skills or/and agriculture sectors and in the procurement of digital services and equipment;
- A track record and the capacity to develop good working relations with local partners and;
- Demonstrated capacity to deliver work.

The implementation by this entity(ies) entails implementing activities under all components of the action.

##### 4.4.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in section 4.4.1. cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by grants under direct management would be used according to the following criteria:

(a) Purpose of the grant(s)

Grants will contribute to the achievement of the Specific Objectives 1, 2, and 3 under section 3.1. and Outputs 1.1.1.to 3.1.2.

(b) Type of applicants targeted

Grant applicants can be entities experienced and active in the fields of agriculture, energy, employment, skills or digital services and equipment.

<sup>66</sup> [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### 4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.6. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Budget support</b> - cf. section 4.3	EUR 57 000 000.00
<b>Complementary measures</b> – cf. section 4.4 Indirect Management	EUR 7 000 000.00
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	is covered by another Decision
<b>Strategic communication and Public diplomacy</b> – cf. section 6	is covered by another Decision
<b>Totals</b>	EUR 64 000 000.00

#### 4.7. Organisational Set-up and Responsibilities

For all the sectors targeted by this Action, set structures for policy dialogue are already in place, hence the purpose will be strengthening them and fostering inter-ministerial coordination. In October 2021, as an imminent response to the energy crisis, increased energy security and a better functioning energy market were identified as key cooperation priorities at the first meeting of the EU-Moldova High-Level Dialogue on Energy. Since then, the High-Level Dialogues have offered an effective platform for continued EU-Moldovan cooperation on priority energy issues. The 5<sup>th</sup> dialogue took place on 1-2 February 2024 in Chisinau. As a basis for further cooperation, a Joint Moldova-Energy Community and Commission Roadmap was endorsed, outlining the next steps and a timeline of further reforms covering the gas and electricity market and to boost energy efficiency and renewable energy capacity. On another level, Moldova was the first eastern country to join the Energy Community in May 2010. The membership provides a continuous framework for high-level energy dialogue with the possibility of involving various stakeholders on the Moldova's side. By working together, the Energy Community Secretariat strongly supports the country's aspirations for closer integration with the European energy market. In the national context, the Ministry of Energy organises a coordination donor

meeting four times per year, to ensure complementarity, coherence and alignment between the provided support and policy priorities. These efforts are complemented by regular informal exchanges between the EU Delegation and the relevant authorities.

In the employment sector, policy dialogue builds upon permanent existing structures of sectoral coordination between the Ministry of Labour and Social Protection, other Government agencies and development partners. Particularly relevant for continuous policy dialogue is the Donnor Coordination Meeting, which comprises donors and development partners and is chaired by the Ministry of Labour and Social Protection, who convenes meetings when new reforms are announced by the Ministry and on annual basis for discussing the progress achieved during the year. This is a forum for consultation and coordination among stakeholders, not only taking consensual decisions on implementation and monitoring major projects and programmes, but also in a broader perspective as a fully-fledged sectoral coordination working group. In addition to the Ministry and its subordinated agencies, members of the group are the European Union, the World Bank, various International Organisations including the UN Agencies directly involved in implementing projects in the Employment sector, EU member States agencies that are active in the sector, NGOs and - on ad hoc basis - other line Ministries of the Government of Moldova.

In the vocational education sector, policy dialogue builds upon permanent existing structures of sectoral coordination between the Ministry of Education and Research, other Government agencies and donors/development partners. Particularly relevant for continuous policy dialogue is the Local Education Group, which pools donors and development partners and is chaired by the Ministry of Education and Research, who convenes meetings quarterly. This is a forum for consultation and coordination among stakeholders, not only taking consensual decisions on implementation and monitoring major projects and programmes, but also in a broader perspective as a fully-fledged sectoral coordination working group. In addition to the Ministry of Education and Research and its subordinated agencies, members of the group are the European Union, the World Bank, various International Organisations including the UN Agencies directly involved with Education and other social sectors, EU member States agencies that are active in the sector, NGOs and - on ad hoc basis - other line Ministries of the Government of Moldova. For issues that are the core of the VET component of the budget support programme, institutional stakeholders and social parties involved in updating the National Qualification Framework and the VET curricula are: National Council for Qualifications, National Agency for Quality Assurance in Education and Research (ANACEC), trade unions and employers' associations, professional associations, VET Centres of Excellence and Vocational Schools. Additionally, relevant for sectoral policy dialogue is the recently enacted Economic Council of the Prime-Minister (Governmental Decision 330/2023), comprising 68 representatives of the business community, 49 representatives of the public authorities, 12 representatives from academia and 16 representatives of international organisations interested in economic reforms.

In the agricultural sector, the EU Delegation participates in the Council for coordination of external assistance. However, this framework needs further fostering as meetings are still not held on a regular basis and the participation is limited to the Ministry of agriculture and food industry and development partners. There is a need to involve other stakeholders in policy dialogue, such as relevant agencies and representatives of civil society. For the National LEADER Programme, a National Monitoring Committee composed of Ministry of agriculture and food industry, the paying agency (AIPA), development partners, the National Rural development network, Local Action Groups is in place.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, including from the perspective of gender equality and disability inclusion, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the partner's strategy, policy or reform action plan list.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

The European Moldova 2030 strategy represents the long-term strategic reference document to ensure coherence between national, sectoral policies and the budgetary framework. For the synergistic implementation of the objectives, an integrated system of strategic planning, cooperation at different levels and the inclusion of all stakeholders in policy planning, implementation and monitoring is in-built. The operational document implementing this strategy is the National Development Plan, which includes the appropriate actions and financial sources necessary to implement the objectives of the strategy, in line with the sectoral strategies. The national development plan is drawn up for a period of three years on the basis of the priorities included in the sectoral strategies developed for the implementation of this strategy. This is the reference document in the process of developing the medium-term budgetary framework and is extended annually until the medium-term budgetary framework is developed. The State Chancellery is responsible for coordinating the process of drafting the national development plan in accordance with the provisions of this strategy, which is synchronised with the process of developing the medium-term budgetary framework and of monitoring and evaluating it, and thus of this strategy. The Ministry of Finance will ensure that the medium-term budgetary framework is developed, linked and promoted, following the priorities set out in this strategy.

During the implementation of the European Moldova 2030 National Development Strategy, the following monitoring and evaluation procedures are in place:

*1) annual monitoring* – based on quarterly monitoring, an annual report on the implementation of the national development plan will be generated. The annual report will be of an analytical nature. This will be a reference document for the planning of the next cycle of the national development plan and the medium-term budgetary framework, respectively. The annual reports will include the analysis of indicator dynamics (*results*), including indicators to monitor the targets of the Sustainable Development Goals. The structure of the annual reports will reflect the structure of this strategy, the analysis at the level of each general objective being carried out by the Ministry responsible for the corresponding policy area on the basis of the information provided by the other

authorities involved and will include the analysis of the level of implementation of the specific objectives, priority actions and monitoring indicators in the light of the actions taken by the authorities during the year;

2) *mid-term evaluations* – an evaluation report will be prepared in 2026, analysing the impact of the implementation of this strategy on the basis of intermediate targets, and propose an adjustment of the final targets in line with progress made and social-economic trends at national and international level. The mid-term evaluation process will analyse the Integrated Territorial Demographic Security Index, which is a tool to measure the level of demographic well-being at local level, in order to assess the impact of this strategy in each administrative-territorial unit from a demographic point of view;

3) *final implementation report – a final report* on the results and impact of its implementation will be produced in 2031 at the end of the implementation of this strategy. The annual monitoring reports, the interim evaluation reports and the final report will be prepared by the State Chancellery on the basis of the information submitted by the central public authorities, in accordance with a predetermined format, and will be submitted to the National Coordination Council for Sustainable Development for validation. The reports will then be made public and presented to Parliament. The monitoring and evaluation reports of this strategy will also be used to report on progress towards the 2030 Global Agenda for Sustainable Development and regular national voluntary assessment reports.

At the same time, national human rights institutions and non-commercial organisations will be invited to submit alternative reports on the implementation of this strategy, which will be examined at annual public hearings at Parliament and Government level. The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: Additional data verification, external review missions, field visits and involvement of civil society organisations shall be considered as complementary measures to ensure data accuracy, to inform decisions on general conditions and variable tranche indicators. These will be covered by other decisions, specifically, the Global Allocation.

## **5.2. Evaluation**

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.



### 5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this Action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the Action and its objectives as well as on EU funding of the Action should be measured.

Implementing partners shall keep the Commission and EU Delegation in Moldova fully informed of the planning and implementation of specific visibility and communication activities before implementation starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall Action to the relevant monitoring committees.

Government institutions, as well as private sector entities mandated to execute the sector Strategy<sup>67</sup> are expected to communicate progress made and the results achieved in the sector Strategy execution due to the budgetary support provided by this Action, irrespective of how the Government allocates budgetary resources disbursed by the Action.

Communication efforts by the Government and mandated private sector entities where relevant, must be coordinated with the EU Delegation in the context of this Action, to ensure coherence of narrative and message, as well as visibility of EU support and horizontal strategic communication. The disbursement of the fixed and variable tranches would be accompanied by appropriate communication and visibility.

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<sup>67</sup> Moldelectrica, Moldovagaz, Energocom, ANRE

## Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as;

<b>Action level</b> (i.e. Budget support, Blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action