



# Evaluation of the European Union's cooperation with the Republic of Moldova (2014-2020)

Final Report  
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**Evaluation of the European Union's cooperation with Republic of  
Moldova (2014-2020)**

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***The opinions expressed in this document represent the authors' points  
of view which are not necessarily shared by the European Commission  
or by the authorities of the countries involved***

# FINAL EVALUATION REPORT

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## Abbreviations and acronyms

AA	Association Agreement
AAP	Annual Action Programme
ADA	Austrian Development Agency
AIPA	Agency for Intervention and Payments in Agriculture Agenția de Intervenție și Plăți pentru Agricultură
ANSA	National Agency for Food Safety Agenția Națională pentru Siguranța Alimentelor
CBM	Confidence-Building Measures
CEPEJ	Council of Europe European Commission for the Efficiency of Justice
CoE	Council of Europe
CRDIP	The Republican Centre for Development of Vocational Education
CSO	Civil Society Organisation
DCFTA	Deep and Comprehensive Free Trade Area
DEV RAM	DEV RAM
DG ECFIN	Directorate-General for Economic and Financial Affairs
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEAS	European External Action Service
EEF	Energy Efficiency Fund
EIB	European Investment Bank
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
EQ	Evaluation question
ESRA	Economic Stimulation in Rural Areas
ET	Evaluation team
EU	European Union
EUBAM	European Union Border Assistance Mission to Moldova and Ukraine
EUD	European Union Delegation
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit German development agency

GRECO	Group of States against Corruption
HE	Higher education
HLA	High-level adviser
IFIs	International Financial Institutions
IMF	International Monetary Fund
KfW	Kreditanstalt fuer Wiederaufbau – German Development Bank
LAG	Local action group
LEADER	Liaison Entre Actions de Développement de l'Economie Rurale
MARDE	Ministry of Agriculture, Regional Development and Environment
MDGs	Millennium Development Goals
MECR	Ministry of Education, Culture and Research
MoE	Ministry of Environment
MoEI	Ministry of Economy and Infrastructure
NARD	National Agency for Research and Development
NGO	Non-governmental organisation
NIF	Neighbourhood Investment Facility
NIJ	National Institute of Justice
ODIMM	Organisation for Small and Medium Enterprises Sector Development
OECD/DAC	Organisation for Economic Co-operation/Development Assistance Committee
OSCE	Organization for Security and Co-operation in Europe
OSs	Occupational standards
PFM	Public financial management
R&I	Research and innovation
ROM	Results-Oriented Monitoring
SCM	Superior Council of Magistracy
SFM	Soros Foundation, Moldova
SIGMA	Support for Improvement in Governance and Management
SMEs	Small and medium enterprises
SPSP	Sector Policy Support Programme
SSF	Single Support Framework
TA	Technical Assistance
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VET	Vocational Education and Training
VLAP	Visa Liberalisation Action Plans
WASH	Water and Sanitation Hygiene
WHO	World Health Organization



## Abstract

This evaluation provides an assessment of the European Union's cooperation with the Republic of Moldova (hereinafter referred to as 'Moldova') under their Association Agreement between 2014 and 2020. It covers policy dialogue and all types of financial assistance. It addresses 10 evaluation questions to ensure accountability and inform learning.

The evaluation used secondary documentation, interviews and a survey covering the following areas of cooperation; agriculture and rural development; governance; infrastructure, energy and climate change; education, mobility and people-to-people contacts; business environment; civil society; and the Transnistria region of the Republic of Moldova.<sup>1</sup> The analysis based on the European Union's (EU's) intervention logic confirmed that EU cooperation has contributed to tangible changes in the action of state authorities and civil society partners in the respective sectors. This analysis yielded transversal insights on what worked in this cooperation, why and how cooperation may be further optimised.

The findings confirm the relevance and map the evolution of the EU's overall strategy in Moldova. They demonstrate the positive contribution of the EU to reforms and to important improvements in the lives of Moldovan citizens. The findings also identify factors hampering the impact of this cooperation, and avenues to strengthen the design, implementation and monitoring of support programmes coupled with sustained political dialogue. While the findings and recommendations are directly pertinent for Moldova, they could be of interest to the EU, national authorities and practitioners working in the EU's neighbourhood.

<sup>1</sup> Please note that the EU supports a comprehensive, peaceful settlement based on the sovereignty and territorial integrity of Moldova with a special status for Transnistria.

# Executive summary

## ***Objectives of the evaluation***

This report presents the strategic country-level evaluation of the European Union's (EU's) cooperation with Moldova over the period 2014-2020, including two Single Support Frameworks (2014-2017; 2017-2020). By assessing the performance, coherence and coordination of EU support in Moldova, the evaluation aims to support accountability and learning for future cooperation policy and programming. It covers national-level cooperation and regional cooperation in Moldova, including both policy dialogue and financial assistance. Recommendations are targeted, respectively, to the various sectors of cooperation, and to the overall policy and programming of the EU towards Moldova.

## ***Context and challenges of the evaluation***

The evaluation's findings and recommendations are published in the context of the EU's future programming and policy towards Moldova in the 2021-2027 Multiannual Financial Framework. The evaluation took place with this organisational context in mind, but it was during a troubled period for Moldova and the world. The launch of the exercise took place from February 2020 to August 2021, during the outbreak of the COVID-19 pandemic, which has hit Moldova hard. Our research was affected by the impossibility to conduct in-country work and by the disruptions caused by the pandemic for our interlocutors. Moldova's presidential elections took place during the evaluation and were followed by a protracted period of uncertainty, anticipated parliamentary elections and political volatility. This polarised context had to be considered by the evaluation team in its interaction with a wide range of stakeholders.

## ***Methodology***

Through 10 evaluation questions, the evaluation addressed seven sectors of cooperation (agriculture and rural development; governance; energy, infrastructure and climate change; education; business environment; civil society; and the Transnistria region).<sup>2</sup> It also tackled cross-cutting issues pertaining to all sectors.

The evaluation conducted online semi-structured interviews with 168 interviewees from the very start of the exercise. It conducted an online open survey, which collected 3,689 responses from all regions of Moldova and varied social backgrounds. It examined numerous documents, including a large portfolio of EU programmatic and policy documents, government publications and statistics, intergovernmental organisations' reports and data, civil society publications and media content. It also performed a media analysis on the Transnistria region. The data was analysed first through the evaluation questions and relevant indicators to inform the dedicated annex, then re-examined using contribution analysis from a strategic perspective for the main report.

## ***Key findings clustered by major issues***

Between 2014 and 2020, the EU developed complex programmes for its cooperation with Moldova, worth over EUR 1 billion in planned amounts. This cooperation has been aligned with the country's strategic vision, first, because EU assistance contributes to the formation of national strategic documents, and harmonises the way in which these are developed. Second, policy dialogue backed by financial assistance is informed by the country's priorities as expressed in its development strategies and in political dialogue with the EU. This has been the case, for instance, when it comes to vocational education and training (VET), police reform and water supply. There are gaps in some areas – for instance, the absence of a justice reform strategy since 2016, despite the EU's support and the existence of a draft.

<sup>2</sup> Please note that the EU supports a comprehensive, peaceful settlement based on the sovereignty and territorial integrity of Moldova with a special status for Transnistria

Yet cooperation with the EU has by and large incentivised the development of Moldova's national strategies in line with EU standards and values.

Flowing from this approach, the EU has contributed to a stronger legal framework, mostly compliant with European standards in all sectors. Results range from sanitary and phytosanitary norms, and laws on energy, to the establishment of anti-corruption institutions, and legislation on public finance management (PFM). The EU has helped to define institutional frameworks and division of responsibilities, build capacity in existing institutions, and operationalise new institutions in all sectors, with varying degrees of success.

During the first half of the period 2014-2020, the EU placed relative emphasis on the policy and legal framework. During the second half, the EU increasingly experimented with engaging with a growing variety of Moldovan actors, building on the flexibility and reactivity of reprogramming after a series of scandals and difficulties in 2015 to 2017. To this end, the EU has intensified cooperation with civil servants at technical level, judicial practitioners, local governance actors, local civil society organisations (CSOs) and small business owners. The support provided to CSOs through the Civil Society Facility (CSF), the Support Programme to Police Sector Reform (with the General Police Inspectorate as one of the main stakeholders), the training of judges and prosecutors, the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) and LEADER programmes, or the (regional) blended financial facilities supporting small and medium enterprises (SMEs), are but a few examples of how the EU has supported this drive for change. In this way, EU programmes have accelerated the emergence of agents of change in all sectors. EU support for civil society has kept many CSOs active as providers of policy input, as policy watchdogs, as representatives of vulnerable groups, and as providers of services to communities. This broad-based cooperation was backed by sizeable investments and varied project modalities. With positive precedents and experiences in a range of areas, EU support contributed to improving the services delivered to the citizens and rights holders. For instance, 70 police stations and 250 public schools were refurbished. Trust in the police increased from 25.4% in October 2016 to 41% in October 2020. EU support enabled direct access to improved water and sanitation services provision for about 1.4 million citizens. More than 2.5 million Moldovans benefited from a visa-free regime in the Transnistria region of Moldova.

These interventions took place in a highly polarised society, and a divided political landscape, with strong and diverging opinions regarding Moldova's relations with the EU. Two trends – stronger popular support for EU approximation and conflicting incentives of stakeholders – coexist in a complex and intertwined manner and can be traced in the policy documents, the legal framework (legislative, regulatory) and the institutional set-up (structures, processes).

Through this period, the EU's move towards more people-oriented local support, backed up by innovative efforts in strategic communication, has contributed to the gradual emergence of a clear majority of citizens who trust the EU's intentions and appreciate its support. 66% of respondents to our survey think the EU provides tangible benefits in peoples' lives; 74% trust its good intentions, and 68% trust its capacity to deliver. Currently, there is a growing demand for change in society by champions among political, civil service and civil society actors, along the lines of the model of values and standards offered by the EU. There are aspirations for the public and private spheres to be governed by the rule of law, democratic decision-making and consensus-building at all levels, and for inclusive and sustainable socio-economic development.

At the same time, the EU's day-to-day partners – decision-makers at all levels – are subjected to competing driving forces and incentives which jeopardise their commitment to EU-supported policies and laws, and which endanger the reliability of cooperation.

A system of loyalties driven by collusion of private and political interests strives to subjugate and compromise decision-makers to varying degrees, virtually at all levels and in all sectors, despite the series of EU programmes for preventing and combating corruption, and increasing the performance and accountability of judicial practitioners and civil servants. The EU has reacted strongly to manifestations

of this phenomenon, when backsliding was identified in the rule of law and democracy. Budget support operations were paused in 2015, and resumed in 2016. In 2018, budget support operations were again paused in response to the invalidation of the Chisinau mayoral elections. The impact of the EU's interventions has been curtailed by conflicting incentives; by loopholes in the normative framework (the set of policies, legislation and regulations relevant to a sector) in all sectors; by the slowness of implementation of this normative framework; by resistance to change and mixed loyalties in key institutions (e.g. in the justice system); by paralysing systems of checks and balances (e.g. in the anti-corruption sector); and by the limits to its partners' absorption capacity particularly at the local level (local self-governance units, small entrepreneurs, farmers, potential employers of new graduates of vocational education and training).

The existing programming tools of the EU are based on a logical framework approach, which is not an optimal tool to adequately capture the complex context of Moldova, or to devise the in-depth change-oriented response that many actors call for. Programming documents are difficult to link to one another, and their systems of indicators do not always readily capture change. This is mirrored in the reporting and monitoring exercised by the EU: despite the existence of results-oriented monitoring (ROM), most of the reports remain narrative. They do not consistently identify changes that occur, or how the action has contributed to them. Part of these shortcomings are related to the tools placed at the disposal of the cooperation staff of the EU, and to the workload associated with the varied mix of modalities. The structure of the sectors and results addressed by EU's action-level programming documents is not always consistent, which did not help overcome programming and monitoring changes. Various Moldovan officials also voiced the perception that, despite reporting and dialogue, the complex financial processes of the EU remained difficult to follow and connect to result areas.

### ***Conclusions and lessons learned***

The EU's cooperation with Moldova has demonstrated resilience to major shocks both internal, from political instability and corruption scandals within Moldova, and external, from the economic crisis and the COVID-19 pandemic. This was largely thanks to the mix of modalities. The EU has gradually adapted these modalities to the context, through its multi-year programming cycles. It has also redirected some support to the local level, directly targeting Moldovan citizens. This adjustment has greatly benefited from a rare example of multi-donor joint programming exercise. The EU managed to boost the perception of its activities with proactive communication. It has successfully used conditionalities to demonstrate its commitment to the values embodied in the Association Agreement (AA) with Moldova, and to encourage reforms.

The EU's cooperation with Moldova interacts with stakeholders who are caught in a subtle balance between opposing political and private forces and interests. By training and promoting the agents of change in all sectors, by changing the incentive structures through both political dialogue and financial assistance, by exposing backsliding on commitments, by successfully advocating to harmonise the normative and institutional framework to European standards, and sometimes by providing direct services and support to Moldovan citizens, the EU de facto affects this balance.

The EU's intervention is therefore by and large positive, coherent and relevant. It has shown demonstrable results. For instance, thanks to improved competitiveness of agricultural products, standards harmonisation, investment and trade facilitation, the EU is Moldova's largest trading partner and biggest investor in the country. In 2020, the EU accounted for approximately 67% of total exports and 53% of total trade. EU-supported SMEs generated additional income of EUR 345 million, created 21,926 new jobs, and increased exports by 3%. The Transnistria region records social rapprochement through social enterprises and small enterprises, backed with infrastructure such as bridge rehabilitation enabling 60,000 people to safely move across the river.

Yet, cooperation between the EU and Moldova has not been able to overcome the considerable challenges it faced: this cooperation has therefore not contributed tangibly to durable, perceptible

changes for citizens in key areas such as anti-corruption, justice, diversification of the rural economy, or employability of vocational and training graduates. When EU assistance directly targeted citizens, impact was evident. But the competing system of loyalties and private interests often held back the services and rights which depend on effective, efficient, accountable and participatory governance.

In addition, the EU's cooperation with Moldova is not always clearly articulated. The EU lacks the analytical and programming tools to fully capture how its own intervention interacts with and influences changes in Moldova. The formal and informal systems of governance which frame the context of the EU interventions are not explicitly addressed and analysed, the chain of expected changes is not elaborated, and there is no clear link between assumptions and expected changes. As a consequence, the pivotal logic of EU support is sometimes difficult for the EU's partners to understand.

Importantly, it is also difficult for the EU to monitor and demonstrate progress towards change, and the way its interventions interact with a complex and challenging environment. EU cooperation with third countries could become more agile and more resilient if it were empowered organisationally to adopt a change-based approach, from analysis to programming and intervention. EU cooperation with Moldova needs to penetrate deeper into the public administration, justice and law enforcement sectors, and invest increasingly in the local and technical levels of society and governance.

### ***Recommendations to the EU***

- 1. Continue to base actions on coherent, coordinated analysis of the implementation context:** Moldova faces multiple problems, especially in the field of justice and governance, that are closely linked with the existence of an informal system of governance. This parallel system creates political, financial, professional and other incentives that contradict or compete with the common objectives of Moldova and the EU, as expressed in the Association Agreement. To overcome this challenge, programming must be underpinned by strong awareness of the actors, their incentives, and the impact that the ongoing international assistance has on these actors' incentives. Joint analysis and programming with the EU Member States, and Moldova's other international cooperation partners has been good practice and should continue as it has in 2020. It is also in line with the Team Europe approach of the EU and its Member States. An open and frank exchange of opinions concerning the implementation context must become an integral element of the policy dialogue with the Government of Moldova (hereinafter 'the government'). This should continue to be backed up with strict, and consistently applied, conditionalities.
- 2. Root the programming in the country-specific theory of change, first at country level, then at action level: this requires a shift in programming at DG NEAR level (not only for cooperation with Moldova):** This approach explicitly links the programming actions with the results of the implementation context analysis, through coherent, paced steps of change, spelling out the intermediate results to be achieved and linking them explicitly to the overall projected impact of the EU support to Moldova. Theories of change must clearly link internal and external assumptions to each level of change. Action-specific theories of change should clearly relate to the country-level theory of change. This approach would also contribute to harmonising and rationalising the structure of the European Commission (EC) implementing decisions, by delineating consistent thematic intervention areas, and clarifying the levels of changes.
- 3. In future programmes on governance, take (and encourage the government to take) a change management approach:** Highly complementary with the theory of change approach, based on the implementation context analysis, change management focuses on actors, their interests, and on the gradual transformation of their incentive structure to diminish the impact of informal governance while augmenting their absorption capacity. Through the change management prism, the governance institutions are seen dynamically, through the interplay of actors in business processes, rather than mainly through the prism of the regulatory framework, or institutional structures. Such an approach would also help overcome the difficulties in horizontal cooperation among and within institutions, and to work on the creation of horizontal collaboration platforms between various institutions (both within



and outside the government: for example, civil society, think tanks) towards the common objectives in the field of governance.

4. **Reach out to under-supported institutions and processes in the field of justice and governance, and support institutional stability:** If and when implementing recommendation 3, the European Union should place emphasis on comprehensive, in-depth assistance to law-making processes (including legislative impact assessments) and more support for the defence pillar of the justice sector and to the national human rights institutions would allow the EC support to impact hitherto less covered areas of the governance sector. This would increase the opportunities for identifying the agents of change, and, possibly, for encouraging change in the areas that have experienced backlogs. Institutional stability in areas such as anti-corruption should be supported, creating incentives for the professionals to act predictably within their defined areas of competence.
5. **Launch active policy dialogue with the government on decentralisation and offer long-term support to subsequent efforts depending on the outcomes of this dialogue, should there be political ownership:** Decentralisation of governance is a proven way of bringing the locus of public administration closer to the level of citizens and may also help to short-circuit some of the persistent parallel loyalties which compete with good governance. The government would benefit from the wealth of experience in the EU Member States in this area. Once the policy is adopted, and perhaps even at the pilot stage, specific areas of EC programming should be rethought with decentralisation in mind, especially in terms of support to civil society (in areas of oversight, direct support to citizens, in policy-making at the local level, etc.), as well as to business associations, vocational education and training (VET).
6. **In agriculture, support the adaptation of national policy so that it addresses the needs of rural communities more comprehensively, having in mind the impact of climate change:** National policy and EC support to competitiveness of the agricultural sector should continue, but be extended beyond aid to export generation, to include supporting the livelihoods of agricultural workers in the short to medium term (e.g. through diversification of cultures, alternative rural revenue sources and boosting of food security), diversify income sources in rural areas, and also to take into consideration the potential impacts of climate change.
7. **Take a more holistic approach in supporting private sector development by linking up ongoing support to innovation, 'greening' and circular economy:** This should be done by encouraging more comprehensive policy that will bring together scattered efforts in agriculture, encourage women entrepreneurs, cross-river business exchanges and partnerships efforts and to ensure that VET responds better to the market needs. The EU should continue to offer support in the form of credit lines and business support services to innovative enterprises, while encouraging the return of qualified Moldovans.
8. **Support efforts in the education sector that make the already created VET institutions better linked to market demand, and that build the capacity of the Moldovan higher education institutions to integrate closer into EU education and research programmes, such as Erasmus+ and Horizon Europe:** In order to further advance education reforms, professional and higher education institutions should become more deeply embedded in the labour market. VET programmes, after considerable progress, should be geared towards market demand, while stagnation in numbers of Moldovan participants in education projects must be overcome through improved coordination between the national institutions, capacity-building for managers and incentives for participants.
9. **Encourage the government to take a 'nexus approach' to water and sanitation, energy, food security, environment, and climate, stressing the inter-relations between various sectors and supporting initiatives which take this integrated approach.** Assistance should move away from stop-gap, emergency interventions in this area and towards a more coherent policy and, therefore, a more strategic, coherent approach. Collaboration with national authorities and champions of change is crucial in developing the relevant policies and translating them into programmes with a high degree of national ownership.

10. **Continue grants funding the confidence-building measures (CBM) programme, keeping a cross-sectoral approach including education, agriculture, water and sanitation sectors, accenting the role of private enterprises and civil society:** The CBM programme has proven very productive in promoting cross-river cooperation and dialogue, but the achievements remain fragile, and are further imperilled by the ongoing pandemic and resulting economic downturn. At this stage, it is advisable to implement the new cycle of CBM programmes, while seeking possibilities of linking them more closely with the political dialogue on conflict settlement.

# 1. Introduction

## 1.1 Objectives of the evaluation

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The objectives of the evaluation are threefold:

1. Assess the performance (relevance, efficiency, effectiveness, coherence, impact, sustainability and EU value added) of EU support (policy dialogue and financial assistance).
2. Assess the coherence, complementarity and coordination of EU interventions financed from the European Neighbourhood and Partnership Instrument/European Neighbourhood Policy (ENPI/ ENP) with other actions financed from other EU instruments, actions carried out by Member States, regional and international donors (state and/or international organisations).
3. Provide recommendations for future programming and policy purposes, in the next multiannual financial framework and in the context of the Commission proposal for the Neighbourhood, Development and International Cooperation Instrument.

The evaluation focuses on the 2014-2017 and the 2017-2020 Single Support Frameworks (SSFs) under the Association Agreement between the EU and the Republic of Moldova (hereafter referred to as 'Moldova').

The evaluation has a range of users with various needs and interests. The evaluation team has carefully considered each of these; for example, the European Commission (DG NEAR, European External Action Service (EEAS); various line Directorates-General (DGs), the EU Delegation (EUD) in Moldova); the Government of the Republic of Moldova (hereinafter the government); the Parliament of the Government of Moldova; civil society organisations (CSOs) and economic actors including small and medium enterprises (SMEs), media and the general public in Moldova.

## 1.2 Scope of the evaluation

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**The geographical scope** of the evaluation covers spending and non-spending activities carried out by the EU within the territory of Moldova including the Transnistria region, in line with Art 462(2) of the Association Agreement. Activities stemming from regional, cross-border and multi-country programmes are also evaluated, from the point of view of their mutual coherence with bilateral cooperation. This evaluation will not assess their respective efficiency, effectiveness, impact or sustainability as a whole, but will be limited to their interaction with the bilateral cooperation with Moldova.

**The temporal scope** covers all EU cooperation with Moldova 2014-2020 (including any project, programme or contract starting in 2020) in all sectors. It is too soon to assess impact and sustainability for projects, programmes and contracts not yet completed, or completed less than one year before the launch of this evaluation.

**The programmatic scope** includes all cooperation activities, both spending and non-spending, pertaining to the 2014-2017 and 2017-2020 Single Support Frameworks, including bilateral country cooperation, regional and cross-border cooperation and thematic programmes. The evaluation also includes all programmes implemented in the framework of the country's annual action programmes, as well as regional and multi-country action programmes funded under the ENPI falling within the intervention logic of EU–Moldova cooperation.

Regional cooperation includes Eastern Partnership (EaP) programmes supporting various sectors in the intervention logic, such as SMEs, energy, transport, environment, access to finance and rule of law. The Deep and Comprehensive Free Trade Area (DCFTA) facility under the EU4business programme is



considered from the angles of relevance, efficiency and effectiveness, as well as impact on the businesses concerned. Other relevant regional cooperation programmes include cross-border cooperation programmes such as the Black Sea Synergy initiative, the Romania–Ukraine–Moldova ENPI Land-Border Programme, the Joint Operational Program Romania–Republic of Moldova 2014-2020, and the Danube Transnational Programme, in as much as they contribute to the objectives and priorities defined under EU–Moldova agreements. Also, the European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) is considered.

The evaluation also assesses cooperation through the European Instrument for Democracy and Human Rights, Instrument Contributing to Stability and Peace, CSOs and local authorities, human development, and migration and asylum.

**The thematic scope** includes the main cooperation areas/sectors of the EU and Moldova, as outlined in the evaluation questions.

### 1.3 Transversal questions

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1. **EQ1.** To what extent was the EU's cooperation with Moldova **relevant** to national/local needs and coherent with EU long-term policy objectives including in particular the Association Agreement? **Focus areas: coherence and relevance**, at EU strategic level (EU objectives), at national policy level (national strategies and policy alignment), and at broader contextual level (with needs and expectations identified in Moldova, in particular through monitoring and communication with Moldovan citizens. This includes especially the needs related to gender equality and the empowerment of women, and the needs of vulnerable/underserved groups).
2. **EQ2.** To what extent was EU–Moldova bilateral cooperation **coherent with and complementary** to regional and cross-border programmes and other EU instruments, as well as with interventions of EU Member States and other donors, including in particular international financial institutions? **Focus areas: internal coherence and efficiency of the various types of cooperation** (bilateral, regional, cross-border) and synergies with other cooperation actors in Moldova.
3. **EQ3.** To what extent have the **various aid modalities and financial instruments** and their combinations been, and are at present **appropriate** in view of achieving the objectives of EU cooperation with Moldova? **Focus areas: Coherence and efficiency of the various cooperation instruments and modalities.**

### 1.4 Sectoral questions

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1. **EQ4.** To what extent has the EU support to Moldova contributed to achieving an increase in the competitiveness of the **agri-food sector** and the diversification of economic activity in rural areas, in line with strategic objectives? **Focus areas: agriculture and rural development.**
2. **EQ5.** To what extent has the EU support to Moldova contributed to strengthening the **democratic institutions and good governance, including the rule of law**? **Focus areas: public administration reform** (including decentralisation, civil service reform, public financial management and fight against corruption), **rule of law** (including internal affairs and the judiciary, as well as human rights and fundamental freedoms).
3. **EQ6.** To what extent has the EU support to Moldova contributed to **better connectivity, increased energy security, energy efficiency, the protection of environment and combatting climate change**? **Focus area: energy efficiency, transport, environment, and climate.**
4. **EQ7.** To what extent has the EU support to Moldova contributed to **increased mobility and people-to-people contacts among targeted groups**? **Focus area: education, training and youth, VLAP.**<sup>3</sup>

<sup>3</sup> VLAP = Visa Liberalisation Action Plans.

5. **EQ8.** To what extent has EU support to Moldova has contributed to improved **business environment**? **Focus areas: improved business environment and investment climate.**
6. **EQ9.** To what extent has the EU support to Moldova contributed to achieving tangible progress towards a viable solution to the **Transnistria conflict**?
7. **EQ10.** To what extent has the EU support to Moldova contributed to a **strengthened role of independent civil society** actively participating in decision and policy-making, monitoring and oversight in Moldova, in its priority area and the implementation processes of the EU–Moldova Association Agreement?

## 2. Key methodological elements

### 2.1 Overall methodological approach

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This evaluation was purposive and participative to ensure learning and to inform decision-making. The methodology drew from the analysis of the evaluation users and stakeholders, by building on **several participation and consultation mechanisms**. It aims for **methodological reliability** of its results by ensuring that findings on each evaluation question is supported by triangulated data. This called for a robust data collection strategy that was sufficiently comprehensive and varied enough, while remaining feasible and focused.

The evaluation collected both primary and secondary data sources and as far as **possible, it relied on primary data which already existed**. Practically, this approach materialised through the utilisation of **sampling**: through selecting sample interventions, to generate primary data where necessary. For the entire evaluation portfolio, the evaluation relied on existing data – with the notable exceptions of a small range of general interviews, and a public survey.

The set of data collection tools included:

1. Document review of existing documents on the sampled interventions and existing documents on the general portfolio.
2. 134 semi-structured interviews (reaching 168 interviewees) with a wide range of complementary informants.
3. A **public opinion survey on the impact of EU–Moldova cooperation**. This survey was created by the evaluation team (ET) in SurveyMonkey™, administered online in Romanian and Russian languages, open and anonymous. The evaluation resulted in a very strong response with 3,689 people completing the survey.
4. A media analysis covering the Transnistria region.
5. One online focus group with a contribution agreement partner.<sup>4</sup>

#### 2.1.1 Sampling approach

The evaluation sampled a set of interventions (each intervention including a core programme and a set of complementary programmes) amounting to 54 contracts, which are both important and representative of the portfolio. The sampled interventions total **EUR 429,337,967**. Out of this planned amount, by October 2020 EUR 193,630,553 had been spent (noting that several sampled programmes are still in

<sup>4</sup> Further focus groups were also envisaged by the inception report, in the hypothesis of a field mission before the end of year. This option was no longer feasible in view of the restrictions and risks linked with the COVID pandemic. Based on experience, online sector-specific focus groups with stakeholders tend to yield poorer data than individual interviews, because online discussion does not lend itself to brainstorming dynamics. Therefore, the ET increased online interviews instead.

progress). **The sample of interventions form the keystone of this evaluation by providing stories of changes which confirm or disprove the realisation of the intervention logic.**

The **sampling criteria** designed in consultation with the EUD during the inception phase, are included in Annex 5.

**Volume of funding:** this criterion pointed to a few key interventions, which must be included in the sample (e.g. in the agriculture and rural development sector, ENPARD has to be covered because the volume of funding exceeds that of most programmes in the portfolio). For instance, the projects included in the most expensive top 10% will be included in the sample. The sampling criteria ensured both feasibility and representativeness of the sampled interventions, the ET sampled 54 interventions<sup>5</sup> (including budget support programmes, blending operations, technical assistance (TA) projects, Twinning projects, grants to CSOs, and contribution agreements with international organisations). To meet the requirements to learn from the most recent interventions (as being most representative of their current approach) and because of availability of resource persons and documents, the sample over-represents recent and ongoing projects. The advice and support of the EUD, and the opinions of key stakeholders among beneficiary institutions and organisations pointed the team towards the most important interventions.

### 2.1.2 Type of informants reached through interviews and survey

Please refer to Annex 3 for a summary of the type and demographics informants reached through interview (168 interviewees) and to Annex volume 2 for a summary of the informants reached by survey (3,689 respondents).

### 2.1.3 Data collection and analysis and the impact of the COVID-19 crisis

The cornerstone of this evaluation is the intervention logic of the EU in its cooperation with Moldova through the strategic planning and the implementation of two consecutive SSFs. During the inception phase, the ET reconstructed this intervention logic in cooperation with the EUD and DG NEAR.

The strategic evaluation meant that the sector analysis (EQs 4 to 10) provided both an assessment of the changes that occurred in the respective sectors as intended by the intervention logic and an assessment of the contribution the EU made to these changes. Within this contribution analysis, the ET analysed the assumptions made by the EU's intervention logic in Moldova. This factor analysis informed the answer to the transversal evaluation questions (EQs 1 to 3), and therefore yielded strategic lessons learned on the political dialogue, strategic planning, programming and implementation modalities.

The evaluation matrix, presented during the inception phase, mirrors this approach. The judgment criteria under each evaluation question enabled an analysis of the EU's contribution to outcome-level changes envisaged by the intervention logic (contribution analysis), inroads into their long-term impact, and the understanding of why and how this contribution was made possible (factor analysis). As a result of the data collection and review, the judgment criteria under each evaluation question were maintained. The indicators were designed to serve the analysis of each individual judgment criterion, while considering the feasibility of data collection.

<sup>5</sup> Please refer to Annex 5 for details of the selected interventions.

## 2.1.4 Challenges and limitations

Table 1: Challenges encountered, and remedial action taken

Challenges which were not fully remedied	Remedial action taken
It was very arduous to list all interventions covered by the evaluation Past programmes were difficult to document due to high staff turnover	The ET relied on the EUD to provide documentation. The ET did not receive all final reports of sampled or other important interventions because they were not issued yet or because they were not available. Most interviewees had little awareness of programmes closed before 2019.
The data shared by the EUD and the Geographic Desk regarding paid amounts was not comprehensive, especially for regional and cross-border cooperation programmes. The Ministry of Finance flagged the same challenge	Where it is ascertained that committed amounts were not fully spent, as is the case in budget support, this aspect has been reviewed and analysed. However, for the sake of comparability, the data used for the review of portfolio and intervention logic is based on planned amounts of EC contributions.
Due to COVID-19 crisis the ET was unable to travel to Chisinau during the evaluation, to meet with key counterparts and conduct face-to-face interviews	This shortcoming was partly compensated by online interviews.

As a result of these challenges, the evaluation process was longer than expected. To retain a high level of reliability, the ET refrained from reporting what could not be fully demonstrated.

For a thorough portfolio overview and intervention logic, please refer to Annex 6 of the report.

## 3. Main findings

### 3.1 Transversal evaluation questions

#### 3.1.1 EQ1: Relevance and coherence

*To what extent was the EU's cooperation with Moldova relevant to national/local needs and coherent with EU long-term policy objectives including in particular the Association Agreement?*

**Finding 1.1: The strategic levels (outcome, impact and purpose) of the EU's intervention logic in Moldova have remained constant. They were consistent with and relevant to the EU's policy and strategic objectives and the general strategy of the government**

Cooperation between the EU and Moldova is fully in line with the EU's Eastern Partnership (EaP), and with the government's overall strategy. The Association Agreement (AA), as the key strategic document channelling this cooperation, was requested by the government, and its overall vision is in line with the 'Moldova 2020' National Development Strategy and with its successor, the draft Moldova 2030 Development Strategy.<sup>6</sup> This demonstrates cross-fertilisation between the strategic vision of the country, and that of EU–Moldova cooperation.

The purpose of EU cooperation with Moldova can be summarised as follows: Moldova becomes a stable democracy based on common values and having close economic, trade, human and political links with the EU. This is in line with the EaP, which aims to deepen and strengthen relations between the EU, its

<sup>6</sup> According to the mid-term evaluation report of National Development Strategy Moldova 2020, the Moldova 2020 strategy did not fully address all of the country's international commitments, including commitments stemming from the AA. The government launched the preparation of the National Development Strategy Moldova 2030 in order to bridge this gap. <https://www.md.undp.org/content/moldova/en/home/library/sdg/raport-de-evaluare-intermediar-a-strategiei-naionale-de-dezvolta.html> and <https://mei.gov.md/en/content/national-development-strategy-moldova-2030>

Member States and its six eastern neighbours, through stronger economy, stronger governance, stronger connectivity and stronger society. The impact level of this cooperation, defined in the Association Agreement and the Association Agenda, and reiterated in both successive Single Support Frameworks examined, is also fully relevant to the key components of the 20 Deliverables<sup>7</sup> (stronger economy, governance, connectivity and society) as it intends to support strong and functioning democratic institutions, rule of law and respect for fundamental right and freedoms, a dynamic, cohesive and sustainable economic and social development, a developed economy and increased market opportunities, and improved peace and security.

The content of the SSFs defines the key outcomes of this cooperation; it is, in turn, fully aligned with the 20 Deliverables for 2020, with the priority areas of the Association Agreement, and with the various targets of the EU–Moldova Association Agenda. EU financial cooperation with Moldova (above EUR 1 billion planned between 2014 and 2020, including national, cross-border and regional) is suitable to increase economic, infrastructural, legal, political and societal connections with the EU countries, diversifying the mutual dependencies which Moldova inherited from the Soviet period with Ukraine and the Russian Federation, and expanding its connections to EU Member States. There are small fluctuations from one SSF to the next, for instance in the education sector: the EU–Moldova Association Agreement contains provisions on all levels of education, with a special focus on higher education, but SSF 2014-2017 did not include education as a priority area, whereas the SSF 2017-2020 tackled VET. But when considering the actual implementation of both SSFs, and their overlap on the ground (because some actions foreseen under a previous SSF may end after the opening of the new SSF), the EU has constantly supported all sectors and sub-sectors targeted in the Association Agenda, and 19 out of the 20 deliverables.<sup>8</sup>

Likewise, the key areas defined by the 20 Deliverables and mirrored in the Association Agenda and the SSFs, are relevant to the Moldova 2020 National Development Strategy (applicable to the period covered by the evaluation): this strategy's 'vision of cohesive long-term sustainable economic development'<sup>9</sup> through coordinated and monitored improvements in the fields of education, finance, business, energy, pension system, justice, is aligned with the key areas of the 20 Deliverables. These priority areas are all supported through both SSFs (with the exception of the pension system, though the latter should indirectly benefit from improved public finance management).

**Finding 1.2: The programming levels (interventions and outputs) of the EU's intervention logic in Moldova have evolved thematically in line with the EU's and the government's strategic objectives and with lessons learned**

As presented in the introduction, the lower levels of the EU's intervention logic in Moldova have evolved from the first to the second SSF during the period covered by the evaluation. While the strategic objectives did not change, the outcomes' framework has become more complex to include a broader range of thematic areas. A review of the annual action programmes and their corresponding implementation decisions shows that at the heart of this evolution was an effort to support the governance sector more strongly, as a condition for improved policy-making and implementation of reforms in all areas, and as a stimulus for bringing the results of cooperation closer to the Moldovan citizens, by effecting tangible positive changes in their daily lives.

This led to renewed diversification of the thematic areas supported by the EU: from public administration, agriculture and rural development, police reform, and border management during the first period, the EU's annual action programmes moved on to cover institutional development and good governance; rule of law and security; connectivity; energy efficiency; environment and climate change; mobility and people-

<sup>7</sup> <https://www.consilium.europa.eu/en/policies/eastern-partnership/20-deliverables-for-2020/>.

<sup>8</sup> The exception being 'Establish an Eastern Partnership European school', which is not applicable to country-level cooperation, but was established regionally.

<sup>9</sup> Government of Moldova, Moldova 2020 National Development Strategy: seven solutions for economic growth and poverty reduction.



to-people contacts; visa liberalisation; education, training and research; economic development and market opportunities; sustainable and inclusive economic growth.<sup>10</sup>

In view of the delays and drawbacks in reforms, and the analysis of the trends in corruption, which came to be increasingly seen as a major impediment to advancing reforms, this diversification was particularly relevant and coherent.<sup>11</sup> It shows the EU's ability to react to monitoring and learning in its programming, while staying on target. These diversified programmatic areas and interventions, while evolving, remained fully in line with the Association Agenda and with Moldova's 2020 National Development Strategy. There was no contradiction between the thematic interventions and their targets on the one hand, and the common shared strategic objectives of the EU and the government on the other. The ET has not observed lack of focus or dispersion related to this diversification, because blending and macro-financial assistance resources, complementing reduced budget support and project modalities, came to ensure that the planned budgets remained commensurate to the broad array of activities addressed.

**Finding 1.3: The target groups of the EU's intervention logic have evolved, in line with lessons learned and priority areas, albeit slowly**

The thematic evolution of the EU's programming in Moldova reflects the lessons learned after the bank fraud scandal, concerning the need to have stricter control over the funds, their destination and their immediate results in people's lives, while maintaining a strong level of cooperation at policy level with the government.<sup>12</sup> While the strategic objectives remained constant, the target groups have evolved, and this process has led to the diversification of programmatic interventions.

From 2017 onwards, more interventions target the local level (local authorities and SMEs with agricultural and rural development support; local communities with transport, infrastructure, energy and environment projects); CSOs including at the grassroot level (Civil Society Facility); and the general public including youth (VET support, strategic communication project). In addition, the EU has involved civil society participation in all sectors, by supporting CSOs' contribution to policy-making, monitoring of reform implementation, and direct implementation by CSOs.

These interventions not only channelled funds and activities through the government, but aimed to improve in a direct way the quality of life of Moldovans through better access to water and energy (produced from biomass), better roads, easier access to subsidies for the rural sector, credit facilities for investments of Moldovans returning to their home country, etc.

In parallel, since 2017, the EU has invested increased efforts into good governance and anti-corruption, but more through projects and less through contributions to the national budget. The EU demonstrated strict application of conditionalities with the decision to not disburse any of the maximum value of EUR 28,200,000 available for the third and fourth instalments of the 'Support for Justice Sector Reforms' budget support programme and to decommit any remaining funds from the budget support components of the 2017 Decision 023-420.<sup>13</sup> because conditionalities for disbursement of tranches were not achieved.

Yet in 2016, the EU agreed to provide up to EUR 100 million in macro-financial assistance to Moldova, in the context of a severe economic and financial crisis affecting the country (triggered, among other things, by the bank fraud, but also due to a regional and global economic downturn).<sup>14</sup>

The implementation dates of these adequately programmed and targeted interventions reveal a time lapse between the monitoring and learning cycle (embodied by budget support disbursement reports,

<sup>10</sup> There already were visa liberalisation, vocational education and training, and DCFTA-related budget support programmes in 2012/13.

<sup>11</sup> European Court of Auditors, 'Special Report: EU assistance for strengthening the public administration in Moldova', 2016.

<sup>12</sup> Review of External Aid Management Reports.

<sup>13</sup> EEAS Press Release 'Moldova: EU cuts budget support programme for justice reforms, 11/10/2017'.

<sup>14</sup> Decision (EU) 2017/1565 of the European Parliament and of the Council of 13 September 2017 on providing macro-financial assistance to the Republic of Moldova.

external aid management reports and press releases) and the implementation cycle (embodied by the contractual dates, which reflects the practical implementation of decisions inspired by learning). This long cycle is structurally embedded into the EU's programming (compared to bilateral donors for instance), and is not specific to Moldova – it responds to an approach which values continuity and the time required for appropriate balance, clearance and scrutiny within and among EU institutions. However, this approach is not well understood by the interviewees, which shows that it may not always be clearly articulated. Stakeholders at all levels often regretted that the EU's learnings do not swiftly transfer into action on the ground, revealing their perception of slowness and heaviness. On the other hand, this structure of programming is consistent with the EU's approach to offer continuity in its support, rather than erratic adjustments. After the identification of serious concerns regarding the progress of reforms and the fulfilment of conditions<sup>15</sup> in 2015-2017, and the temporal interruption of budget support which had already taken place in 2015, there was a deeper adjustment to programming in 2017. With the new SSF, the actual implementation of many of these adjusted actions was still ongoing at the time of writing this report, and the impact of the diversification and retargeting of EU's support in Moldova was only becoming tangible for the citizens by the end of 2020. The EU reprogramming in 2020 to support Moldova with immediate COVID response was appreciated as a quick and flexible response to a crisis but is not covered by this evaluation.

**Finding 1.4: The EU's communication strategy in Moldova has contributed to stronger alignment between the aspirations of the citizens and the EU's evolving intervention logic**

During the evaluation period, the EU invested more and more efforts into its communication with the citizens of Moldova. It increasingly targeted the geographic areas that are less informed about the EU (rural areas, regions other than the centre and Chisinau). The strategic vision of communication increasingly accompanied the targets of EU support, especially since 2017. Already in 2016, Moldovans felt most informed among citizens of the EaP countries (according to the 2016 Eastern Neighbours Survey, 83% Moldovans knew about the EU's financial support). This evaluation's survey results on the EU's support confirm that respondents feel well informed about the support (63 on a scale of 100). The ongoing innovative Strategic Communication and Media programme, based on its project documents and interviews, shows a transition from one-way to two-way communication, with growing use of the social media, online dialogue platforms, and physical local-level dialogue locations.

There is mutual benefit between the EU's communication efforts and its programming. The areas of the cooperation between the EU and Moldova and their evolution address fundamental concerns and aspirations of the Moldovan citizens. The Moldovan political landscape is considered polarised on the country's relationships with the EU and the Russian Federation respectively,<sup>16</sup> and divided between supporters and opponents of an oligarchic system.<sup>17</sup> Divided opinion within the Moldovan society mirror this state of affairs.<sup>18</sup> Nevertheless, the EU Neighbours East surveys show a gradual increase of citizens' support to cooperation with the EU: according to the 2020 survey, about 66% of Moldovan citizens think the EU provides tangible benefits in people's lives. The survey organised for this evaluation shows that almost 53% of respondents consider that the EU has changed some or a lot of important things in their own life. On average, our respondents credit the EU with 74% of trust on its good intentions for Moldova, and 68% of trust on its capacity to deliver on its objectives.<sup>19</sup> Therefore, the majority of Moldovan citizens clearly favours cooperation with the EU, and this support keeps increasing.

<sup>15</sup> EEAS Press Release: 'EU Budget Support for the Republic of Moldova –pending the fulfilment of several conditions', 08/07/2015, and European Court of Auditors Special Report: EU assistance for strengthening the public administration in Moldova, 2016.

<sup>16</sup> <https://freedomhouse.org/country/moldova/nations-transit/2020>.

<sup>17</sup> Cotidianul, Maia Sandu, la Bruxelles: Vrem ca în Republica Moldova să nu mai existe 'putere oligarhică' [Maia Sandu, in Brussels: We want no 'oligarchic power' in the Republic of Moldova], 24 July 2019, cited in <https://freedomhouse.org/country/moldova/nations-transit/2020>.

<sup>18</sup> <https://www.worldbank.org/en/country/moldova/overview>.

<sup>19</sup> Landell Mills targeted Evaluation Survey 2021, Questions 29 to 33.

The priorities of the SSF and the programmatic areas addressed in annual action programmes broadly correspond with some of the citizens' key concerns. Over the period, Moldova's public opinion barometer showed that people's opinion on the 'three most important problems to be solved' revolve around their living standards, economic development, the fight against corruption, and public law and order, followed at some distance by issues related to peaceful and understanding relations between people, and an independent justice system.<sup>20</sup> These concerns correspond broadly to the key intended impacts of the EU's intervention logic in Moldova, and to the main programmatic areas. This, suggests the existence of a two-way linkage between the EU strategic planning and societal perceptions in Moldova, which is backed by the EU's increasing communication and outreach efforts throughout the period, culminating with a comprehensive programme on strategic communication and media.

The strategic objectives, thematic areas and target groups of EU–Moldova cooperation also broadly correspond to the aspirations of CSOs. During interviews, a broad range of CSOs, which had received targeted support or acted as implementing partners, as well as representatives of Moldova's international partners (such as international organisations) confirmed that the strategic objectives and key reform areas addressed by EU–Moldova cooperation do correspond to the needs in the country, and that they play an essential role in keeping reforms and wider regional integration of Moldova on track. They also appreciated the increased support given to the local levels and to citizens and civil society directly (targeting), as a necessary balance and complement to cooperation with and through public authorities.

**Finding 1.5: Some areas which are close to the daily lives of Moldovan citizens offer further potential for outreach by the EU in cooperation with the government**

While the thematic areas addressed by the EU correspond to the citizens' concerns, they may not use all the levers available to the EU to impact the daily lives of citizens. Some under-invested thematic areas offer great potential for impact in line with the strategic objectives of the Association Agreement, the Association Agenda and the 20 Deliverables.

The mainstreaming of gender equality and empowerment of women, human rights and 'leaving no one behind' approaches have gradually improved in EU interventions during the evaluated period, particularly in some fields of governance (e.g. police reform, human rights, communication) and agriculture, but much remains to be done in other thematic areas. The joint exercise 'Programming in the Republic of Moldova until 2020', issued in September 2016 by the EU, its Member States and like-minded donors such as Switzerland, contained a baseline study on gender equality, which did a lot to identify root causes and phenomena at play in this field, and informed programming after 2016. These aspects are mentioned in infrastructural, biomass and energy projects, as well as in anti-corruption; however, the related projects rarely foresee results or indicators on human rights and gender. Women and the most vulnerable (such as the elderly, the poorest, national minorities, persons with disabilities) are not always targeted explicitly, although transformative results in infrastructural, biomass, energy, and as well as in anti-corruption projects would be particularly relevant for them.

Institutional set-up and development at national level has shown contrasting results.<sup>21</sup> Much of central government set-up is now stabilised – though not always as effective as expected – and with a normative framework which is still going through clarification and modifications. Some of the EU's institutional support for governments and provincial regions may now be directed more to local government, according to senior interviewees. Civil society actors, and experts, in interviews pointed to decentralisation and local governance as an underused opportunity for programmatic impact. Despite political disagreements, which have so far stalled decentralisation reform, the EU has made some inroads into local public finance management, which could be capitalised upon. Moldovan citizens already see positive changes in terms

<sup>20</sup> <http://bop.ipp.md/en>.

<sup>21</sup> Also see findings under EQ 5.



of service delivery at the local level (village or municipality), according to our survey (55% of respondents think these services have improved since 2014). In 2020, the EU Parliament

*[Urged] to start a more comprehensive decentralisation reform as soon as possible, including the reform of the Republic of Moldova's administrative-territorial system, regional development and administrative decentralisation, with the possibility to generate local taxes; in this respect, underlines the need for more in-depth and broader cooperation between local authorities, for a reduced number of local administrations and additional measures to ensure their greater independence and decrease their operating costs; calls on the Moldovan authorities to uphold the principles of local democracy and local autonomy in accordance with the European Charter of local self-government by providing proper competencies and sufficient funding for the local governments and by assuring their effectiveness.<sup>22</sup>*

Many interlocutors find that EU–Moldova cooperation is much needed to support such efforts, with immediately tangible changes to the citizens' life.

EU projects have increasingly aimed to support the media to produce quality, independent journalism. Experts in this sphere, as well as civil society representatives and most interviewees working on anti-corruption, considered that the first results are promising and warrant more grassroots investment. According to them, local and national media are necessary platforms in leveraging more demand from citizens for local and national governance structures and public provision that are better, more efficient, and especially having integrity. The EU has extensively worked to curb corruption and conflict of interest on the prosecution side, and on prevention within the concerned institutions, but it could do more regarding societal attitudes to these problems. In the same vein, interviewees at the local level and from the civil society pointed to the potential of supporting culture and youth civic activism, including at the local level, as a means to elicit renewed participation and oversight of communities in local public affairs.

Several experts, public officials and civil society representatives also pointed to the healthcare sector.<sup>23</sup> The COVID crisis has revealed the needs of the public health system of Moldova, and the demands of the citizens for an improved healthcare service have become clearer.<sup>24</sup> The emergency COVID relief package programmed by the EU in 2019, and other health-focused projects could serve as positive precedents for future actions on health. These experiences could give the EU an opportunity to provide support to broader policy reforms, complementary to World Health Organization (WHO) specialised programmes.

**Finding 1.6: The government's national strategies are generally aligned with the Association Agreement, and in turn the intervention strategy of the EU supports them – but the ownership of national strategies is very uneven, highlighting the need to maintain even stronger incentives and conditionalities**

The national strategies in the sectors supported by the EU are closely in line with the Association Agreement and the Association Agenda. EU programming has designed interventions that directly target the implementation of these strategies. This is an important assumption of the EU's intervention logic, at outcome level, which is fully realised. Where the preparation of national strategies is concomitant with the EU programming cycles, the two processes reinforce each other and make the resulting documents quite similar. Furthermore, the priorities of national strategies and associated measures mirror, and are mirrored by, the objectives of EU actions. This is particularly the case for budget support<sup>25</sup> which is coherent with the logic of this financing instrument, although other instruments also follow this path. For

<sup>22</sup> [https://www.europarl.europa.eu/doceo/document/TA-9-2020-0279\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2020-0279_EN.html)

<sup>23</sup> <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/moldova/>  
[https://www.thelancet.com/journals/lanres/article/PIIS2213-2600\(19\)30446-1/fulltext](https://www.thelancet.com/journals/lanres/article/PIIS2213-2600(19)30446-1/fulltext)

<sup>24</sup> <http://bop.ipp.md/en> In the second omnibus poll of 2021, 70% Moldovans declared themselves somewhat or very dissatisfied with medical services.

<sup>25</sup> All EU interventions financed under budget support are fully aligned with the national strategies of the government.

instance, the Police Development Strategy 2016-2020 and the Police Budget Support are closely aligned; the Sector Policy Support Programme (SPSP) programme design is in line with the VET Strategy; the ENPARD programme and the national strategic framework on agriculture and local development pursue similar objectives through comparable means. Policy support programmes, especially the HLAs' mission, but also other technical assistance projects, have been particularly instrumental in building cohesion between the national strategies and the EU programming. The government's decision (GD No. 377/2018) to place the national coordination of external assistance within the Ministry of Finance further contributes to cohesion, and to the coordination of EU-supported national policies, which are linked to the budgeting process.<sup>26</sup>

However, the national strategies are political documents and thus reflect a compromise reached with (and within) the cabinet that negotiated and approved the interventions. Since Moldova has been particularly politically unstable in recent years, while the political forces have been highly polarised and the political process highly adversarial, the successive parliamentary majorities and governments do not necessarily subscribe under the commitments embodied by national strategies adopted by their predecessors. Yet, the strategies remain legally in force and often outlive several cabinets. Or at times there are gaps in the strategic framework: for instance, Moldova has not had an overall strategy on the justice sector since 2018.

This point was raised by many of the interviewees, including civil servants, elected officials, experts and civil society representatives. Beyond the concept of budget support (which the frequently changing counterparts understood to varying degrees) national policies were not always implemented with the expected rigour, which in turn undermined the ability of EU–Moldova cooperation to bring the changes that were agreed upon.<sup>27</sup> This, in turn, affected the predictability of disbursement of tranches. An accumulation of such slipping in commitment to strategies, accompanied by the accumulation of difficulties in the EU programmatic cycle manifested itself most dramatically with the decision not to disburse budget support in the justice sector in 2017 (due to the non-fulfilment of the set targets/conditionalities) and the invalidation of Chisinau mayoral elections in 2020.<sup>28</sup>

In this context, several interviewees pointed out that the national strategic documents did not have the same meaning or weight, depending on who held the governing majority at the given moment. Therefore, the mere existence of the AA-compliant strategies cannot serve as an accurate measure of the commitment of decision-makers to the results agreed with the EU. Existence of strong political will and relative political stability are the key assumptions in the EU's intervention logic at impact level, and these assumptions frequently could not be validated in the implementation period. Formal commitments through strategic documents are important, but they are not informative of shared values and common interests aligned with the Association Agreement.

While the EU has managed to strongly incentivise policy-level commitments, in particular, through budget support and, more recently, through macro-economic assistance, it is still struggling to incentivise adherence to values and common interests. The retargeting of support towards the local government and directly to the citizens may shift EU–Moldova cooperation's incentive structure by creating positive experience of change in people's daily lives. In contrast with and complementary to support centred on legislative, normative and institutional set-up and development, this approach (piloted in some

Until 2018 the coordination of foreign aid was within the State Chancellery.

<sup>27</sup> 2018 Statement by the HR/VP Mogherini and Commissioner Hahn on the invalidation of the mayoral elections in Chisinau; P8\_TA-PROV(2018)0458 Implementation of the EU-Moldova Association Agreement European Parliament resolution of 14 November 2018 on the implementation of the EU Association Agreement with Moldova (2017/2281(INI)) and European Parliament resolution of 20 October 2020 on the implementation of the EU Association Agreement with the Republic of Moldova (2019/2201(INI)); Association Implementation Report on Moldova 2018; EU Council Decision of 26 February 2018 <http://www.consilium.europa.eu/media/31758/final-statement-st14821en17.pdf>.

<sup>28</sup> EEAS Press Release 'Moldova: EU cuts budget support programme for justice reforms, 11/10/2017'. In May 2017, an opposition candidate won Chisinau mayoral elections, after an electoral process which was not disputed by candidates and which was recognised as satisfactorily free, fair and transparent by international observers. However, in June a Chisinau court ruled the election invalid on grounds related to social media campaigning and 'get out the vote' calls – a decision upheld subsequently by the Appeal and Supreme Courts, and confirmed by the Central Electoral Commission.

municipalities such as Cahul and Ungheni, and which could be deepened and reproduced in other locations) is likely to foster stronger demands in the citizenry – and the electorate – for better service delivery, principled governance and virtuous public spending. However, this is a long-term endeavour, because the impact of these programmes takes time to materialise, and public opinion adjusts slowly, and often not in a linear fashion. Meanwhile, the impact-level assumptions of the EU’s intervention logic need to be tackled through creating an efficient chain of transmission between political decision-makers and the citizens, composed of mid-level civil servants, civil society and the private sector.

The above-mentioned actors are targeted by numerous EU projects, particularly by the second SSF during the evaluation period. However, evaluations and results-oriented monitoring (ROM) reports reveal the difficulty in boosting their influence as change agents, particularly as regards the private sector and mid-level civil servants (especially at the local level). These target groups benefit from training (civil servants in particular), loans (private sector) and grants (civil society). However, the degree of penetration of EU support remains insufficient to strongly incentivise civil servants, and civil servants are not sufficiently involved in monitoring and evaluating progress;<sup>29</sup> micro-economic support such as loans to SMEs and farmers are long to materialise in macro-economic terms (employment, structure of production). Civil society support is probably more immediately effective in playing the role of transmission chain between the policy level and the citizens: CSOs actively monitor the implementation of national strategies and the Association Agreement. Efforts have so far been insufficient to strongly and sustainably engage the two other target groups, and to offer these three target groups more venues for interaction.

**Finding 1.7: Programming processes and procedures are based on a log frame approach, which is not dynamic enough to capture expected changes, and curtails the potential in programming, monitoring and learning**

All the projects examined in this evaluation have an explicit intervention logic. However, they are only based on a log frame approach, which does not enable the staff and stakeholders involved in programming to unpack how, through which chain of causes and consequences (chain of change), and why (internal and external assumptions) the projects are expected to elicit results. Likewise, the Single Support Frameworks, the annual action programmes, and the action documents outline priority areas and a broad results framework, but they do not explain how these results relate to impact. It is particularly indicative that in many cases items naturally belonging to different levels of results (outputs, outcomes, impacts) are mentioned at the same level of the above-mentioned documents.

Programming templates and procedures solely foresee log frame-based intervention logic. As a consequence, the programming documents miss out on the advantages that a theory of change approach would offer, and the intervention logic as well as action documents suffer from several shortfalls:

- The intended changes are not always clearly defined nor linked together from one result level to the next (it is unclear what output leads to what outcome, and to what impact) – even though there is an improvement in this sense in the second SSF periods;
- The assumptions formulated in the strategic and programming documents are not linked to their corresponding result level (assumptions are only expressed generally);
- Indicators are not always clearly defined, because they do not relate to a specific result within the intervention logic.

These weaknesses in the intervention logic create confusion between the objectives of cooperation (the ‘what’ and ‘what for’ questions, answered by the Association Agreement, the Association Agenda and the SSFs), and the programmatic approach to achieving these objectives (the ‘how’ and ‘why’ questions, which form the basis of the theory of change, and are answered by annual action programmes, action documents, and, at the input level, the contracts themselves).

<sup>29</sup> For instance, several interviewees in line Ministries and the Ministry of Finance deplored that they could not see evaluation reports.

What is more, implementing decisions, action documents and project documents (contracts) do not categorise and group expected results in a standardised manner: while some action documents group interventions according to target groups and cooperation approaches,<sup>30</sup> others group them according to thematic areas.<sup>31</sup> The initiatives dedicated to each particular sector are not always presented in clear 'packages' – which is not doing justice to the complementarity of the tools that are mobilised.

During implementation, these shortfalls make the intervention logic and the architecture of EU programmes difficult to comprehend by beneficiaries. As the intended changes are not clearly presented as a logical chain, and associated to both internal and external assumptions, it is difficult to unpack the link between activities/inputs and impacts. This also complicates the monitoring of the progress of the intervention. Many project reports (intermediate, annual, final) still focus too much on activity, somewhat on output, and not enough on change at intermediate level: they need to better characterise the traction achieved between activities and outputs on the one hand, and impact on the other. In the absence of a fully-fledged theory of change in programmatic documents, these intermediary steps towards the achievement of impact are difficult to grasp, and therefore difficult to demonstrate, whereas demonstrating progress (or lack of) at intermediary level is key to motivating and incentivising change among pivotal target groups (the 'transmission chain' mentioned above).

Several documents are designed to focus on the intermediary level between outputs and impacts. The annual Association Implementation Reports are useful because they combine a review of the environment in which the interventions took place, and a review of key changes in the respective sectors. But similarly to project reporting and other reporting framework, they do not link these changes to the EU's interventions because they are not required to do so. The ROM system partly bridges this gap, but it remains project oriented. The consolidated analysis of ROM results constitutes a good practice, but it covers very different countries.<sup>32</sup> External aid management reports and budget support disbursement reports also contribute to bridging this gap, but they are not public, and therefore cannot incentivise the Moldovan counterparts. Public statements also paint their part of the picture, but they are by nature ad hoc and occasional.

Shortcomings therefore persist in:

- The monitoring of projects and contracts;
- The monitoring of the national environment (political, economic, financial, social environment and regular stakeholder analysis);
- Learning products (e.g. evaluations, consolidated analysis of ROM results);
- Programming and strategic planning.

This margin of progression constitutes an opportunity, since the capacities to perform these functions already exist. Interviews demonstrate that the capacity and quality of EU's context analysis – both formally and informally – is very high in Moldova. Officials do closely monitor the desired changes and events that demonstrate backslide in the implementation of national strategies and commitments towards the EU. This contextual awareness can be integrated better and more consistently in the programme cycle.

<sup>30</sup> For example, ANNEX2of the Commission Implementing Decision on the Annual Action Programme 2016 in favour of the Republic of Moldova Action: Document for Technical Cooperation Facility 2016.

<sup>31</sup> For example, ANNEX 1 of the Commission Implementing Decision on the Annual Action Programme 2015 in favour of the Republic of Moldova: Action Document for Support to Public Administration Reform (PAR).

<sup>32</sup> 2019-2020 Annual Report related to Results Reporting (Component 3).

### 3.1.2 EQ 2: Coherence and complementary to regional and cross-border programmes and other interventions

*To what extent was EU–Moldova bilateral cooperation coherent with and complementary to regional and cross-border programmes and other EU instruments, as well as with interventions of EU Member States and other donors, including in particular international financial institutions (IFIs)?*

**Finding 2.1: Regional/cross-border interventions are complementary with bilateral (Moldova-specific) ones, both in terms of the thematic areas covered and in terms of modalities. No overlaps or contradictions were identified, despite some shortcomings in terms of coordination**

The regional/cross-border interventions of the EU which include Moldova are complementary with the bilateral ones (interventions at country level, not to be confused with cross-border programmes involving Moldova and a neighbouring country). One should distinguish three types of programmes in this area:

- Regional programmes functioning as regional platforms (e.g. Danube region, Black Sea Basin programmes);
- Cross-border and regional programmes involving several countries but functioning mostly as suites of bilateral programmes with some regional activities (e.g. Partnership for Good Governance with the Council of Europe);
- Cross-border/regional programmes involving chiefly Moldova and one neighbouring country (e.g. communication infrastructure with Romania, EUBAM).

By and large, the thematic focus of regional programmes functioning as regional platforms is mostly on environment, biomass, energy, culture, business support, agriculture, good governance and civil society. They do not overlap with the topics covered through bilateral programming, or the Moldova-specific components of regional/cross-border programmes in the second category above. Regional programmes use a variety of modalities, in particular blending, other loans, grants, and large strategic contribution agreements with other international/regional organisations. They do not overlap with the budget support and project mechanisms used in bilateral assistance. The ET therefore did not identify any duplication or redundancy between regional/cross-border programmes and bilateral ones.

The level of visibility of regional and cross-border programmes varies greatly. The ‘facilities’ and blending operations that have a sizeable component in Moldova, especially if these reach out directly to citizens (e.g. blending operations in support of SMEs, EaP, Civil Society Facility), enjoy plenty of visibility. Unsurprisingly, programmes having a small component in Moldova, and/or which are more technical (e.g. environment conservation projects in the Black Sea Basin) are less visible, according to online research and interviewees from the civil society and media.

The level of coordination between bilateral and regional/cross-border programmes varies considerably. Overall, regional/cross-border programmes functioning as a suite of country-specific components, and which have a regular presence and strong visibility in Moldova, are well coordinated with bilateral programmes. For example, the EUBAM programmes were well coordinated with police reform support programmes and the VLAP support, according to interviewees and programme reports. Likewise, the Partnership for Good Governance was well coordinated with other, bilateral programmes conducted by the EU with the Council of Europe (for instance, the project on controlling corruption through law enforcement and prevention). However, coordination was less convincing for those regional and cross-border programmes which are piloted from a distant location, and which do not have visible, regular activities in Chisinau. For instance, the EUD and Ministry of Finance reportedly did not have all the relevant documentation on the cross-border cooperation, Danube Region, Black Sea Basin, or People’s Skills programmes and were not fully aware of their activities.



**Finding 2.2: Joint programming with EU Member States, international financial institutions and other organisations constitutes a good practice leading to strong synergies**

EU bilateral cooperation (at country level) is well coordinated, coherent and complementary with strategies and programmes of the EU Member States and to a certain extent with international and regional organisations. In this respect, the EU cooperation with Moldova is in line with the Paris Declaration.<sup>33</sup> For instance, the EU is implementing many of the interventions under delegation agreements through the Member States' development organisations, international/regional organisations, and development banks. This cross-fertilises EU support with specific experiences of partner institutions, allows for joining efforts and, at times, financial means. Blended projects are of high quality, due to strict processes applied by IFIs. However, complex procedures of IFIs (and approvals required from the EU) make the implementation of investment projects a challenge.

This good cooperation relies on collaborative work conducted by the EU, its Member States and other donors such as Switzerland, and IFIs,<sup>34</sup> which led to a joint analysis and programming document in 2016.<sup>35</sup> A similar initiative was implemented in 2020 and built on the Team Europe approach. Thanks to this good practice, the EU and like-minded donors, reacting to the difficult diplomatic, political and economic situation facing Moldova, came to a common diagnosis of challenges in Moldova and their root causes. They agreed on key common messages, a synergy of strategic objectives, and a distribution of labour in some fields (e.g. fight against domestic violence and violence against women, support in the fields of education and justice). What is more, the EU and Member States included it in their joint programming tracking platform,<sup>36</sup> which is useful for monitoring purposes (although not usually referred to in EU publications). The 2018 joint programming document – albeit of excellent quality – has now aged and would benefit from an update based on renewed joint analysis. In any case, some important development partners and donors who were not included in this exercise (such as Norway, the Council of Europe, the Organization for Security and Co-operation in Europe (OSCE), United Nations agencies) could bring valuable contributions thanks to the experience and knowledge accumulated through programme implementation during the evaluation period (including programmes financed by the EU, when it comes to the UN and the Council of Europe).

The ET, based on documentation and interviews with key development partners (in particular, international financial institutions) found no obvious or serious duplication or redundancy between the EU's support and the interventions of other donors.

The approaches of the EU and other donors are sometimes different but remain compatible. This is particularly visible in the areas of agriculture, infrastructure, transport and energy. For instance, the support provided by development banks (KfW, EIB and EBRD) has a different logic from the EU's: their approach corresponds to loan applications originally presented by the government, whereas EU's Neighbourhood Investment Facility (NIF) support corresponds to additional funds provided (on demand of the development bank) to the overall financing package.

In VET, since 2014 when budget support was provided, the EU became the leading donor and other donors, as well as country development partners, aligned their programmes accordingly, to ensure complementarity and avoid overlapping.

Furthermore, interviews and programme document reviews still revealed a few minor examples of incoherence. For instance, some recommendations issued by the EU and IFIs were not fully aligned. Different rules regarding project management or the confidentiality of documents emerged between the

<sup>33</sup> The Paris Declaration (2005) is a practical, action-oriented roadmap to improve the quality of aid and its impact on development based on the principles of ownership, alignment, harmonisation, results, and mutual accountability. <https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

<sup>34</sup> Briefing Book from Development Partners of Moldova, January 2015.

<sup>35</sup> Programming in the Republic of Moldova until 2020, September 2016.

<sup>36</sup> <https://europa.eu/capacity4dev/joint-programming-tracker/moldova>

EU and other regional or international organisations. These are lessons learned which should enable the EU and its partners to anticipate such incompatibilities and resolve them early on when co-funding or implementing programmes.

**Finding 2.3: There is clear evidence that blending operations – both at the national and regional levels – created an important leverage effect with international development banks (and in a specific case also with the French development agency, AFD)**

The cooperation with development banks in blending operations permitted the EU to participate in investments which involve considerably higher amounts than available for development cooperation. In doing so, the EU and development banks reinforced each other's leverage. Furthermore, it brought added value by reducing the overall financial costs for the government, and by providing financing for complementary services such as technical assistance, road security, etc. Risk management was also optimised, thanks to the expertise of development banks in this area, complemented by the knowledge and risk monitoring performed by the EU. The support to the sizeable regional financial instruments (financed with development banks) permitted to impulse economic development of Moldova. All national interventions financed under NIF are complementary to loans asked for by the government to development banks, and as such, they correspond fully to the needs expressed by the government.

EU support provided additional funding for activities which would have otherwise not been financed by development banks (i.e. additional technical assistance); furthermore, EU support allowed for a reduction in the average cost of financing, making the investment more attractive for government.

Regional blending operations had a high leverage effect as well and permitted improved access to loans, guarantees and technical assistance for SMEs in the EaP countries. Interviews suggest that Moldova participated in the different programmes, but less than in other countries of the region; this was mainly related to the challenges of the banking sector.

EU cooperation is quite visible in the websites, social media publications and traditional media, thanks inter alia to visibility activities embedded in the EU's actions and the activities of the EUD.

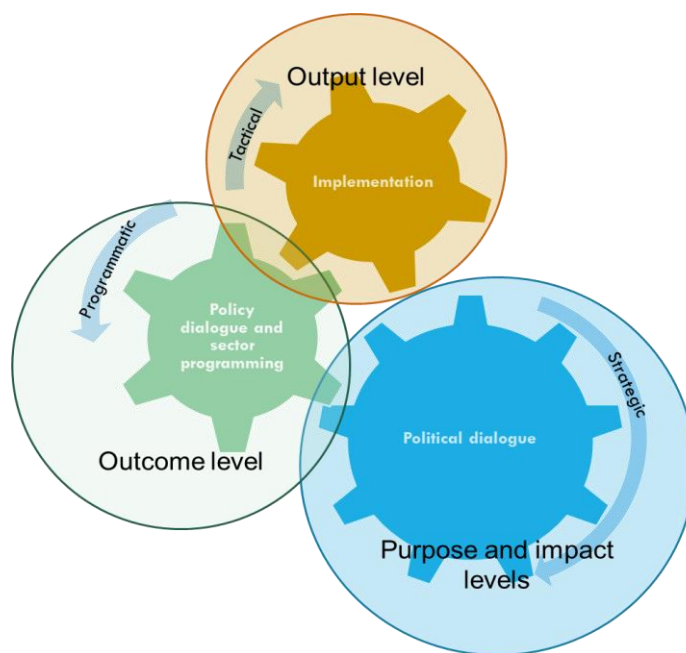
**Finding 2.4: Synergies between political dialogue at strategic level, and programme implementation at output level, have enabled EU–Moldova cooperation to overcome some serious drawbacks**

The EU's cooperation with Moldova rests on:

- Political dialogue based on the Association Agreement and Association Agenda (strategic: purpose and impact levels);
- Policy dialogue and programming (programmatic: outcome level);
- Programme implementation (tactical/practical: output level).

Political dialogue (complemented at parliamentary level by the EU–Moldova Association Parliamentary Committee) takes many different forms, from formal to less formal, with regular meetings of the Association Council, as well as individual meetings and visits complement each other. The EU Council conclusions on relations with Moldova complement the outcomes of the Association Council and the monitoring conducted internally to the EU. The Association Council constitutes an important venue to formalise the views of the EU on its cooperation with Moldova. The press releases and official statements of the High Representative, the Commissioner and the Head of Delegation are other channels to convey messages to the country’s political leadership, which the civil society and citizens witness. These various forms of communication complement one another and may become a single message in difficult times, when direct dialogue and diplomacy are challenged.

Figure 1: Mutual reinforcement between political dialogue, policy dialogue and implementation



Political dialogue is further reinforced by the EU Parliament’s role of oversight and strategic reflection. For instance, the review of the Association Council meetings in the past 5 years and the Association Implementation Reports on Moldova reveals recurrent concerns.<sup>37</sup> In response to these issues the European Parliament came up with a firm position in its most recent implementation report on Moldova, which most significantly related to decisions for future macro-financial assistance disbursement, the payment of all budget support programmes, and the reallocation of funds in support of civil society and independent media, as well as the private sector and local authorities.

In parallel, the technical level of EU–Moldova cooperation, with the implementation of actions, offers a multitude of platforms which feed the political relationship, and vice-versa. At times, public authorities oversee such platforms: for instance, Ministry of Education, Culture and Research (MECR) oversaw donors’ cooperation and coordination in the education sector through the National Coordination Council. There is also extensive bilateral policy dialogue and coordination in this sector. Other times, the civil society builds on the momentum created by cooperation to animate technical dialogue platforms – this is the case for instance, in the area of violence against women and domestic violence.

Even in times of crisis, for example concerning budget support cuts, or after the invalidation of the Chisinau mayoral elections, these avenues have remained open. Conversely, when some cooperation programmes such as budget support were put on pause, political dialogue continued. For instance, interruption of disbursements and the reduction of instalments related to no achievement of indicators has created some challenges for Ministry of Finance; however, the policy dialogue has not been affected. It demonstrated that the EU was a reliable partner for Moldova but also showed that the EU is serious about applying conditionalities.

<sup>37</sup> These include, in particular, the reform of the judiciary and anti-corruption institutions, media ownership, the political deadlocks and the electoral system, the investigation of the banking frauds, the settlement of the Transnistria conflict, and most recently – the local elections for the Mayor of Chisinau.



Interviews with stakeholders suggest that without permanent EU policy dialogue several improvements would not have been implemented. Interviewees concur that programme implementation and political dialogue complement each in favourable times, and they compensate for each other during critical moments.

**Finding 2.5: The contribution of policy dialogue and joint monitoring to the outcome level of the EU's intervention logic has been uneven, due to delays and interferences**

Another important part of this tryptic is the policy dialogue, which takes place at sector level, leading directly to programming. Through the Association Committee (including its trade configuration) and its six thematic sub-committees, complemented by the human rights dialogue and the civil society platform, the Domestic Advisory Group monitoring trade sustainable development chapter of the DCFTA, the EU, the government and key civil society stakeholders discuss policy visions in the respective sectors. The outcomes of this dialogue feeds into EU's programming, following the programming cycle of the SSFs and the annual action programmes.

According to interviews with Moldovan officials, some EU representatives and civil society representatives perceived that the sub-committees are key instruments to ensure relevant programming and a synergy between the EU's and the government's efforts. However, the same interviewees concede that dialogue at this level is not always reliable and agile enough to influence mutual policy and programming. Adjustments are particularly challenging to make between the partners during times of political instability, as discussed above in EQ 1. The intrusion of political considerations into the policy dialogue may stall the process, or the adoption of strategic documents may be deferred due to political complications. This is notably the case with the new justice strategy, which was drafted with support of the EU and its partners. According to interviews and online research, the original policy process was insufficiently inclusive and was expanded to include wider consultations with civil society, on advice of the EU and its implementing partners and partner international organisations. Following this improved process, the document was finalised, but its adoption has been delayed.

During these challenging moments, when the new policy is lacking, the continuity is ensured through ongoing implementation of programmes. Several interviewees pointed out that the HLAs mission was particularly useful for supplementing policy dialogue.

The research has shown that implementing programmes with international partners that share EU values helps advance common goals, by leveraging standing and reputation of other international organisations and IFIs to influence national-level policy-making.

**Finding 2.6: The EU has developed good synergies with the civil society towards better national policy-making**

Moldova has an active and diversified civil society. Many CSOs are active at policy level. Online research shows a wide variety of policy analysis, advocacy and monitoring products. These are often closely aligned in terms of vision and values with the standards promoted by the EU through its policy dialogue and its programmes.

Moldovan CSOs involved in these activities have been allies of the EU in the policy dialogue. There is some evidence that policy dialogue has been permanent, involving not only the various levels of government and the donor community, but also other actors including civil society. However, the role of civil society in national policy-making has not been systematically institutionalised by the government in all sectors. The relationship between the civil society actors and the government often fluctuates with political changes. This is particularly true as there is a 'revolving door' between CSOs and the government – many former political figures or high-level civil servants hail from CSOs and return to their organisations after their stint in the government. Some government figures who leave the office also create CSOs.

In this context, the EU often acts as the go-between for ensuring more systematic inclusion of civil society in the national policy dialogue, and sometimes encourages policy consultation among civil society representatives. This effort culminates with the civil society platform, which brings together civil society representatives from the EU and from Moldova – but not the government partners. The EU has supported the policy efforts of Moldovan CSOs, and increasingly so during the evaluation period. The EaP Civil Society Facility is an example, but virtually all bilateral sector interventions have a civil society component, often focused on policy advocacy and monitoring. The Budget Support Programme to Police Reform is a case in point: as part of this package, two complementary grant projects with CSOs (Soros Foundation and PromoLex) focus on policy and monitoring. Other examples abound in most fields, from human rights to local development.<sup>38</sup>

This role of the EU, which facilitates the active participation of the civil society in the national policy debate and contributes to the institutional and financial sustainability of otherwise unsustainable policy-oriented CSOs, places great responsibility on the EU for choosing the civil society partners it supports. Competitive granting schemes, while open and transparent, do not always suffice to ensure diversity: interviewees report that it has been challenging for Moldovan CSOs, particularly the local ones, to compete with large international CSOs represented in Moldova in Calls for proposals under different instruments.

### 3.1.3 EQ 3: Aid modalities and financial instruments

*To what extent have the various aid modalities and financial instruments and their combinations been, and are at present, appropriate in view of achieving the objectives of EU cooperation with Moldova?*

**Finding 3.1: The EU has coherently and aptly matched its mix of support modalities with the desired outcomes, the thematic areas and the target groups of its support**

The aid modalities and financial instruments and their combination proved to be suitable for promoting the achievements of the objectives of EU cooperation with Moldova, even in a prevalently unstable and polarised political context.

Faced with these challenges, the EU has used varied and complementary support modalities: budget support, blending operations, macro-financial assistance, as well as project modalities including technical assistance, Twinning, grants to CSOs, contribution agreements with international/regional organisations. The respective proportions of these modalities evolved first with the interruption of budget support for a short time, and then with the adjustment of the EU's intervention logic, from one SSF to the other.

Budget support programmes still accounted for a significant amount of the EU assistance before payments were suspended in 2015 (in response to the theft of EUR 1 billion from the banking sector and risks to macro-economic stability of the country). With the second SSF, the retargeting of a large part of EU support towards the local level and the citizens led directly to increased recourse to blending and project modalities, because these were most adequate in these thematic areas, and for the target groups concerned.

This approach was coherent with increased efforts on energy and environment, biomass and support to SMEs. In parallel, support to the governance sector carried on mostly through technical assistance, contribution agreements and to a lesser extent, Twinning, as a key means of support: project-based approaches have revealed great potential to accompany normative and institutional changes.<sup>39</sup> Within the technical assistance modality, since 2016, the EU Delegation has deployed a team of up to 25 EU high-level advisers from EU Member States that provide advice to the Moldovan key sectors: Customs, public finance management, financial governance, banking, anti-corruption, anti-money laundering, internal affairs, police, justice reform, general prosecutor, public administration reform, education, employment, trade, energy, food safety, rural development and agriculture, regional development,

<sup>38</sup> Annex 2, Judgment criterion 10.2.

<sup>39</sup> Annex 2, indicators 5.1.1, 5.2.4.

transport, environment, communication, Transnistrian settlement process, security sector reform and Parliament. As a complement to these instruments, the EU tied strong conditionalities to macro-financial assistance and to the budget support programmes.<sup>40</sup>

Recourse to CSO grants for policy advocacy and monitoring came as the logical final touch to this architecture of support modalities (e.g. police support, human rights, public financial management (PFM), local development): CSOs insist on their role in maintaining a good match between the successive governments' priorities and behaviour, and these strategic documents. To this end, CSOs and several public officials alike insist on a strict and constant application of EU conditionalities, regardless of the political parties forming the successive governments.

A good example of well-balanced modalities is the support to public finance sector. This draws on the SIGMA baseline assessment<sup>41</sup> a technical assistance contract, small interventions under project approach complemented budget support with strengthened civil society's capacity to monitor the public budget. Further examples of efficient modality mixes include police reform support, VET support and local development.

This mix of modalities removed some of the government's leverage on the utilisation of funds, as compared to the period before 2016 and 2017 (new SSF). It is coherent with the lessons learned from 2015-2016: the mix of aid modalities and types of financial support limited the risks, by diversifying these risks and increasing mitigation opportunities. It also matches the thematic areas, and with the targeted groups. Backed up by clear and strictly applied conditionalities, the mix of modalities is fit for purpose: supporting the strategic objectives of the Association Agreement, with the Association Agenda and the Twenty Deliverables for 2020 – provided some key external assumptions of the intervention logic were met, which was often not the case, but remains outside of the EU's control.

One downside of such a complex approach is that it makes EU support difficult to understand for the general public, and even at times for the direct beneficiaries.<sup>42</sup> Meanwhile, the EU's change management efforts with the target groups constituting a 'transmission chain' between the country's leadership and its population (CSOs, mid-level civil servants, private sector) has only just started to pick up. Besides, communication efforts are not backed up by any clear theory of change. In this context, the EU's balanced use of its varied support modalities is not well understood by change agents at the middle level.<sup>43</sup>

In addition, the large number of projects with many different partners (mixed with other modalities) creates an enormous workload on the EU Delegation in Moldova, which has been difficult to manage. The challenge encountered in gathering reports and financial data is also a testimony to the constraints placed on the EUD staff. Some interviewees expressed regret that multiple projects were not easy to understand for Moldovan partners. In particular, the Ministry of Finance said that financial reporting was not as clear and transparent as it could have been, particularly relating to the reallocation of budget support tranches that were not disbursed.<sup>44</sup>

**Finding 3.2: Co-financing of programmes and projects with international development banks or EU Member States with funds under the NIF programme had an important leverage; however, their implementation was somewhat challenging**

<sup>40</sup> EEAS Press Release 'Republic of Moldova: EU supports job creation and better public administration, 21/12/2017'. Budget Support Programme Documents and Tranche Disbursement Reports.

<sup>41</sup> In 2015, SIGMA (Support for Improvement in Governance and Management), a joint initiative of the OECD and the European Union, conducted baseline measurement reviews against the Principles of Public Administration in the Enlargement countries, and in 2016 in Moldova, resulting in eight detailed country reports. <http://www.sigmaxweb.org/byexpertise/strategicframeworkofpublicadministrationreform/public-governance-baseline-measurement-reports.htm>.

<sup>42</sup> Interviews with CSOs, civil servants, experts.

<sup>43</sup> Interviews with practitioners within the executive, the judiciary, independent public institutions, civil society actors.

<sup>44</sup> The provisions of the Financing Agreement stipulate what happens with funds in the event of no disbursement.

During the reference period national blending operations with an EU contribution of about EUR 36 million have been approved; furthermore, Moldova benefited from regional blending operations (in the financial sector) of about EUR 206 million. Blending operations are a suitable modality for the EU to engage in the big infrastructure projects in the transport and energy sectors and to deploy financial instruments facilitating the implementation of DCFTA and promoting the development of SMEs (regional projects). This would not have been possible with grants alone: the investments in infrastructure and financial instruments were very capital intensive and its financing would be largely out of reach of development support funded by EU cooperation grants.

National blending operations had a major leverage effect (1:3 up to 1:19.7). NIF funds permitted a reduction of overall credit costs of investments. By mixing NIF grant funds with loan funds provided by development banks, average financing costs of the overall financing package decreased. This constitutes valuable support to Moldova and facilitated the approval of the respective investment projects by Parliament. Part of the EU funds were used for financing the accompanying technical assistance, which facilitated the implementation of investment projects. This is important as international development banks in most cases cannot provide the necessary accompanying technical assistance with grant funds. On the other hand, the government is reluctant to use loan funds to finance technical assistance.

However, delays in implementation were frequent and mainly related to complex design and procurement procedures (including no-objection processes to tender documents), weaknesses of national counterparts, complex tender processes, poor response to tenders by national and international companies, and difficulties in implementation of contracts. A specific difficulty is related to the social and environmental standards applied by international banks which impose complex processes in the case of land acquisition. Other difficulties are related to the lack of available qualified manpower in Moldova as there was/is a large-scale worker emigration to Russia and EU Member States.<sup>45</sup>

**Finding 3.3: The mix of modalities directly addresses some lower and mid-level assumptions of the intervention logic, but there is room for improvement in analysing and addressing higher-level assumptions**

The complementarity between project approaches (Twinning, technical assistance, contribution agreements, grants) conditional financial support (budget support, macro-financial assistance), blended operations and a frank policy dialogue backed by strong communication, is coherent and risk-efficient, but may not always overcome difficulties posed by unfulfilled key assumptions. The intervention logic relies on several assumptions at output and outcome levels, which are directly tackled by the mix of modalities described above.<sup>46</sup>

- **Government/civil society dialogue exists:** CSO grants towards civil society focused on policy advocacy and monitoring directly work on this assumption, which has been mostly fulfilled thanks to this work.
- **Change champions:** Project-based modalities often work on this assumption, and some change champions emerge (for instance among CSO experts, progressive judges, local government leaders or small entrepreneurs). Yet, there is room for strengthening this aspect and giving these change champions more incentives and security.<sup>47</sup>
- **Political dialogue and joint programming are aligned:** A lot of effort has been invested into this aspect including through the adjustment of the mix of modalities, although the policy and programming level has suffered from political instability.<sup>48</sup>

<sup>45</sup> For details concerning the reasons for delays and or loss of NIF funds (due to the no compliance with the EU N+3 rule) please see annex 2, indicator 3.2.1.

<sup>46</sup> Inception report, validated by Inter-service group.

<sup>47</sup> Annex 2, JCs 5.1, 5.2, 5.3.

<sup>48</sup> Evaluation Question 2.

- **EU–Moldova cooperation is understood and appreciated by citizens:** Growing project-based communication efforts, have directly worked on this assumption with some success.<sup>49</sup>

Other key assumptions have remained mostly unfulfilled, either because they were outside of the EU's control entirely, or because all the EU's efforts did not suffice to successfully address them:

- The intervention logic relied on political will, guaranteed by relative internal political stability. This has not continuously materialised throughout the period 2014-2020.
- The intervention logic assumed a certain level of global and regional economic, security and sanitary stability. This assumption is outside of the EU's control, and has been severely shaken during the evaluation period – a time that witnessed a conflict between Ukraine and the Russian Federation, which affected regional stability (2014 onwards); a global recession (2016); and a global pandemic, which in turn devastated global economy (2019 onwards).
- The intervention logic, while acknowledging and tackling the existence of political interference, collusion and corruption, assumed that the effects of its anti-corruption programmes would contribute to eventual reduction of these phenomena. However, corruption and political interference at all levels (including the local) remain widespread despite all the EU's and other donors' efforts.<sup>50</sup> CSOs and citizens' capacity to reduce the space for corrupt practices remains limited.
- The intervention logic assumed that sufficient resources are allocated by Moldova to its reform process. Budget support was meant to incentivise this process. However, the actual funding of resources by the state budget was uneven among the sectors concerned, as observed by disbursement reports. The government pointed that absorption of financial resources is not optimal, despite efforts to increase the absorption levels.

Stronger analysis of these assumptions, and deeper ties between conditionality-based support modalities and these assumptions could enable the EU to make the most of its robust modality mix – while acknowledging, in the programming, that some of these assumptions remain outside of the EU's reach.

## 3.2 Sector-specific evaluation findings

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### 3.2.1 EQ4: Agri-food and rural development

*To what extent has the EU support to Moldova contributed to achieving an increase in the competitiveness of the agri-food sector and the diversification of economic activity in rural areas, in line with strategic objectives?*

#### Overview of EQ4

EU support to Moldova was primarily aimed to increase the ability of Moldova to benefit from the Association Agreement provisions related to free trade, improve the business environment and enhance competitiveness of the agri-food sector. Production and exports of agri-food products grew significantly over the past 10 years. With the DCFTA and EU support to the sector through interventions such as ENPARD's development of rural areas in Moldovan fruit gardens, among others, Moldovan producers have gradually been better able to meet EU standards and overcome any non-tariff barriers to trade. EUs assistance in support to farming, rural development and food processing chains came to increase the ability of the Moldovan farmers and agri-business companies to avail themselves of the opportunities created by the Association Agreement including its provision regarding free trade. This was done mostly through blending and grants projects, complemented with capacity building and the deployment of institutional support to the sector, including at local level. In complement, the EU's intervention of technical

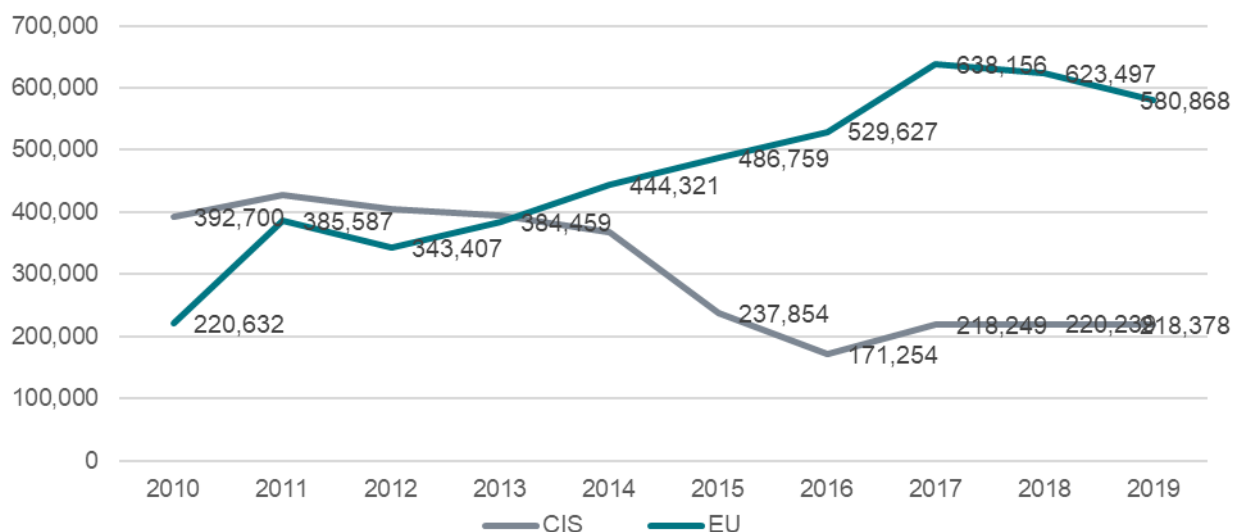
<sup>49</sup> Annex 2, Indicator 1.3.4

<sup>50</sup> Annex 2, Indicator 5.2.1.



assistance and Twinning supported the approximation of Moldova’s legislative, regulatory and institutional framework to match EU standards in the agri-food sector.

Figure 2: Export of agricultural products (USD)



Source: Moldova National Bureau of Statistics

The main agricultural exports still primarily involve low added-value products such as cereals and seeds and low-priced unprocessed materials. The size of the processing sector (excluding wine) in exports remains relatively small. The competitiveness of product groups that were previously already competitive such as cereals, oils, seeds, fruits and vegetables and honey further improved. On the other hand, exports of animal products decreased, which mainly reflects the lack of skills and experience of exporting to the demanding EU market and the inability of Moldovan producers of these products to meet the requirements for exporting to the EU.

An important issue in terms of competitiveness has been the slow development of productivity, which has hampered growth in the agricultural sector. Next to limited access to land, low productivity and competitiveness levels are compounded by limited access to other inputs such as water/irrigation, finance, technical inputs, support services and quality workforce. The dualistic nature of the agricultural sector is also reflected in the competitiveness of enterprises as the most competitive producers, those that are able to export directly, are often large agricultural firms. Although with EU support significant progress has been achieved regarding trade liberalisation and regulatory approximation in areas such as sanitary and phytosanitary matters and reduction of technical barriers to trade, nevertheless the necessary institutional framework for complete implementation and oversight of these new provisions is still weak.

**Finding 4.1: Trade competitiveness of the agri-food sector increased, although diversification was limited**

The main agricultural exports still primarily comprise low added-value products such as cereals and seeds and low-priced unprocessed material. The size of the processing sector (excluding wine) in exports is relatively small and so export diversification into higher added-value products was relatively small. The competitiveness of product groups that previously were often already competitive (such as cereals, oils seeds, fruits and vegetables) improved further, which also resulted in significantly increased exports of these products to the EU market.<sup>51</sup> However, exports of animal products (meat, fish, hides) and sugar

<sup>51</sup> As measured with the revealed comparative advantage values, see Annex 2 JC 4.1 for more elaboration.

reduced, which mainly reflect the lack of skills and experience of exporting to the very demanding EU market and inability of Moldovan producers to meet the requirements for exporting to the EU.

An important issue in terms of competitiveness has been the slow development of productivity. Low productivity has hampered growth in the agricultural sector particularly, as Moldova has been unable to maintain steady productivity growth. Next to limited access to land, low productivity and competitiveness levels are compounded by limited access to other inputs such as water/irrigation, finance, technical inputs, support services and quality workforce. Poor access to irrigation due to deterioration of state-run irrigation systems over the last decades has become a serious impediment in the process of transition to higher-value agriculture and consequently higher returns. Difficulties with irrigation tend to cause crop yields to drop much below their potential.

The most competitive producers (those who are able to export directly to the EU) are often large agricultural enterprises that are fully integrated – from producing to storing and packaging – with technical and managerial capacity. Although technologies for high-class production are available and in use by some of the most advanced producers, small-scale farmers, for the most part, have not adopted them. Moldovan SMEs in general find it difficult to engage in exports and access the EU market.<sup>52</sup>

The EU supported trade liberalisation and regulatory approximation to the EU acquis. Moldova made significant progress regarding adoption and implementation of EU acquis in several areas, such as sanitary and phytosanitary matters and technical barriers to trade. Despite some EU support, the necessary institutional framework for complete implementation and oversight of these new provisions is still weak.<sup>53</sup> As a result, agri-food producers continue to face challenges in meeting EU market demands, and the agri-food sector as a whole is facing problems with creating market institutions; establishing marketing and distribution channels; meeting EU quality, veterinary and phytosanitary standards; and building the administrative capacity to support these processes.

#### **Finding 4.2: EU support contributed to improved conditions for production, processing, and marketing through development of infrastructure and agricultural service delivery**

During the evaluation period agricultural production experienced considerable growth (almost 27%), reaching about EUR 1.6 billion in 2019. As made evident by the evaluation's survey results, also the quality of food products improved: most respondents trust Moldovan production more than before. Nevertheless, although agricultural output generally grew, the average annual growth has been varied among individual sub-sectors and across production years. With a general growth of 42%, crop/plant production fuelled the growth in output, followed by agricultural services which grew by 37% during the evaluated period. Sunflower seed production doubled, production of seed fruits and grapes tripled, and the production of nuts during the same period grew by eleven times. Nevertheless, the contribution of animal husbandry to the economy declined during the previous decade as production fell.

The large fluctuations with regard to production output between various years were mainly due to the sector's high vulnerability to weather conditions. Initial data of 2020 suggest a fall of 27% in agricultural production compared to 2019. The volatility is generally increasing based on the weather-dependence of agricultural products and poor irrigation. The largest decline was in crop production which fell by 36%. In this regard, the Association Agreement envisaged increased cooperation towards improving water quality and agricultural irrigation. Accordingly, the water resource management environment benefited greatly from EU support. Further to development of the legislative framework, EU investments were also directed towards construction of public water supply and sanitation infrastructure in rural areas. Nevertheless, irrigation has not really been at the focus of EU support. Along with improvements in the availability of

<sup>52</sup> EU4Business Secretariat, 2018. Investing in SMEs in the Eastern Partnership Country Report 2018: [https://www.euneighbours.eu/sites/default/files/publications/2018-07/annual\\_report\\_2018.pdf](https://www.euneighbours.eu/sites/default/files/publications/2018-07/annual_report_2018.pdf)

<sup>53</sup> Commission Staff Working Document, Individual reports and info sheets on implementation of EU Free Trade Agreements Accompanying the document. Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Implementation of EU Trade Agreements 1 January 2019 – 31 December 2019. SWD/2020/263 final, and interviews EU stakeholders, local business development associations.

irrigation, it would be necessary to improve the managerial capacity and ability of farmers to produce profitably given the cost of water and irrigation management.

During the evaluation period both large and small agri-food producers managed to increase production volumes. Yet larger enterprises (with more than 10 ha) managed to increase their production proportionately far more than smaller producers. This again is related to productivity issues such as high land fragmentation and limited access to other inputs such as water/irrigation, finance, technical inputs, support services and quality workforce. These factors harm the ability of firms to adjust to weather and market shocks. Also, traditional cultivation methods used by smaller producers, with low levels of mechanisation and low productivity remain hampering factors for development of both local and international value chains. Infrastructural issues also include the road infrastructure. Although the road infrastructure has generally improved in recent years the quality of roads in Moldova is still poor.

With support from the EU including in particular technical assistance and credit facilities, entrepreneurship in the agri-food sector increased during the evaluation period. In the 2015-2019 period, the number of enterprises, along with their profitability, in the agri-food sector grew significantly. The largest increase in terms of the number of enterprises in the agriculture and manufacturing sectors occurred in the Autonomous Territorial Unit of Gagauzia where the numbers increased by 91% and 16% respectively. The Autonomous Territorial Unit of Gagauzia was followed by the Centre and North regions.

EU support to the agri-food sector (particularly the horticulture sector) has been significant and contributed to the expansion of the sector and increased resilience of producers. As a result of direct EU co-financing, under the Moldova Fruit Garden project, 614.29 ha of nut trees, 714.66 ha of orchards, 56 ha of berry plantations, 112.74 ha of vineyards and 45 ha of vegetables were established. This has been despite the slow start of the project primarily due to external factors such as political instability in the country.

Through agricultural subsidies (ENPARD), EU support has also helped the government to increase public funding directed to the agricultural sector in support of production, processing and marketing. The agricultural subsidies represent about 50% of total public support for agriculture and the subsidy fund increased by more than 50% since 2010. With support from ENPARD, 4,444 farmers/agri-food enterprises received subsidies for investments in processing and marketing of agricultural products, environmental actions, improvement of (post-harvest) infrastructure and holdings.

The EU has been providing substantial support to reform the agricultural vocational education through programmes such as ENPARD and DEVRAM (Development of Rural Areas in the Republic of Moldova), which among others set out to revise occupational and qualification standards, curricula, build the capacities of vocational education and training (VET) institutions and connecting the agri-VET education to the business community. These initiatives helped increase the quality of education and training courses, enhance the image of VET, and better prepare students for the labour market and private sector demands. The EU support targeted existent gaps and contributed to improved education, research and extension services in the agri-food sector, including facilitating information systems. Also, support was provided for improving educational, research and expansion services in the agricultural and agri-food sectors. Within this framework, new agricultural entrepreneurial curricula for the agricultural post-secondary colleges subordinated to the Ministry of Agriculture, Regional Development and Environment (MARDE) were developed and approved. ENPARD supported the design of the curriculum for the 'Fundamentals of Entrepreneurship' course for agricultural colleges. Currently the European Investment Bank is financing government investments into Moldova's horticulture training institutions via the Fruit Garden of Moldova project, which enables further modernisation of education in the horticultural sector. Also, in an attempt to improve access to knowledge and technical capacity, the government with EU support enhanced the provision of services through the rural extension services network.

Although EU support through initiatives such as the Fruit Garden of Moldova project contributes to lending in the country, Moldovan firms deal with significantly high costs and limited access to external funds.



Banks are the main providers of external finance to SMEs, accounting for more than 90% of the total supply of credit, with alternative sources of SME financing remaining limited. Domestic credit to the private sector in Moldova stood at only 23.5% of gross domestic product (GDP) in 2018, the second lowest value in the Eastern Partnership region; this is substantially lower than the EU average of 140%. Relevant to the agricultural sector is that banks typically do not accept land and plantations as collateral, and they perceive high risks when lending to the sector. Furthermore, the financial management competences of smallholders and family farms are very limited which also negatively influences their ability to access financing. As a result, SMEs have considerably less access to finance when compared to large enterprises.

#### **Finding 4.3: Development of new activities in rural areas has been limited**

The structure of agricultural production in Moldova changed during the evaluation period, which indicates a tendency towards increased share of intensive crops such as grapes, fruits, vegetables, tobacco, etc. and a decrease in the share of products that require less capital such as wheat, corn, sunflowers, etc.

Certain non-agricultural sectors have developed in rural areas; however, this has not been significant and the role of the agricultural sector as an employer has become even more prominent. During the evaluation period, there was a national (and regional) growth in the gross value of the motor vehicle trade – the largest economic sector in Moldova – along with construction. The contribution of manufacturing (including food processing) and agriculture on the other hand reduced slightly at the national level. The importance of the agricultural sector slightly reduced for the Northern and Central regions, while the sector became a stronger contributor to the economy of the South and the Autonomous Territorial Unit of Gagauzia.

The share of the employed population in non-agricultural activities reduced from 70% in 2014 to 64% in 2018. At the same time, agricultural enterprises grew significantly in rural areas; this sector has remained the most active in terms of entrepreneurship and employment. The increased importance of the agricultural sector in terms of employment occurred despite the slight reduction of agriculture's contribution to the GDP, which points towards the low productivity levels in the sector and growing subsistence farming. The value added per worker in the agricultural sector is one of the lowest when comparing to peer countries and worsened during the evaluation period.<sup>54</sup>

The EU has been supporting diversification of economic activity in rural areas through various measures. Among others the policy framework for rural infrastructure has been improved through the introduction of new subsidy measures. Also, the number and volume of locally driven rural development interventions increased significantly through initiatives such as the LEADER approach.<sup>55</sup> Nevertheless, the budget of these initiatives has been too small to fuel economically significant change.<sup>56</sup>

The LEADER approach has advanced and is gradually moving towards institutionalisation. Yet many challenges remain. There is still a lack of clarity with regard to state funding of the local action groups (LAGs) and the transfer of the LEADER system to local funding is a work in progress, while project development and approval processes need to be further optimised.

Taking the above-mentioned into account, the promotion of complementary engines of rural growth is limited, but of paramount importance. The focus on addressing barriers to productivity such as gaps with regard to irrigation infrastructure and access to finance has been limited. Addressing this may require further cooperation with IFIs to create additional financial leverage to address these gaps. Moreover,

<sup>54</sup> Data from the World Development Indicators database, RM National Bureau of Statistics.

<sup>55</sup> The main concept behind the LEADER approach is that, given the diversity of European rural areas, development strategies are more effective and efficient if decided and implemented at local level by local actors, accompanied by clear and transparent procedures, the support of the relevant public administrations and the necessary technical assistance for the transfer of good practice. <https://enrd.ec.europa.eu/sites/default/files/2B953E0A-9045-2198-8B09-ED2F3D2CCED3.pdf>

<sup>56</sup> Interview's stakeholders in the field including local authorities and implementing partners and LAGs.

agriculture will continue to play a central role in rural development, but there is a need to enhance focus on the whole range of rural income-generating activities.

### 3.2.2 EQ5: Democratic institutions and rule of law

*To what extent has EU support for Moldova contributed to strengthening the democratic institutions and good governance, including the rule of law?*

#### Overview of EQ5

EU support has been decisive in creating several necessary conditions for reforms:

- An improved legislative, regulatory and institutional framework;
- A more structured and harmonised framework for policy-making;
- An improved capacity and technical infrastructure in key institutions;
- The emergence of change agents in key institutions.

Successes are particularly visible in the following areas:

- Improved border management leading to the introduction of a visa-free regime in 2014, benefiting over 2.5 million citizens according to the EU,<sup>57</sup> which is close to the total population of Moldova (2.7 million including the Transnistria region);<sup>58</sup>
- Improved border management;<sup>59</sup>
- Rationalised and improved training of magistrates with the National Institute of Justice;
- Increased efficiency in the justice sector: Council of Europe European Commission for the Efficiency of Justice (CEPEJ) indicators are improving and most of them range around the European mean or average (depending on cases);<sup>60</sup>
- Increased capacity of and trust in the police service;
- Progress in key EU-supported human rights areas, primarily anti-discrimination, equality, fight against torture and fight against ill-treatment.<sup>61</sup>

However, these conditions have proven insufficient to create sustainable and broad changes from the perspective of the rights holders (impact on the citizens) or from the perspective of the duty bearers' performance (prevalent governance practices), despite extensive assistance and these issues being consistently raised in the various fora of EU–Moldova political dialogue. The rule-of-law-based governance supported by the EU competes (often unsuccessfully) with a deeply entrenched informal, parallel governance system of corruption, personal and political loyalties and privileges.<sup>62</sup> Public confidence in the ability to build and sustain the formal normative governance remains low.<sup>63</sup> The EU intervention logic (particularly under the first SSF considered) overlooked some of its own key assumptions which urgently needed to be tackled: the intervention logic assumed that the EU programmes would contribute to an eventual and progressive diminution of political interference, to the

<sup>57</sup> European Union, Facts and Figures about EU-Moldova relations [https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-03/eap\\_factsheet\\_moldova.pdf](https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-03/eap_factsheet_moldova.pdf)

<sup>58</sup> <http://statistica.gov.md/newsview.php?l=ro&id=6416&idc=168>

<sup>59</sup> Annex 2, JC 5.1, Indicators 5.1.7, 7.4.2.

<sup>60</sup> <https://www.coe.int/en/web/cepej>

<sup>61</sup> Annex 2, JC 5.4, Indicators 5.4.2, 5.4.3.

<sup>62</sup> For general discussion about the mechanisms of informal governance as they relate to governance context, please refer to overview by the Basel Institute of Governance (<https://baselgovernance.org/public-governance/research-projects/informal-governance>). Specific guidance on integrating informal governance into politico-economic analysis is provided in multiple methodological materials, for example: 'Political Economy Analysis – Guidance for legal technical assistance,' Lisa Denney and Pilar Domingo, ROLE UK, (available online at: <http://www.roleuk.org.uk/sites/default/files/files/PEA%20-%20Guidance%20for%20legal%20technical%20assistance.pdf>).

<sup>63</sup> Annex 2, Judgment criterion 5.1, especially indicator 5.1.4. Also see <http://bop.ipp.md/en>

strengthening of functionally independent public bodies, and to receding collusion of political and business interests over time. In the governance area, EU-supported initiatives have not very successfully competed with the existing informal system, competing with the legal order. This is in part due to the shortfalls of the EUs' results chain and monitoring framework, the time needed to adapt the EU's intervention logic (new approaches, their translation into programming, and the implementation of the corresponding programmes), and limited analysis of its own assumptions and of the structure of incentives and power. These shortfalls have curtailed the EU's ability to effectively support the predictability of the legal order and of its consistent application – and in turn, the EU has not always been able to provide sufficient incentives to transformative change beyond technical, legal and institutional adaptations to match the EU treaty-base.

#### **Finding 5.1: The EU supported Moldova successfully in improving public finance management**

The EU supported the implementation of the PFM reforms in Moldova, which aimed at enhancing transparency of and accountability in Moldovan public finances. Improvements in public finance policy were expected to contribute to the maintenance of fiscal sustainability and the promotion of economic policies, a necessary condition in support of Moldova's efficient growth and development in the medium and longer term. The EU–Moldova ENP Action Plan defines the strategic objectives of political, economic and institutional reforms. Sound management and control of public finances, as well as improved PFM and transparency, are key political dialogue and reform areas of the ENP Action Plan.

Although the political context in Moldova was complex PFM has improved during the reference period and EU support contributed to this achievement. A key programme was the sector reform contract 'Support to Public Finance Policy Reforms in Moldova'. The programme assisted the government (notably the Ministry of Finance), Parliament (notably the Committee for Economy, Budget and Finance) and the Supreme Audit Institution (Court of Accounts) of Moldova in the process of enhancing good governance, effective fiscal policy, transparent and accountable public finance policy and strengthened PFM systems. The programme was composed of a technical assistance to the Ministry of Finance, Court of Accounts and Parliament – a grant project on oversight of public procurement and a technical assistance to the Court of Accounts. The budget support programme was implemented immediately after the large-scale banking fraud equivalent to 13% of GDP, which was brought to light in 2015. There were different suspensions and delays in disbursements of tranches<sup>64</sup> but, nevertheless, the programme showed to be successful. Coordination with the other two main providers of external budgetary resources, International Monetary Fund (IMF) and World Bank, as well as the EU macro-financial assistance programme enabled an increase in the impact of the policy dialogue on those issues.

EU support contributed to satisfactory implementation of the national PFM Reform Strategy 2013-2020. The Ministry of Finance made substantial progress in improving medium and annual budgeting, macro-economic forecasting, enhancing debt management, initiated the introduction of new public sector accounting standards aligned to international standards as well as increasing budget transparency. In 2016 the Ministry of Finance launched the citizens budget, and in 2017 Moldova enrolled for the first time in the international Open Budget Index survey. Those achievements were made thanks to a good definition of the specific indicators under the budget support programme together with a strong commitment of the Ministry of Finance to the agreed reforms: 96.9% rate of implementation of the specific conditions under the responsibility of the Ministry of Finance was achieved.

Technical assistance provided to the Ministry of Finance helped adapt procedures to international standards. EU support assisted the beneficiaries in the process of enhancing good governance, effective

<sup>64</sup> After the disbursement of the first fixed tranche late 2014, the EU suspended further payments in 2015 under the condition of a conclusion of an IMF programme. The latter was aimed at maintaining macroeconomic stability and stabilising banking sector. Following the agreement on the IMF programme late 2016 the EU disbursed the 1st variable tranche in December 2016. After the payment of the 2nd variable tranche in December 2017, the disbursements were suspended again on the back of a deterioration of the democratic standards and rule of law as well as a suspension of the IMF programme in 2018. The last variable tranche was released in 2019 following the appointment of Mr Sandu's government.

fiscal policy, transparent and accountable public finance policy and strengthened PFM systems. Public internal control and internal audit practices were further enhanced with the support of the EU Twinning project which ended in September 2019. Technical assistance supported audit capacities as well and enhancing the internal organisation of the Court of Accounts in application of 2018 Law on the Court of Accounts. In collaboration with SIGMA, an agreement was reached to carry out in 2020 a first ever peer review of the court with the aim to prepare a new multiannual institutional Strategic Development Plan post 2020.

Following continued policy dialogue since 2015 and the leverage of the EU macro-financial assistance programme, a dedicated structure was created within the Parliament for overseeing public finances through the review of the Court of Account's reports. However, the implementation of the specific conditions under the responsibility of the Parliament of the Support to Public Finance Policies Reform Contract was not satisfactory with a 16% execution rate. The main reasons were a lack of commitment of the Chairman of the Parliamentary Commission on Economy, Budget and Finance but also a sub-optimal formulation of the indicators. EU did not provide direct support to local governments in; however, the EU also supports regional development councils (made up of local authorities, businesses and civil society), which oversee public procurements, and thus decentralises the power of the Ministry of Agriculture, Regional Development and Environment.

**Finding 5.2: Sector reform programmes (budget support programmes) have a strong potential to incentivise changes in the governance sector although this potential is not always realised**

Budget support operations programmed to support the governance and VET sector were coherent with the intervention logic of the sector, and complementary with other support programmes.

- The 'Support to police reform in the Republic of Moldova' programme was unanimously considered by interviewees and reports as a necessary condition which made the ongoing reforms in the sector possible.
- Likewise, the 'Support to the implementation of the vocational education training strategy' programme was instrumental in putting the reform high on the successive governments' agendas and accelerating the implementation of policy changes on vocational education training (VET).
- The 'Support to public finance policy reforms' programme was implemented successfully despite some delays in disbursement of tranches. Interviewees and disbursement reports showed that this programme constituted a decisive incentive for the reform of public finances.

However, several budget support programmes faced major delays and/or suffered from interruption of disbursement and/or reduction of tranches disbursed. An example is the justice sector, where some of the most important targets (reform strategy, constitutional amendments, increase of public trust in the judiciary, judicial independence) were not met or not met in time.<sup>65</sup> No achievement of triggers led to the decision of 'zero disbursement' of the third and fourth tranche instalments in 2017. As a result, a sizeable share of funds has not been disbursed, and another share of the funds was disbursed with delays.<sup>66</sup>

Reasons for delays and interruption of disbursements of budget support operations were related to the non-fulfilment of the general and specific conditions for disbursement of tranches. No disbursements under budget support operations took place in 2015 due to a significant deterioration of the macro-economic and governance situation. In the short term, the government could not negotiate a new agreement with the IMF, which was put by the European Commission as a precondition for resuming budget support operations (a new agreement was only achieved towards the end of 2017). Furthermore, during 2017, there was close coordination with DG ECFIN to ensure that the main policy goals, aimed by

<sup>65</sup> At the time of drafting this report draft constitutional amendment and a draft strategy were prepared, but their adoption has been pending.

<sup>66</sup> see Annex 2 indicator 3.3.1

the EU assistance, were reflected in the conditionalities for a new EU macro-financial assistance programme for the Republic of Moldova that was designed and agreed upon. The Joint Statement by the European Parliament, the Council and the Commission regarding the planned macro-financial assistance also emphasised conditionalities related to effective democratic mechanisms, including a multi-party parliamentary system and the rule of law and guarantees for human rights.

Further to the problematic political context, the evaluators reported a weak understanding of the budget support instrument by some Moldovan partners (particularly line ministries) as observed during the first half of their evaluation (with the older budget support interventions). However, a progressively and better understanding of budget support interventions was achieved during the second half of the evaluation. The police reform budget support is a good example of that: after a period of adjustment, the stakeholders understood that the budget support programme was not meant to directly finance the investments necessary for the implementation of the reform, but rather act as an incentive to reward these investments once completed, which in turn sped up human, financial and technical efforts towards the variable tranche targets.

Interviews with stakeholders confirm that, although budget support programmes faced challenges, the associated conditionalities and the policy dialogue platforms created have enhanced the policy dialogue with EU. The EU clearly demonstrated that disbursement of funds is related to progress in democracy, transparency in the management of public finances, and other related conditions.

**Finding 5.3: EU support has contributed to the normative framework creating the basic conditions for an independent, effective, efficient and accountable governance sector**

The external evaluations and ROM reports, interviews and project reports converge in an understanding that the expert and technical assistance from the EU, the fundamental normative framework (legislative, regulatory and institutional) played a decisive role pushing for the key changes that were adopted during the evaluated period. In particular, the technical expertise of EU-supported projects, as well as the policy dialogue and advocacy created conditions that no other actor appeared capable of, ahead of the adoption of key laws or legislative amendments, and of key by-laws in the areas of justice reform (in particular judicial governance bodies), police (in particular human resource management in line with the budget support indicators), visa liberalisation and border management liberalisation (all normative changes required by the Visa Liberalisation Action Plan), anti-corruption (in particular the legal and regulatory framework of anti-corruption agencies), public finance management (in particular public procurement, oversight/control) and media governance (especially audio-visual media).

Since the April 2014 lift of visa obligations for Moldovan citizens to travel in the Schengen zone (on the condition of possessing a biometric passport) and the introduction of biometric passports, more than 2.5 million Moldovan citizens have travelled visa-free to the Schengen area.

In the justice sector, human rights, police reform, border management reform, anti-corruption and public administration – most of the laws and regulations which have been adopted during the evaluated period – have benefited from one or several of the following types of support from EU projects, identified through the sampled interventions:

- High-level advocacy conducted with the line ministries, Parliament, and the general public (e.g. through the media) in the frames of the political and policy dialogue. In support of the government to implement its reform agenda, the EU HLAs' mission, although a part of technical assistance efforts, indirectly contributes to the policy dialogue. It aims to strengthen policy-making at sector level and therefore directly enhances the preparedness of the government representatives to engage in the policy dialogue with EU officials;
- Joint preparation of draft legislation/by-laws by Moldovan civil servants, and experts funded by the EU (including technical assistance and Twinning key experts, high-level advisers, experts mobilised from



among the civil society thanks to EU grants, experts from international organisations working on EU-funded projects);<sup>67</sup>

- Commentaries of draft legislation/by-laws by EU-funded experts;
- Conditionalities (in particular budget support fixed and variable tranche criteria, but also cases in which the adoption of a law is presented as a precondition for the launch or continuation of another type of project).

Most of these normative acts focus on the institutional set-up of the governance sector, the procedures applicable to the relevant institutions, and the definition of key concepts and issues enabling these institutions to perform their missions. The Law on the Prosecution Office (before the 2019 amendments), the Law on prevention and combatting money laundering and terrorism financing, the Audio-visual Media Service Code, the Customs Code or the Career Guide to the Police, are a few examples.

However, EU support and advocacy has not succeeded in convincing the stakeholders, particularly in Parliament, to bring the normative framework fully in line with all European standards, especially for independence and transparency of the judiciary and its internal governance. During the evaluated period, there have been repeated instances when the Parliament amended draft legislation to the detriment of progress towards European standards.<sup>68</sup> Such instances have regularly been the subject of discussion in relevant sub-committees and/or raised at political level in exchanges with Moldovan stakeholders. Overall, most interviewees were ambiguous about the normative framework under which they operate. They agree that the Moldovan normative framework is generally satisfactory and that the most important problems lay with implementation – but they also almost systematically said that seemingly small details in this normative framework create loopholes that enable reticent actors to circumvent it or use it to the detriment of the rule of law and good governance.<sup>69</sup>

Analysing the reporting and stakeholder opinions on the sampled interventions, and cross-referencing it with expert and civil society publications, the ET found that the normative framework supported by the EU generally creates the conditions necessary for rule of law and good governance. With a few exceptions it enables stakeholders to discharge their functions in accordance with European standards. In this sense, the EU–Moldova cooperation contributed to creating enabling conditions.

However, in Moldova, the underlying competition between the formal, normative governance system and informal governance with high prevalence of corruption, compounded by the polarisation of the political spectrum, means that seemingly minor legal provisions are systematically exploited to the detriment of the rule of law and good governance. As a result, two key assumptions of the EU's intervention logic that are particularly crucial for good governance and the rule of law (absence of political interference into functionally independent public bodies, absence of collusion of political and business interests) have not been realised, which in turn undermines the effectiveness and impact of the intervention in the governance field. That situation is particularly concerning in the justice sector. The appointment of judges is an illustrative example. A 5-year 'probation' period before life tenure does not contravene international law; some even consider it a healthy part of the justice system to 'get rid of the rotten apples', as one interviewee put it. But it can also be used by a compromised system to put pressure on the agents of positive change, undermine the functional independence of judges, and instrumentalise the judicial system: as the Venice Commission, the Council of Europe (CoE) Committee of Ministers and the

<sup>67</sup> There are currently nine High level advisers in the sectors of anti-money laundering, anti-corruption, confidence building measures, customs and tax policy, education and research, energy, financial services, justice and prosecution, local public administration reform.

<sup>68</sup> Annex 2, Judgment criterion 5.1, especially indicator 5.5.1. See also Evaluation of ENPI/2012/023-420; Venice Commission Opinion of 2020 on the Draft Law on amending and supplementing the constitution with respect to the superior council of magistracy; Venice Commission Opinion of 2019 on the Draft Law on the reform of the Supreme Court of Justice and the Prosecutor's Office; Venice Commission recommendations on Moldova 2014.

<sup>69</sup> Annex 2, Judgment criterion 5.1.



Consultative Council of European Judges (CCEJ) pointed, 'probationary periods for judges in office are problematic from the point of view of independence'.<sup>70</sup>

**Finding 5.4: Cooperation with the EU, including policy dialogue, policy support and conditionalities, have contributed to the emergence of a policy-making framework, but without sustainable capacities and political will to elaborate and implement them. Policy documents are no guarantee of reforms**

During the reference period, the EU has supported the whole chain of public administration reform:

- Some (modest) support to election monitoring addressed the issue of the legitimacy of the political personnel, which is at the root of commitment to reforms but is intensively covered by other donors;
- Policy formulation and planning has been in the limelight, with the HLAs' mission and several projects focusing on capacity building for policy-making, reform planning and coordination;
- One project – Twinning – worked on the role of Parliament in mirroring the policy visions in new or amended legislation, and on parliamentary oversight of the executive;
- By implementing a Sector Reform Programme for the public finance management;
- Civil service reform was supported mostly through human resource-centred interventions working on capacity, motivation, and performance management.

These priorities correspond to the classical components of public administration reforms in transition countries, along the lines promoted for instance by SIGMA (EU/OECD). But their relative importance in the EU support to Moldova reveal the premium placed on policy-making and efficiency issues, in a context where efficiency gains appear paramount for a public service plagued by high emigration, further compounded by the high turnover at senior level, mirroring political instability, and by low budgetary capacity. The 'moratorium' on new hires in the public service (which followed a budgetary crisis that materialised because of the bank fraud, among other things), while rendering efficiency gains all the more necessary, also created additional constraints on the public administration.

With the two SSFs under consideration, particularly during the 2017-2020 SSF, the EU has invested in supporting Moldova's policy-making, policy coordination and policy steering (monitoring and oversight of implementation) capacities, because earlier evaluations and experience had concluded that this aspect created both a gap and an obstacle to the implementation of reforms.

Several sectoral interventions have had a policy-making or policy coordination component: for instance, the police support intervention, or the justice support intervention. In addition, the EU has dedicated specialised projects to horizontal policy-making capacities throughout the government. In 2014, the EU launched a capacity-building component on the management of EU institution building programme. The most recent example is the technical assistance on 'Support to policy dialogue, coordination and the implementation of the Association Agreement' signed in 2020. But the flagship project of this effort has been the HLAs' mission. According to all interviewees, the HLAs are highly effective in terms of support for policy formulation at the highest level (Minister/Deputy Minister) and have greatly facilitated the horizontal coordination of policies. Their presence in the key ministries and agencies has created some connections between senior managers, but also between complementary EU-supported projects which were otherwise evolving in silos. The justice and anti-corruption sectors are good examples of the HLAs' role. Police reform offers a semi-experimental example: while there was an HLA both in the Ministry of Interior and with the General Police Inspectorate, the achievement of targets was smoother, and the

<sup>70</sup> European Commission for Democracy through Law (Venice Commission), Council of Europe, Opinion No. 983 / 2020: Republic of Moldova, Joint opinion of the Venice Commission and the Directorate general of human rights and rule of law of the Council of Europe on the draft law on amending and supplementing the constitution with respect to the superior council of magistracy.

Recommendation CM/Rec(2010)12 of the Council of Europe Committee of Ministers to Member States on judges: independence, efficiency and responsibilities.

Opinion No. 1 (2001) of the Consultative Council of European Judges (CCJE) on Standards Concerning the Independence of the Judiciary and the Irremovability of Judges, para. 48.

consultation and steering of policy between the ministry and the inspectorate took place in an appeased manner, without the police fearing for its independence. Most interviews and project documents suggest certain backsliding since the closure of the HLA position in the Inspectorate coincided with the change of government: the HLA mission became estranged from the technical level of the police service, and interaction between the ministry and the Inspectorate reportedly became less fluid.

The support of HLAs and policy-oriented projects have also contributed to the emergence of a more harmonious framework for key policy documents. The structure of the documents is more constant, and their comparability across sectors has improved. Yet, most interlocutors and reports point to issues regarding the content of the policies at strategic level: with a high turnover of senior staff in most ministries and agencies,<sup>71</sup> the capacity that was built in terms of strategic planning is not always retained. The frequent change of political leadership, and the still blurry frontier between political appointees and civil servants also mean that the actual strategic objectives of a given ministry or agency may abruptly change, regardless of the official validity of a strategic document. These phenomena render some key objectives or measures foreseen by adopted policies moot.

**Finding 5.5: EU support has been instrumental in developing the necessary capacities and infrastructure in the governance sector, which in turn has improved the effectiveness and efficiency of some public services thanks to a pool of committed change agents**

The cooperation with the EU has enabled several key institutions, which constitute cornerstones of the rule of law and governance sector, to invest in their human resources, technical infrastructure and – to a lesser extent – internal working processes. For instance, in the justice system, EU projects supported some key capacity development: (a) training judicial professionals mostly through (or in partnership with) the National Judicial Institute, which created a pool of change agents (although their appointments and career paths, still constrained by the Superior Council of Magistracy, restricts their ability to contribute to change); and (b) digitalisation of key work processes such as the random distribution of cases and digitalisation of the case file management, increased the transparency and equity of case distribution, and the efficiency of judicial proceedings.

In the police service, the border police reform proved to be a ‘pilot project’ for the cooperation in overall reform of the law enforcement system – perhaps as an unexpected side impact of the visa liberalisation process. There was a strong commitment to certain core reforms, which is reflected in the strategy, then budget support was decisive for the complete rehaul of premises and vehicle equipment, and the initial police training is a key result of the Twinning with the Joint Law Enforcement Training Centre.

Throughout public administration, EU support facilitated a lot of training, and the deployment of a new performance management framework and associated working processes. The EU supported the civil service reform by pushing results-based management, organised around the performance scheme of the government. The results of this reform are visible through national monitoring of the sector strategies, as well as the annual plans of diverse institutions. However, some reports and interviews point to the difficulty in linking institutional and individual performance management – in other words, the place of civil service reform in the overall public administration reform needs to be solidified.

The key result of this effort is the emergence of a pool of change agents within most relevant public institutions, often at technical and mid-management levels (which was one of the key assumptions of the intervention logic). For instance, the Ministry of Justice and the judiciary can rely on a small body of committed civil servants, judges and prosecutors who identify with the reform objectives and have all benefited from EU-supported training, advice and exposure. To complement this, important training courses in the media sphere have contributed to the emergence and better recognition of investigative

<sup>71</sup> Annex 2, Indicators 5.1.8, 5.3.5, 7.1.1. Repeated concurrent interviews with Moldova civil servants, CSOs and EU support implementing partners.

journalism: there is now a small production of quality investigative articles that have the potential to back up the efforts of these change agents.

However, as they are placed under political pressure and at times disappointed with the delays incurred by the reforms, the resilience of the change agents within these cohorts diminishes and, according to interviewees in the justice sector, the human rights sector and public administration in general, their ranks are likely to thin out as years pass. Several respondents also pointed out that the turnover is very high throughout the public service, in all branches, both due to the interpenetration of the political appointments and the civil service, and to the incentive of higher salaries in the private sector.

There are examples where a pool of ready, willing and able professionals, combined with the evolution of the normative framework has positively impacted the effectiveness and efficiency of a few key services to the population. The management of border crossing points, the presence and work of the patrol police (although the reorganisation of the patrol police is still pending), the clearance rate and disposal time of cases before the courts, the identification and response to discrimination and ill-treatment cases by the Equality Council and the People's Advocate Office, are a few examples. Local-level services have also improved following the rationalisation of some public administration processes and financial flows between the central and local levels: 55% of our survey respondents think so (13% think they worsened, 26% that they stayed the same). Even in Parliament, where EU cooperation has faced dire political challenges and resistance to change, the Twinning reports demonstrate that the parliamentary administration staff is now better equipped to provide higher quality support to the Members of Parliament.

However, there are some significant gaps in the provision of effective, efficient, equitable services, among other reasons because capacity remains low in some key components of public services. The police reform is a good case study. While it has delivered its first results in terms of bringing the service closer to the citizens, and in terms of creating a better understanding of community policing, it is too early to speak of community policing being performed. This is because the staff who did not go through reformed initial training still lack some essential skills, because their supervisors at local level are often unfamiliar with and resistant to the concept, and because delegation of authority has not yet accompanied the decentralisation of the police service. Although the relevant conditions for disbursement were met, it will be crucial to build on this foundation following the end of the programme.

Importantly, the police reform as supported by the EU has not yet tackled analytical capacities, an essential component of modern policing. There is some country-level risk analysis performed at the General Police Inspectorate, but bottom-up data collection and analysis regarding threats and security problems has not been introduced. It has not been a priority of the EU's or any other donor's cooperation with the law enforcement sector, according to interviewees and to EU programmatic documents (budget support and complementary assistance). As a result, strategic planning, resource planning and management within the police station are insufficiently informed.

Another example is media support. According to all interviewees in this sector, while capacity has increased and financial support from the EU and other donors has helped media outlets until now,<sup>72</sup> the EU and other donors' support have not been able to propose structural solutions to unsustainable self-financing of media in Moldova, where the advertisement market and readership are too small to sustain a varied landscape of independent outlets. The Moldovan media market remains dominated by programmes produced abroad. The national or local media purchase the airing rights, translate the programmes to air them or air them in a foreign language. The audio-visual code, imposing a quota of Moldovan-produced programmes to national outlets, has helped a lot, but it does not concern regional and local outlets, which have a wide audience, particularly among the Russian-speaking population. The media's potential to fulfil a strong role for the accountability of the state therefore exists, but is not yet decisive.

<sup>72</sup> USAID. USAID: <https://www.usaid.gov/moldova/governing-justly-and-democratically>

In the justice sector, capacity gains have improved the efficiency of the justice,<sup>73</sup> but effectiveness remains very worrying,<sup>74</sup> with interviewees unanimously concerned over the poor quality of legal reasoning in judicial decisions and judgments. A review of the Moldovan cases before the European Court of Human Rights<sup>75</sup> shows that the quality of judgment is more often challenged (and ruled against) in Moldova, than in other countries of the region where procedural issues are more often challenged and ruled against.

Finally, a dire lack of horizontal cooperation (silo approach) and persistence of pyramidal decision-making structures impair the efficiency, effectiveness and the sense of responsibility in Moldovan institutions, according to interviewed civil servants and implementing partners. This situation is characteristic of several transitional countries, but it is particularly acute in the governance sector of Moldova.<sup>76</sup> EU-supported projects, which have had limited penetration into the workflows and internal processes of supported institutions, did not sustainably address these shortfalls, because they did not prioritise them nor did they sufficiently analyse these processes with change management in mind. Horizontal cooperation among ministries and institutions is not sufficient, especially where HLAs are not present. The EU-supported dialogue platforms partly bridge this gap, but they remain donor driven. They are reportedly dealing mostly with exchange of information, consultation, and at times coordination, but seldom with genuine cooperation (joint decision-making and implementation). Overall, there is a lack of domestically led, genuine debate leading to joint decision-making based on compromise.<sup>77</sup> While this is beyond the EU's control, it is not sufficiently taken into account or addressed in EU programming: according to several interviewees, the HLA mission does not cover all relevant ministries and institutions and have not succeeded yet to elicit ownership of horizontal cooperation within the executive.

The lack of horizontal cooperation is mirrored at the local level: for instance, interviewees and reports point to the severe difficulties to facilitate cooperation among municipalities or localities.

**Finding 5.6: Despite the combined efforts of the EU and key change agents, the existing power and incentive structures make the rule of law sector vulnerable to corruption, which continues to impair its independence, effectiveness and accountability**

With the EU's support, Moldova has set up a complex governance architecture designed to contribute to the rule of law by protecting the constitutional, legal and democratic order against corruption. In the general public service (from public administration to justice and policy), there are now anti-corruption regulations and efforts within to gradually uproot corruption from their midst. But these 'generalist' institutions, especially the justice system and the police, are not used as the guarantors, actors or leaders of the overall anti-corruption system.

Unlike other countries, and because of persisting concerns over the independence, impartiality and integrity of the existing rule of law actors (particularly the magistrates), Moldova – supported by the EU – has created a firewall between anti-corruption institutions and the rest of the rule of law system (in particular the police and the justice). This architecture is made up of a set of independent specialised institutions (even the specialised anti-corruption prosecution, within the General Prosecutor's Office, enjoys vast functional independence), which are tasked to prevent, investigate and prosecute corruption

<sup>73</sup> Annex 2, Judgment criterion 5.1, especially Indicator 5.1.2. Also see [https://public.tableau.com/profile/cepej#!/vizhome/CEPEJ-Countryprofilev1\\_0EN/CountryProfileA4part1](https://public.tableau.com/profile/cepej#!/vizhome/CEPEJ-Countryprofilev1_0EN/CountryProfileA4part1) and CEPEJ Moldova Country profile and European judicial systems Efficiency and quality of justice CEPEJ STUDIES No. 23 Edition 2016 (2014 data); European judicial systems CEPEJ Evaluation Report 2020 Evaluation cycle (2018 data); Project reports (349066 ATECO, PGG CEPEJ).

<sup>74</sup> Evaluation reports (PGG CEPEJ, Four Justice support technical assistance projects).

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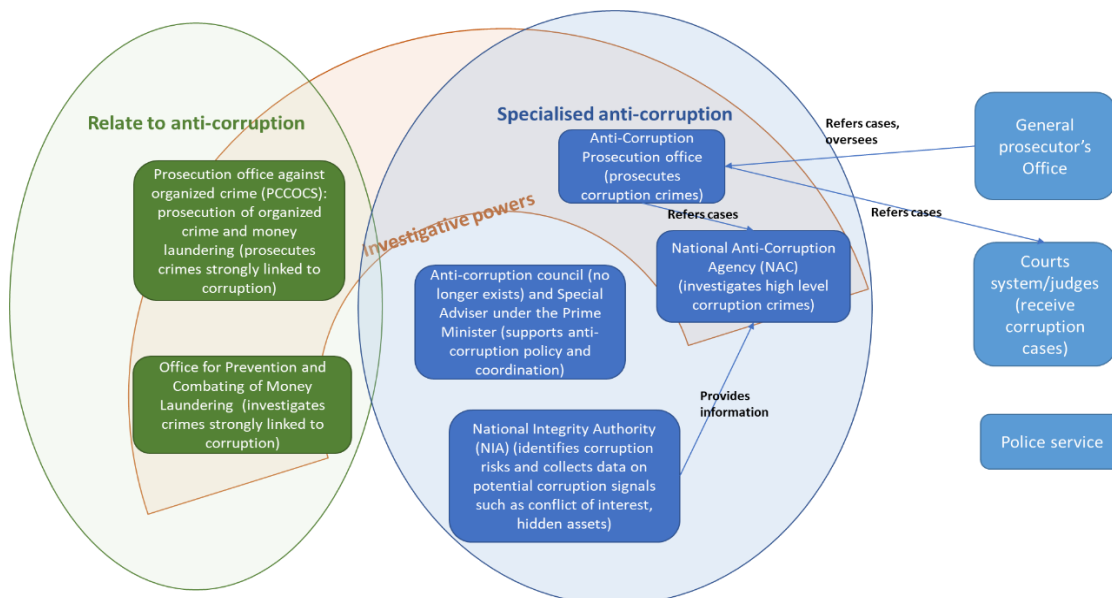
<https://hudoc.echr.coe.int/eng#%7B%22fulltext%22:%5B%22Moldova%22%2C%22documentcollectionid%22:%5B%22GRANDCHAMBER%22%2C%22CHAMBER%22%22%2C%22typedescription%22:%5B%2212%22%22%7D> Also confirmed by interviews.

<sup>76</sup> Annex 2, Judgment criteria 5.1, 5.2. and 5.3. Analysis of the Moldovan Government Action Plan for 2020-2023 (platform of CSOs) [https://eap-csf.eu/wp-content/uploads/Analysis-GAP\\_2020.pdf](https://eap-csf.eu/wp-content/uploads/Analysis-GAP_2020.pdf), and GRECO (Group of States against Corruption) Reports on Moldova (all), and International Commission of Jurists, 2019, 'Only an empty shell – the undelivered promise of an independent judiciary in Moldova', and CEPS, 2019: Integrity on Trial: Judicial reform in Georgia, Ukraine and Moldova (Steven Blockmans, Nadejda Hriptievshi, Viacheslav Panasiuk and Ekaterine Zguladze).

<sup>77</sup> Annex 2, indicators 1.1.2, 1.1.3, 5.3.6, 7.1.1 and Judgment criterion 3.3 in its entirety.

in all branches of the three constitutional powers (the executive including all civil service, the legislative and the judicial) and in the society in general. The cooperation with the EU with its intermediate results described above (normative framework, capacity, pool of change agents) has been instrumental for the establishment of these institutions. The budget support conditionalities, along the objectives of the Association Agreement, have created a game-changing incentive to set up anti-corruption bodies.

Figure 3: Anti-corruption bodies supported by the EU in Moldova



These institutions form a complex system of mutual checks and balances: many of their members come from the institutions where they are supposed to fight corruption (such as the justice system), but because corruption and personal or political affiliation are so widespread throughout these state institutions, the degree of trust in their ability to curb corruption has been limited.<sup>78</sup> Besides, their independence and specialisation could have resulted in a lack of accountability, which would have been unacceptable in a democracy. Multiplying specialised anti-corruption bodies has been a way to overcome this dilemma: specialised anti-corruption bodies have complementary mandates, but they are also expected to hold one another accountable. The criminal investigation against the former head of the Anti-corruption Prosecution Office in 2019 to early 2020<sup>79</sup> is an illustration of this assumption put into action. But most interviewees considered it unsustainable for a country the size of Moldova to maintain so many specialised anti-corruption bodies. However, most advise against a new overhaul of the anti-corruption architecture, suggesting instead to allow the core of motivated and trained civil servants to properly 'inhabit' their role and unroll functional processes.

The analysis of indicators, document review and most interviews related to anti-corruption also indicates that the complementarity between the anti-corruption bodies is marred by several factors:

- Uneven level of development of the various bodies;
- Lack of clarity and absence of consensus as to the delineation of their respective mandates;
- Personal and institutional rivalries;
- Lack of initiative in cooperation and coordination (a protective 'silo approach').

The 'generalist' rule of law system (the system of courts, the General Prosecutor's Office, the police service) is not integrated in this architecture, and interviews show that its stakeholders feel at best estranged, at worst disavowed and threatened by this separate architecture. This does not create an incentive to play an active role in anti-corruption: the interviewed judges, prosecutors and the police feel

<sup>78</sup> Evaluation Survey, questions 20, 23, 26, 27. Annex 2, indicators 5.2.2. and 5.2.3. See also <https://ipp.md/old/lib.php?l=en&idc=156>

<sup>79</sup> <https://www.coe.int/en/web/corruption/anti-corruption-digest/republic-of-moldova> GRECO monitoring.



that the investigation and prosecution of corruption at large is not part of their mandate. As a result, petty corruption – ‘everyday corruption’ which citizens perceive most directly, and which ought to be handled by the general police and justice system – either falls through the cracks of the ‘generalist’ justice system or jams the capacities of the specialised agencies with mundane cases.

Meanwhile, all interviews, publications and EU documentation, including public statements and EU Parliament resolutions, acknowledge that a parallel system of personal and political loyalties prospers in Moldova, particularly within the justice sector.<sup>80</sup> What many interviewees refer to as ‘the system’ still successfully competes with the legal order of functionally independent magistrates. For instance, mid-level managers in the judiciary (in particular court presidents) still effectively control the distribution of cases.<sup>81</sup> The independence of judges is marred by this system, and the problem is compounded by the 5-year probation period of judges being used as a threat. The prosecution service is still heavily hierarchical and the functional independence of prosecutors, while guaranteed in law, is severely curtailed by a pyramidal structure with strong traditions.<sup>82</sup> Interviews and document review point to the existence of a sizeable and active minority of change agents within the justice system, including among judges and (to a lesser extent perhaps) prosecutors, who struggle to protect their functional independence. Means of pressure include, for instance, the distribution of technical and human resources (from assistant judges and assistant prosecutors to computer and heating) or repeated requests to share case files.

Accountability mechanisms, introduced in the normative framework with the advice and advocacy delivered during EU-financed programmes, are very detailed, both in the legislation and in the regulations, and the support of EU projects as well as by initiatives of other international partners have clearly contributed to this outcome. However, these mechanisms are reportedly used by corrupt individuals, not to combat corruption, but as a tool to keep compromised judicial actors in line within the informal system of personal loyalties and dependencies. For instance, the long-lasting debate about a general vetting of all sitting judges (but not prosecutors), while presented in the Moldova Government Action Plan 2020-2023 as a way to tackle corruption at its roots, acts as a threat to the judges who do not comply with the illicit system of loyalties. The accountability of the judiciary therefore exists, but it is double-edged; it is unclear whether judicial professionals are accountable before the law or before an informal loyalty system. There are several accounts of performance appraisal, and distribution of cases being used as means of pressure and subjugation of magistrates, because the EU-financed IT platform for digitalised random distribution of cases is circumvented by, for instance, manually putting magistrates on leave. According to several interviewees, the most morally principled judges and prosecutors act at the same time as victims and competitors of this informal system. The EU interventions have therefore contributed to key normative provisions and technical instruments meant to increase accountability within the justice system, but these provisions and instruments have not sufficed to secure effective accountability.

In the judiciary, and according to some interviewees in various public sectors, this ‘system’ constitutes a successful competitor to the legal order, because it is at least as predictable – if not more. While resisting pressure of ‘the system’ is sure to result in informal but tangible repercussions, yielding to it is unlikely to result in disciplinary or judicial sanctions. And once a public servant is compromised, even in petty corruption, their vulnerability to the system is multiplied by existing accountability mechanisms, which can be selectively weaponised by the corrupt functionaries to exert pressure on dissenters. Thus, the benefits of integrity are distant, whereas protection through personal loyalties is immediate. In this sense, the EU’s intervention logic which puts the fight against impunity on top of its priorities, is fully relevant, and needs

<sup>80</sup> Examples of statements include: 2018 Statement by the HR/VP Mogherini and Commissioner Hahn on the invalidation of the mayoral elections in Chisinau; P8\_TA-PROV(2018)0458 Implementation of the EU-Moldova Association Agreement European Parliament resolution of 14 November 2018 on the implementation of the EU Association Agreement with Moldova (2017/2281(INI)) and European Parliament resolution of 20 October 2020 on the implementation of the EU Association Agreement with the Republic of Moldova (2019/2201(INI)); EEAS 2017 Press Release: Moldova: EU cuts budget support programme for justice reforms.

<sup>81</sup> Annex 2, Indicator 5.1.1; Repeated concurrent interviews with judicial officials, CSOs, Moldovan civil servants and EU support implementing partners.

<sup>82</sup> Annex 2, Indicator 5.1.1. Repeated concurrent interviews with judicial officials, CSOs, Moldovan civil servants and EU support implementing partners.



to apply both to high-profile and smaller cases – but achieving impact is a long-term enterprise, while rewarding personal loyalties and chastising independence takes place routinely.

Intensifying the support to civil servants in anti-corruption agencies, boosting cooperation among these agencies, and nurturing a body of change agents throughout the rule of law system are human resource-intensive tasks and will not yield immediate or spectacular results – but they remain the only way to better compete with the existing ‘system’.

Interviewees’ opinions, cross-referenced with the analysis of project reports in sampled interventions, have shown that EU implementing partners have sometimes lacked a comprehensive aptitude for continuously assessing the implementation context. They have not always adequately analysed the links of corruption, loyalties and actors who are compromised, which they are competing with. Implementing partners’ reports, budget support monitoring and EC reports do not clearly bring together context analysis and impact-level monitoring of their interventions. During our evaluation, the ET has repeatedly heard or read EU project experts blame the ‘heritage of the Soviet system’ for the mentioned shortfall. But this shorthand has outlived its validity, since the phenomenon of informal governance has been developing for almost 30 years since the dissolution of the USSR. Meanwhile, all interviewees agree that EU-supported projects require more detailed and in-depth analysis to design and implement intervention techniques that can effectively tackle this nexus and offer convincing incentives that create alternatives to informal governance for the Moldovan stakeholders. This analysis will also be essential for designing results and monitoring framework that can capture changes (rather than efforts towards change) in a more realistic fashion.

**Finding 5.7: With the impetus of EU support and key change agents, some necessary conditions for an independent, accountable, efficient and effective judicial system are met, but changes at impact level remain insufficient**

Overall, the necessary conditions for the independence and accountability of the judiciary have progressed, including at legislative and regulatory level, but they have not all been met.<sup>83</sup> The EU-supported efforts to bring the normative framework and the of the judicial officials in line with international and European standards have suffered from delays in the adoption of legislation, loopholes in the new legislative framework, and the intrusion of political and private interests in the decision-making processes.<sup>84</sup> Likewise, all efforts to penetrate the judicial system with advice, coaching and monitoring have had limited effects in terms of the independent and accountable performance of the justice system. Trial monitoring has encountered obstruction, which is symptomatic of an organisational culture that resists change. Training schemes have been successfully deployed, but the change created within the judicial structure mostly concerns the junior judges and prosecutors who went through reformed initial training.

The efforts aimed at increasing the effectiveness and efficiency of the judiciary have been more convincing: CEPEJ efficiency indicators are encouraging.<sup>85</sup> This is extremely important, because an efficient judiciary (which processes cases on time, with the available resources) is the condition for an effective judiciary (which renders decisions that uphold the legal order for the citizenry). The digitalisation of several processes (in particular the random distribution of cases, the recording of judicial acts, the judicial statistics, and the performance appraisal of magistrates) has been successful. All interviewees particularly praise the system of random distribution of cases to the judges, although they consider that it needs to be finetuned to better take into account the level of complexity and difficulty of the cases. This should enable fairer distribution of the workload and remove a tool of pressure from the hierarchy to the individual judges. Most interviewees further explain that the system can be circumvented; for instance, by manipulating the status of judges in the IT system (as absent or present, for instance) at the time of distribution of batches of cases.

However, the quality of judgments (which is another key condition for a judiciary that uphold the legal order) is reportedly uneven at best, among others because of capacity issues.<sup>86</sup> Although the reform of judicial training through the National Institute of Justice is a success story in terms of training a capable workforce of judicial practitioners in such a difficult context, it will take many more years until the generational renewal of the judicial personnel creates a critical mass of newly trained professionals, especially as the governing bodies of the judiciary do not use this trained workforce.<sup>87</sup> Furthermore, the relationship between the Institute and, respectively, the Superior Council of Magistracy and the Superior Council of Prosecutors, remains distant. Meanwhile, the junior magistrates are at risk of being absorbed by a system of personal loyalties and compromised actors, which diminishes their functional independence, and their margin to use the competences and skills acquired. Finally, the efficiency of and

<sup>83</sup> Annex 2, Judgment criterion 5.1, in particular Indicator 5.1.1.

<sup>84</sup> Analysis of the Moldovan Government Action Plan for 2020-2023 (platform of CSOs) [https://eap-csf.eu/wp-content/uploads/Analysis-GAP\\_2020.pdf](https://eap-csf.eu/wp-content/uploads/Analysis-GAP_2020.pdf).

GRECO Reports on Moldova (all). International Commission of Jurists, 2019, 'Only an empty shell – the undelivered promise of an independent judiciary in Moldova'.

CEPS, 2019: Integrity on Trial: Judicial reform in Georgia, Ukraine and Moldova (Steven Blockmans, Nadejda Hriptievski, Viacheslav Panasiuk and Ekaterine Zguladze) [https://www.europarl.europa.eu/doceo/document/TA-8-2018-0303\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-8-2018-0303_EN.html).

Venice Commission Opinion of 2020 on the Draft Law on amending and supplementing the constitution with respect to the superior council of magistracy. Venice Commission Opinion of 2019 on the Draft Law on the reform of the Supreme Court of Justice and the Prosecutor's Office. Venice Commission recommendations on Moldova 2014.

<sup>85</sup> Annex 2, indicator 5.2.2, confirmed by project documents and evaluations: CoE Partnership for Good Governance, Increased efficiency, accountability and transparency of Court (technical Assistance), Evaluation of Four Technical Assistance Projects (Participation).

<sup>86</sup> Interviews with 28 persons including Moldovan officials, CSOs, EU officials, others. Public Opinion Barometer, evaluation survey data questions 18 to 20.

<sup>87</sup> Annex 2, Indicator 5.1.3, Council of Europe Directorate for Human Rights and Rule of Law, April 2020, Comments on the new draft strategy for ensuring the independence and integrity of the justice sector for 2020-2023 in the Republic of Moldova.

access to the judicial system are still slowed down by the unfinished reform of the judicial map and the incoherence between the map of courts and the map of prosecution's offices. Therefore, it can be considered that the Moldovan judiciary, although much more efficient than before the evaluation period, remains insufficiently effective and, more concerningly, there is no guarantee that its effectiveness will improve in the future.

**Finding 5.8: The police reform supported by the EU has led to increased functional independence, accountability and effectiveness of law enforcement agencies, particularly thanks to budget support and long-term border assistance, though the point of no return in these reforms is not yet reached**

All documentation points to vigorous efforts to increase the independence of the police services in the border police and the General Police Inspectorate. In the text and intertext of the reports and interviews, though, there is a constant tension between a strong will to reform and align with European standards (particularly within the General Police Inspectorate, thanks, among others, to incentives provided in the context of the Sector Reform Programme), to budget support incentives), and the reluctance of the ministry to strictly delineate its policy-making role and refrain completely from interference with the functional aspects of the reform (despite the EU's advocacy). This limitation is compounded by the still unfinished functional independence of individual officers. On that count, despite efforts towards community policing, the Moldovan law enforcement sector is still very far from individual functional independence, because the prerequisites are not met (in particular analytical capacities from the bottom up) and because there is limited support for the concept of delegation, especially in police stations.<sup>88</sup>

Public trust in the police has increased, with fluctuations, but this upwards trend is not yet solidly established.<sup>89</sup> Internal and external accountability mechanisms, including civil society oversight, ethical safeguards and deontology training, became stronger during the period, particularly with the support of EU programmes complemented by other donor initiatives. Yet, internal investigations and disciplinary procedures remain scarce.<sup>90</sup> The Moldovan law enforcement can therefore be considered partly accountable, though showing considerable progress. The efficiency and effectiveness of the Moldovan law enforcement has strongly improved during the evaluation period, particularly in the branches that have received most EU support: the Border Police with EUBAMs,<sup>91</sup> and the general police reform, which has benefited from steady material investments and the redistribution of its human and material assets towards the patrol police, closer to citizens.<sup>92</sup>

**Finding 5.9: Governance interventions did not have sufficiently developed monitoring and evaluation frameworks, leading to incomplete data and feedback, in turn disincentivising intermediate-level change**

The available project reports from the EU suffer both from insufficient focus on tracking the results and from insufficient depth in describing specific outputs, which makes it difficult to grasp the potential impact of the activities that were implemented. This is particularly the case in the justice sector, but it can be said of most governance-related projects. Reviewed reports are mostly activity-based, and in some cases, even this reporting lacks focus on assessing the extent of its impact. For example, when the anti-corruption training of the prosecutors is mentioned, it is not immediately clear what proportion of the prosecutors have passed the training. Virtually no interim report and very few final reports assess changes in the sense of gauging the level of realisation of an intervention logic.

<sup>88</sup> Interviews with 15 persons including Moldovan officials and implementing partners, EU officials, CSOs, others. Project documentation, budget support disbursement reports.

<sup>89</sup> Annex 2, Indicator 5.1.5.

Public opinion barometer.

<sup>90</sup> Police General Inspectorate statistics.

<sup>91</sup> VLAP, EUBAM reports throughout the period.

<sup>92</sup> Budget disbursement tranches, 15 interviews (ibid.)

The justice sector is an illustrative case for this systemic shortfall in monitoring and analysis. The EU justice support framework was built around the national strategic document (in this case the judicial sector reform strategy) which it supports. While the strategy – according to multiple reports and evaluations – broadly conforms with the EU strategic objectives and recommendations in the area of justice reform, it was a general document, setting out expected outcomes of the reforms. The action plans that operationalise the strategy were, however, activity-based. This resulted in the ‘missing middle problem’ – the overall objectives are there, the activities are there, but explicit formulation of the causal path leading from activities to the achievement of objectives is lacking.

The EU project documents (action documents and descriptions of actions/terms of reference) seem to have mirrored this deficiency of the strategic framework in their indicators (or the absence thereof), assuming the commitment to the government without critically analysing the assumptions. Indicators often look at output or impact level, but they remain weak at results level, which further incentivises activity reporting instead of result reporting. Intervention logic statements are often sketchy, and neither project descriptions nor action documents describe real theories of change, which would force the EU and its project partners (beneficiary institutions/organisations or implementing partners) to explicitly define and recognise the expected changes, and to formulate realistic internal and external assumptions that underline their suggested intervention. ROM reports partly bridge this gap, but they cannot replace the project partners’ ownership of a genuine result framework. Interviewees and project documentation alike often focus on ‘what has been done’ (activities, outputs, deliverables, and to a certain extent processes) and at times explore impact-level changes in the governance environment, but they can hardly articulate how the first contributed to the other because their programmatic and monitoring structure has difficulties in grasping intermediate results.

This situation is likely to cause, at best, a lack of understanding of the genuine results and lessons of governance interventions; and, at worst, a lack of incentives for change at result level.

**Finding 5.10: The strategic approach prioritising the normative and institutional framework over in-depth change management used until recently was ill-equipped to tackle the key unfulfilled assumptions of the EU’s intervention logic in the governance sector: it has started to evolve but the results of this evolution are still hard to detect**

The lack of a meaningful results framework in the governance sector also led project designers to formulate indicators or deliverables that are too focused on the legal and regulatory framework, especially under the first SSF, because this type of change is easy to document and measure. In the governance sector, despite an improvement over the last few years under review, many project activities and project result indicators focus primarily on amending or creating new legislative or regulatory framework.

Many of these efforts invested in the normative framework concern the creation or modification of the institutional set-up in the governance sector: laws and regulations adopted or amended during the evaluated period, especially during its first half, often establish one or several institutions, restructure them, define or amend their mandates and procedures.<sup>93</sup>

While legislative changes are a fundamental condition for reforms, and activities related to these are often successful, these changes do not measure success from the point of view of the rights holders (impact on the citizens) or from the perspective of the duty bearers’ performance (prevalent governance practices) despite extensive assistance and these issues being consistently raised in the various fora of EU–Moldova political dialogue. They can create a false impression of legal certainty, while the daily reality of the institutions is often very different. This is all the more problematic in Moldova, where the legal profession is still rooted in the formally restrictive/repressive understanding of normative framework (whatever is not explicitly permitted, is forbidden), rather than a permissive one (whatever is not forbidden, is allowed). This latter approach in public administration is related to the ‘margin of appreciation’: the

<sup>93</sup> Annex 2, Indicators 5.1.1, 5.2.4, 5.3.3.

latitude allowed to the administrative bodies/civil servants to interpret the legislation in the interest and to the benefit of the rights holders (administrative discretion). The majority of our interviewees, regardless of their function, equate the concept of 'reform' with that of 'legislative changes', because they rarely perceive their ability to interpret the existing legal framework more to the benefit of the citizens/rights holders, based either purely on administrative discretion or through adoption of the regulatory or interpretative guidelines to that effect.

Not only is the concept of margin of appreciation of the law/administrative discretion exercised, be it by civil servants in general or the judiciary in particular, relatively recent, it is also at odds with both the mentioned legal tradition and the strength of hierarchical relations in the civil service. When we ask informants about the reform of the civil service, the judiciary or the police, they almost exclusively respond that the reform took place when an important piece of legislation was adopted or amended. Even when prompted, very few respond by commenting on progressive changes that occurred as a result of this legislative change, or without it, over a longer period of time.

Interviews with implementing partners and the review of project reports have further shown that, just like national strategies, the sequencing of EU support tends to address the normative framework first (policies, legislation, regulations) and internal change management second. This is for a number of reasons: either the action is planned like this or it is implemented like this; or because it is easier to do and measure, or it is believed to be a 'natural' sequence.

But experience dictates that such sequencing sometimes results in fairly good laws that are not being implemented – either because there is no wish to do so, or because there is no capacity, or both. This is witnessed in the justice system, in the fight against corruption, in prevention of discrimination, or in gender-based and domestic violence. For instance, Moldova has one of the most progressive legislations on domestic violence in wider Europe, yet an OSCE survey shows that the prevalence of domestic violence remains very high, including compared to other countries of the region, which cannot just be explained by the fact of better measurement.<sup>94</sup>

The discrepancy between the normative framework and the experience of rights holders and duty bearers erodes confidence in the very concept of the rule of law, as well as to the capacity of the EU to deliver tangible change to citizens. This seems to be the case in Moldova when it comes to fight against corruption. Moldova has never been better equipped institutionally and legally to combat corruption, yet the majority of our survey respondents believe that corruption has increased,<sup>95</sup> especially the high-level corruption, and the Transparency International's Corruption Perceptions Index does show convincing progress.<sup>96</sup> Likewise, the CEPEJ indicators on the efficiency of justice are mostly above or around the European average, yet the public's confidence in the justice is extremely low, and hardly reacts to the reforms: the public is not convinced that things are on the right track.

There is also a concern among interviewees (Moldovan officials, CSO representatives and implementers of EU support) that some important components of the rule of law and governance architecture are underserved because they are more difficult to regulate than others. In the justice for instance, while the prosecution, the judges and the courts have received a lot of attention both from the successive governments and from the EU throughout the evaluated period, support to the defence pillar (attorneys, legal aid) and to other legal services (notaries for instance) has lagged behind – perhaps because these professions are even more difficult to reform through normative acts and institutional set-ups.

Many stakeholders also expressed concern that the normative and institutional framework had changed too frequently during the evaluated period as a result of multiple factors including EU and other donors' support, which creates a lack of continuity in some key institutions. Adjustments and fine-tuning of the

<sup>94</sup> [https://www.osce.org/files/f/documents/2/1/424979\\_0.pdf](https://www.osce.org/files/f/documents/2/1/424979_0.pdf)

<sup>95</sup> Evaluation survey, Questions 26, 27.

<sup>96</sup> Note that the Transparency International Index is composite. The evaluation addressed solely one aspect of perception of corruption as covered by Transparency International Index – hence the difference between these two indicators.



legal, regulatory and institutional frameworks surrounding institutions linked to the rule of law and governance have proven indispensable for several reasons:

- The imperfection of the initial laws, regulations and institutional set-up, due to political compromises or the intrusion of political and private interests in the law-making process;
- The necessity to adapt to a changing social and political environment;
- The evolution of European standards on some key rule of law and governance issues (such as human rights standards, standards on participatory democracy, etc.)

The justice system is a good example of the dilemmas created by the conflict between the need to adjust the normative framework, and the legal stability necessary for change agents to meaningfully embrace the reforms. Many feel an urgency to adjust an improved, but imperfect legal framework which is often the result of a political compromise, but the civil servants and magistrates require stability of the legal framework to implement the reform in their daily work and decision-making, and to win the adhesion of the public to these reforms.

There are also more trivial and even personal reasons for repeated changes to the normative framework, particularly in a relatively small country where the community of law-makers and policy-makers is a narrow circle of individuals. Some interviewees point out that ministers and their cabinets use international support, including the EU's, to change laws and regulations more frequently than necessary, as they are motivated by a wish to leave that legislative legacy behind.

While it is hard to imagine reforms (and their accompanying normative framework) without regular adjustments ('meta-reforms', or reform of the reforms) in a transitional country, these adjustments should be, to the extent possible, marginal. There is a fine line between necessary corrections and a destabilising lack of continuity. Finding this balance in the Moldovan governance and rule of law sectors is all the more important as it is an essential condition for much-needed deep change management within the relevant institutions and serves to encourage civil servants to exert their margin of appreciation and administrative discretion in service of the constitutional order, of the rights of the citizens, and of the strategic objectives of their institutions. Several EU-supported projects (e.g. in anti-corruption bodies, in the law enforcement sector, or in human rights institutions) have supported restructurings and changes in the distribution of responsibilities. This is a necessary path to adjusting the institutional framework and increasing the efficiency of public institutions. But when these are too frequent, civil servants' motivation and initiative suffer.<sup>97</sup>

Several approaches could help, and in some cases already have helped, limit the recourse to normative changes while boosting the progress of reforms, or to compensate for the instability stemming from regular changes of the normative framework.

Deep change management before, during and after any normative change is considered indispensable by almost all interviewees and several evaluation reports, and our ET concurs with that. This supposes in-depth analysis of the power and incentive structures, detailed stakeholder analysis (in particular within the target institutions) and the deployment of more human resource-intensive monitoring, advice and coaching intervention techniques. The HLA mission is a good model, which can be widely expanded at the technical level in key targeted institutions. Among our interviewees, several agents of change insist on the need to deploy EU-funded experts within the ranks of the justice, law enforcement and anti-corruption bodies, thus replicating the HLA model at a more technical level.

Another avenue is to move from supporting Moldova's line ministries with legislative drafting towards more comprehensive assistance to law-making process, which would improve the system of horizontal consultation and coordination between the ministries while developing legislative proposals but would also engage Parliament's administration and improve the quality of parliamentary reviews. This may be

<sup>97</sup> Annex 2, Indicators 5.1.1, 5.1.2, 5.3.3. Repeated concurrent interviews with Moldovan civil servants and EU implementing partners.



particularly challenging, as witnessed by the aborted activities of the Twinning project with Parliament – but several actors view such support as indispensable. Project reports and ROMs, confirmed by interviews, show that many projects have provided line ministries and agencies with assistance in drafting laws. Yet, several interviewees consider this as only the first step, pleading for a more systemic support.

Finally, all interviewees insist on the absolute necessity to accompany all governance-related initiatives, including budget support and other projects, with intensive internal and external communication, to better identify and rally the agents of change. Improved communication may improve the leverage on decision-makers and interested parties by combining the EU conditionalities, with better articulated public pressure – from citizens, media and civil society. Communication measures could include internal communication strategies in the targeted institutions, active media campaigns, outreach to the education sector (in particular higher education), and continued support to civil society consultation and oversight for accountability of the governance sector, based on the model of the complementary support to the police budget support programme.

Over the past 3 years, the EU has increasingly used these three approaches in various projects (such as the project on ‘Controlling corruption through law enforcement and prevention’; the CEPEJ/PGG and ATRECO<sup>98</sup> projects to some extent; Parliament Twinning, and some attempts in the project on support to efficient prevention and fight against corruption in justice sector; the Strategic Communication project), but not systematically or uniformly in all fields of governance. The COVID crisis has also considerably reduced the ability of this new generation of projects to reach deep into the targeted institutions; remote change management is simply not comparable to in-person cooperation.

<sup>98</sup> Increased efficiency, accountability and transparency of Courts - Project

### 3.2.3 EQ6: Connectivity, energy and environment

*To what extent has the EU support to Moldova contributed to better connectivity (in energy and transport), increased energy security, energy efficiency, the protection of environment and combatting climate change?*

#### **Overview of EQ 6**

The EU has contributed to better connectivity in the energy and transport sectors, increased energy security and efficiency and has improved the protection of environment and climate change. This has been achieved through different instruments of regional and bilateral cooperation, including cooperation with international financing institutions.

Important infrastructures in the transport sector (road and train transport) and the energy sector were co-financed through blended operations. Examples in the transport sector are the Moldova Road Rehabilitation project Phases III and IV; and the Moldovan Railways Fleet Renewal programme. Examples in the energy sector are the Ungheni–Chisinau gas pipeline and the construction of the electricity interconnection between Moldova and Romania European Neighbourhood Instrument (ENI). Examples of big infrastructures in the energy sector are the following blending operations: Ungheni–Chisinau gas pipeline; and construction of the electricity interconnection between Moldova and Romania ENI.

There is no information available demonstrating that the infrastructure projects are achieving an adequate return on investment and/or sufficient income streams to continue operation and adequate maintenance. However, the aspects related to sustainability and maintenance of big infrastructures are normally evaluated by the lead financing institution. Several of the infrastructure projects are still ongoing or have started operation only recently.

In the case of infrastructures for the water sector the situation (reported also by ROM reports) shows that tariffs applied are most often too low for assuring an adequate operation and maintenance of infrastructure. Another difficulty is related to the fact that according to Moldovan regulation, municipalities cannot directly finance any costs of a financially autonomous service utility.

The EU is also supporting the efforts of Moldova to diversify energy resources, to increase energy efficiency and to promote renewable energies. EU support and achievements were significant especially related to energy efficiency and transformation of biomass and waste to energy and several projects are still ongoing. The Moldova Energy and Biomass Project aimed to contribute to a more secure and sustainable energy production in Moldova through targeted support to renewable energy in the form of biomass from agricultural waste. This United Nations Development Programme (UNDP) project was very successful but not limited to energy efficiency; it also strengthened local economy, developed the agribusiness sector and supported the modernisation of public buildings (e.g. 250 Moldovan schools), creating additional income opportunities for the rural economy and SMEs. Other important interventions are the Programme Construction of Water Supply and Sanitation Infrastructure, and Energy Efficiency in Public Buildings (implemented by German Development Cooperation, GIZ); Eastern Europe Energy Efficiency and Environment Partnership (E5P) (Chisinau Energy Efficiency Project; Chisinau Solid Waste Project; Balti District Heating Project; Balti Trolley Bus project).

In 2019 the Energy Efficiency Agency was reorganised by merging with the Energy Efficiency Fund (EEF). The mission of the reorganised agency was to implement the state policy in the energy efficiency field and to finance/implement energy efficiency and renewable energy projects. During 2014-2019 the EEF financed the implementation of around 270 projects having a total value of approximately EUR 32 million, with a grant component of up to EUR 24 million. The Fund's resources were allocated through the state budget, from the financial resources of the EU (under the direct budget support program) designated for investment activities of the EEF.

Important support was also provided to the water and waste-water sectors. Examples are EU4Moldova: Clean Water for Cahul, Chisinau Water Development Programme, Moldova Utilities Development Programme, North Moldova Water, Construction of Water Supply and Sanitation infrastructure, as well as Energy Efficiency in Public Buildings, and the Rehabilitation of the Water Supply System in the Municipality of Nisporeni. EU assistance provided direct access to improved water and sanitation services to about 1,400,000 beneficiaries including the support provided through Neighbourhood Investment Facility (NIF) co-financed interventions. EU co-financed interventions are not only tackling access to water and sanitation, but also the improvement of quality of services

**Finding 6.1: EU support is contributing significantly to reduce energy dependency of Moldova and to increase energy security**

Moldova's energy self-sufficiency is among the lowest in the world. Around 20% of its energy demand is covered by domestic production, consisting almost fully of solid biomass. Moldova lacks energy resources – it is almost wholly dependent on fossil fuel and electricity imports, and only 20% of its energy demand was met by domestic sources in 2018. Natural gas, which serves most of its energy needs, was entirely imported from Russia via Ukraine up to the end of 2014.

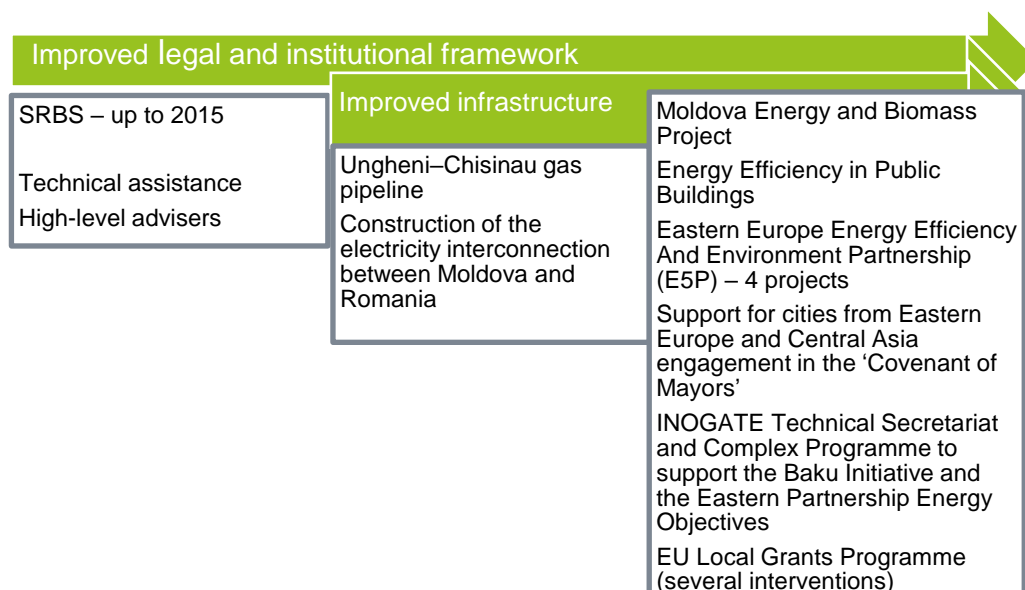
Important investments projects in the energy sector were supported through NIF blending operations. These projects correspond to national priorities; in fact, the government has contracted the respective loans with EBRD and EIB. Implementation of projects is still ongoing; thus the final results have not yet been achieved. Big infrastructure investments in the energy sector will contribute to make Moldova less dependent on energy provision from Russia and Ukraine.

The construction of the electricity interconnection between Moldova and Romania ENI (energy provider) is done in the context of the regional energy cooperation with Caspian and Black Sea countries and the EU. The regional energy cooperation follows the framework of the Baku Initiative, which aims to facilitate the progressive integration of the region's energy markets into the EU market, as well as the transportation of substantial quantities of Caspian oil and gas towards Europe.

The Ungheni–Chisinau gas pipeline project follows the principles of Directive 2004/67/EC and Regulation (EU) No 994 concerning measures to safeguard security of gas supply, the provisions of which will be implemented by the country in the context of its adhesion to the energy community. The project will enable Moldova to improve integration capacity of its gas network with Romanian and European gas networks. The pipeline is expected to supply almost all the gas Moldova consumes, excluding the Transnistria region. This can be considered as a success and will connect Moldova more to the EU.<sup>99</sup> The Ungheni–Chisinau gas pipeline is financed with EUR 8,638,524,484: Cohesion Fund EUR 6,534,996,977; and Regional Development Fund (ERDF): EUR 2,103,527,507.

<sup>99</sup> Thanks to the Ungheni–Chisinau gas pipeline project the Republic of Moldova has changed its position in the negotiations with Gazprom on a new gas supply contract. The 120-kilometer pipeline will allow Moldova, which is almost 90% dependent on energy imports, to connect to the EU's gas transportation systems, gain energy independence, ensure the security of gas supplies, increase competition on wholesale markets, and create preconditions for lowering gas tariffs for end users.

Figure 4: EU support in the energy sector



**Finding 6.2: EU support is contributing significantly to better connectivity in the transport sector**

Related to the transport sector, the DCFTA sets out the EU’s detailed rules and regulations for most modes of transport (road, rail, inland waterways, sea and intermodal). Reforms along these lines are progressing (see Table 2 below).

The EBRD, EIB and European Commission (NIF funds) are funding major investments in transport infrastructures. These projects correspond to national priorities; in fact, the government has contracted the respective loans with EBRD and EIB. Implementation of projects is still ongoing or have just been completed.

Table 2: EU contribution to the transport sector

CRIS-No	Title	Starting	Implementing partner	EU contribution (€)	Comments
355431	Moldova Roads Rehabilitation IV	2014	EBRD	1,541,650.50	Supervision
353807	Moldova Roads Rehabilitation IV	2014	EBRD	13,758,349.50	Infrastructure
353812	Moldovan Railways Restructuring Project	2014	EBRD	5,200,000.00	Mainly acquisition of locomotives
353786	Chisinau Water Development Programme	2015	EBRD	13,785,000.00	Infrastructure
366717	Moldova North Water Project	2015	EBRD	1,720,400.00	Cancelled

Figure 5 shows EU support during the period 2014-2020 to the transport sector.

Figure 5: EU support in the transport sector

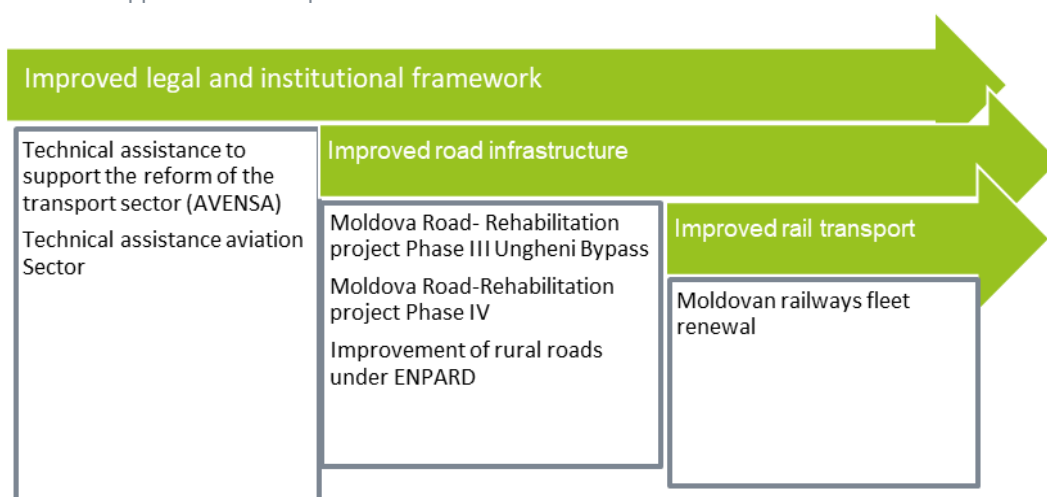


Figure 5 demonstrates that the EU holistically covered all aspects of the sector. The design of the road/rail projects took into consideration the low development of the transportation infrastructures of the Republic of Moldova (road and rail, the low-capacity building of the related institutions).

However, in several cases, blending operations were affected by delays in the projects' implementation. The complex procedures applied by EBRD delayed procurement processes; furthermore, there were challenges with the capacity and reliability of some contractors. Thus, a consistent part of NIF funding for road sector was lost due to late implementation of the road projects. Tangible progress is evident (even though with delays both on the road and rail sector). Railway operators are benefiting from the NIF Instrument for freight locomotive acquisition and Ungheni bypass has been completed.

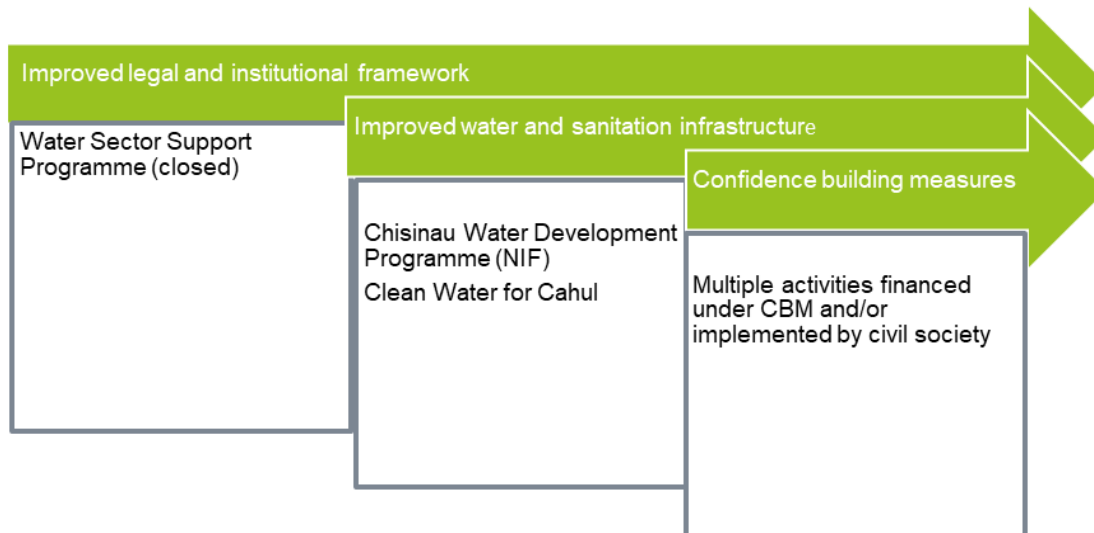
### Finding 6.3: EU support to the water and waste-water sectors has increased users' access to water and sanitation

Of Moldova's 3.56 million inhabitants, 55% live in rural villages and 45% in urban areas. Surface water is used for water provision in 70% of urban areas. Continuous degradation of drinking water quality is due to increased livestock raising in households, agricultural and municipal waste storage and landfills, and infiltration of polluted waters. Municipal utilities are in charge of water provision. Currently, 52 municipally owned operators provide water and sanitation services to 43% of the population mainly located in urban areas. 57% of the population are finding their own water source, 43% get water from 52 municipal companies. The water sector in Moldova is operating with an outdated infrastructure. Equipment is in poor condition and has limited capacity. Municipal companies suffer from old infrastructures, old debts still dating from the Soviet period, low income and thus almost no funds for undertaking investments. Waste collection and treatment is limited.

In Moldova, access to safe water and sanitation services for all is weak.<sup>100</sup> The bottleneck is the poor water governance which is rooted in weak sector institutions with insufficient capacities. There is a wide range of entities with water sector steering functions that have overlapping tasks and responsibilities. Lack of consensus over competences at the political level leads to unclear regulation and divided authorities over budgets and decision-making. The EU has been supporting the water and sanitation sector since 2009 (Water and Sanitation Sector Support – WASH). During the reference period for the evaluation several important project and programmes were implemented – most of them with direct involvement of the local governments.

<sup>100</sup> National Bureau of Statistics, [www.statistica.md](http://www.statistica.md)

Figure 6: EU support in the WASH sector



It is difficult to estimate the exact number of people targeted by interventions in the water and sanitation sector since 2014, as the Water and Sanitation Budget Support programme (financed in 2009 but still ongoing in 2014) and smaller interventions financed under the Call for proposals also have to be considered (and are difficult to retrieve). The EU assistance provides direct access to improved water and sanitation services to a significant number of beneficiaries, which by project team estimates may be around 1.4 million, including the support provided through NIF co-financed interventions. The effective number of beneficiaries will be even higher if we consider all beneficiaries of the water sector support programme. EU co-financed interventions are not only tackling access to water and sanitation, but also the improvement of quality of services.

**Finding 6.4: EU support plays an important role in the introduction of the concept of energy efficiency, including at local level**

EU bilateral programmes (i.e. biomass programme) and regional projects demonstrated to Moldovan institutions and population the possibility to (a) use biomass for energy production; (b) how to reduce by appropriate technologies energy consumption; and (c) the relation between water and energy. EU interventions demonstrated that biomass and solid waste are sources for the creation of energy and at the same time can permit the establishment of micro-enterprises (dedicated to the transformation of biomass and solid waste) and thus create job opportunities. In the survey undertaken in the context of this evaluation about 55% of interviewees confirmed that the local-level service provision has improved since 2014. Related to the quality of tap water, 60% of interviewees indicated that it remained the same and 16.8% indicated that the service had improved. For waste disposal at their place, almost 50% of interviewees indicated that the situation remained the same, almost 32% indicated that it improved and 16% indicated that the situation worsened.

- The Moldova biomass project financed by EU and implemented by UNDP contributed to a more secure and sustainable energy production in Moldova through targeted support to renewable energy in the form of biomass from agricultural waste. The project was very successful as it also strengthened the local economy, developed the agrobusiness sector and supported the modernisation of public building (e.g. 250 Moldovan schools), creating an opportunity for additional income to the rural economy and SMEs.
- Construction of water supply and sanitation infrastructure, as well as energy efficiency in public buildings: the project is financed by EU and (just started) being implemented by GIZ. The Moldovan citizens will benefit from improved public services of water supply and sanitation and energy efficiency in public buildings. As such, the project will construct and put into service 10 water supply and sanitation systems, as well as implement eight energy efficiency projects in schools throughout the country.



- the Local Grants programme financed as a complementary action aims to increase sustainability of the infrastructure as well as awareness raising on importance of infrastructure and services oversight and cost-recovering tariff setting.
- Eastern Europe Energy Efficiency and Environment Partnership (E5P): Moldova has benefited from several projects financed under E5P: Chisinau Energy Efficiency project; Chisinau Solid Waste; Balti District Heating; Balti Trolley Bus. All but the Balti District Heating project have started implementation.

EU4Environment has developed the platform that provides SMEs in Moldova with clear information on how they can improve their resource efficiency and environmental performance, increasing their competitiveness by reducing their costs.

### **Finding 6.5: EU support promotes and implements the concept of a green economy**

EU has significantly contributed to promote the concept of a green economy. The green growth concept is a model of social and economic development for economic growth, improved human well-being and social equity. Its goal is to achieve a low-carbon, resource-efficient and socially inclusive economy, significantly reducing environmental risks and the impact on human health. The EU is supporting the Programme EaP Green at regional level (EU funding with support of OECD and UN organisations). In June 2020, the Organisation for Small and Medium Enterprises Sector Development (ODIMM) with participation of EU4Environment implementing partners organised a kick-off conference on the National Greening Programme for SMEs. By the promotion of eco-labelling in the framework of EU4Environment programme Moldova will align to the EU requirements and procedures in the domain. EU4Environment has also developed the platform that provides SMEs in Moldova with clear information on how they can improve their resource efficiency and environmental performance, increasing their competitiveness by reducing their costs.

The high-level national round table 'Green Economy – Made in Moldova' took place on 29 January 2021. The event gathered representatives from governmental agencies (MEI, MARDE, ODIMM), EC (DG NEAR, DG Env), EUD, EU4Environment implementing partners, National Anti-Corruption Centres and beneficiaries, international organisations, embassies, businesses and enterprises/private sector, academic sector, environmental non-governmental organisations (NGOs) and experts, and mass media from Moldova and EaP countries. The meeting objectives were to (a) promote the green economy approach at the highest political level in Moldova and EaP countries, in all social development sectors of the country, attracting the private sector, development partners, NGOs, media and the general public; (b) to promote objectives and priorities of European Green Deal in Moldova across the EaP region, including exchange of experiences between EaP countries on this issue; (c) present the contribution of the EU4Environment programme to the implementation of green economy principles in the EaP region; and (d) increase awareness of stakeholders from businesses, governmental agencies and the general public on the application and benefits of the green economy principles for sustainable economic development.

The Greening Programme of Small and Medium Enterprises (by Government Decision 592/2019 from 27.11.2019) will be implemented by ODIMM to promote, support and develop the entrepreneurial capacities of SMEs, in order to adopt production processes and services providing the greening practices. The programme provides an integrated approach to supporting SMEs introduce green economy principles (water efficiency, waste recycling, energy efficiency, management system).

It is impossible to identify the percentage of funds spent by the EU for green economy or the number of projects financed as in almost all sectors 'green economy' is considered as transversal. Projects and programmes using a 'green economy approach' include: Moldova energy and biomass project and several energy efficiency projects supporting water supply and sanitations services; Modernisation project of the street lighting in Ocnîța and Cantemir 'Green Light Moldova!' (This project was implemented under the EU-funded programme 'Covenant of Mayors – Demonstration Projects' and received the EU Sustainable Energy Award in the Eastern Partnership.)

**Finding 6.6: Alongside other international actors, the EU has contributed to the approximation of the EU environmental and energy legislation – most notably on water, waste, environment impact assessments and climate change**

The EU is providing important and continuous support to Moldova to promote the approximation of the EU environmental and energy legislation to ensure energy security and diversify supply sources, including through renewable energy. The EU has supported climate change-related actions in the transport sector as well as, among others, by improving public transport in the big cities, restructuring and modernising the Moldovan rail sector, and rehabilitating country roads.

The legal provisions of the Association Agreement and the DCFTA in the energy sector consist largely of commitments made in the context of the accession of Moldova to the energy community. Thus, after the adoption of the law on energy (as well as the previous laws on natural gas and electricity) Moldova officially transposed Energy Package III at the level of primary legislation. At the same time, efforts have been made to adjust the legal norms on renewable energy, as well as energy efficiency – both elements of Energy Package III.

On climate change, Moldova's international commitments under the Paris Agreement have shaped the country's legal and strategic framework in this field. The Low Emissions Development strategy until 2030 and the 2015-2020 Climate Change Adaptation strategy are being implemented. A regulation on measuring, reporting and verifying greenhouse gas emissions was developed in compliance with the respective United Nations Framework Convention on Climate Change and EU provisions, and awaits governmental approval. The EU has also financed the 'Implementation of the Shared Environmental Information System Principles and Practices in the EaP Countries (ENI SEIS II East)'

However, this normative framework is not backed up by sufficient institutional capacity. Despite the AA provisions aimed at strengthening the institutional framework, the Ministry of Environment still lacks adequate capacity to implement AA provisions, and therefore ensure proper environmental protection and fight climate change. The following information was collected from interviews:

- Environmental institutional reforms were not planned strategically, and in some cases weakened the Ministry of Environment, instead of strengthening it. In Moldova, the Ministry of Environment is part of the Ministry of Agriculture; as a result, there exists a conflict of interests between the agricultural industry – which is often a strong polluter – and environmental protection.
- EU is providing vital support which helps national institutions to prepare draft laws and regulations; however, their approval by Parliament is most often delayed.
- Although legislation exists, environmental compliance and enforcement institutions remain inadequate. Environmental institutions' limited capacity results in weak integration of environmental policy and poor implementation of laws, even if adopted in line with European and international standards.
- Two governmental decisions were adopted in June 2018, one on the establishment of the Environment Agency and one on the creation of the Environmental Protection Inspectorate.

**Finding 6.7: Some sustainability challenges continue to exist due to insufficient financial and human resources**

EU programmes place great importance on sustainability in their design. Nevertheless, there are some sustainability problems at all levels which are regularly discussed in policy dialogues.

- The recruitment and lack of retention of staff in the road and rail sector (as well as in almost all public sector institutions) is an issue that may affect sustainability. Many positions are vacant, and some experienced staff are not familiar with modern systems and working methodologies (having been

trained in the Soviet system). Furthermore, in certain interviews it was mentioned that there is a resistance to change among some employees. The reduced number of staff as well as the relatively high turnover reflects inadequate employment conditions. Although public employees' salaries have been significantly increased as a result of the Public Administration Reform, they are still much lower than in the private sector and cannot be compared to salaries in EU countries. Thus, recruitment of new and qualified employees is, in some cases, difficult. Many young and qualified citizens have opted to emigrate from Moldova to EU countries and are not available for the national labour market. This is also exacerbated by the fact that a high percentage of Moldovans have dual nationality (Moldova and Romania) and can therefore work without any difficulties in EU countries.

- Local governments are generally in charge of services related to water and waste-water administration. EU has recently implemented/is implementing projects that are working with local governments. However, the volume of transfers of funds from central level to local governments are low and the possibility of creating their own income is limited. Tariffs for energy and water are not completely free and are in many cases not covering the operational and replacement costs of infrastructures (i.e. water).

### 3.2.4 EQ7: Mobility and people-to-people contacts

*To what extent has the EU support to Moldova contributed to increased mobility and people-to-people contacts among targeted groups?*

#### Overview of EQ7

Since 2014 the EU has significantly contributed to increased mobility and people-to-people contacts among teachers, students, researchers and volunteers. While the EU programmes generated almost 9,000 international credit mobilities and non-formal mobilities, the major contribution goes beyond this number. The vocational education and training (VET) sector has been reformed, the new life breathed into the R&I sector, and higher education (HE) has stepped up a new level, where universities are boosting internal, regional and international cooperation. Despite major achievements, the government's fragile financial and human capacity, along with enduring political instability held back reforms during 2014-2020 and may also jeopardise further efforts.

**Finding 7.1: Most fundamental VET sector elements were built and strengthened, yet after 8 years of reform implementation, VET governance is unsteady and a coherent medium-term and long-term vision is missing**

About a decade ago, VET sector governance was not up to par and VET institutions were not fit to deliver high-quality training. Obsolete infrastructure and equipment coupled with insufficient funding and a shortage of teachers were the defining conditions for most if not all VET institutions. The curricula were inconsistent with the qualifications demanded by the labour market and teaching techniques were often unsuitable. Hence, VET was not attractive to potential students and many VET graduates remained either unemployed or were choosing different professional paths, often abroad. In 2011 the number of VET unemployed considerably exceeded that of VET graduates.<sup>101</sup> On top of that, while 12% of the population were unemployed VET graduates, the private sector was constantly lacking the necessary skilled workforce.

Against this background, the government prioritised VET for EU budget support. The national VET Strategy 2013-2020, along with a detailed action plan developed in anticipation of EU budget support, addressed the VET systemic frailty comprehensively. Subsequently, in 2014 the Financial Agreement on SPSP, 'Support to the implementation of the VET reform in Moldova', worth EUR 25 million (AAP2013) was signed. It was preceded by an allocation of EUR 5 million to cover the technical assistance needs (AAP2012). The SPSP's overall objective, specific objectives and expected results were fully in line with

<sup>101</sup> National Bureau of Statistics, [www.statistica.md](http://www.statistica.md).

the VET Strategy. A SPSP Policy Matrix operationalised selected VET strategies – about 40% of activities were implemented with EU support. Synergies between VET SPSP and the VET Strategy increased the likelihood of systemic transformation. Moreover, EU support was demand driven and there was a momentum for change.

After a 2-year gap in EU assistance to VET, in March 2019 an EU Twinning project for enhancing the quality and effectiveness of the VET system (worth EUR 1.3 million) kicked off. The project aimed to support the government in finalising the implementation of the VET Strategy, building the capacity of governing institutions/bodies and teachers and to boost collaboration with the private sector. The implementation of project activities, slightly affected by the COVID-19 pandemic, is now under way and will end in 2021.

The VET Strategy came to an end in 2020. Several SPSP targets derived from it were stretched out as far as 2020. Hence, the evaluation took stock of the events that occurred beyond termination of budget support, assessing the sustainability of the intervention in general and the extent to which the SPSP overall and specific objectives were met in particular. To this end, indicators included in the evaluation matrix are consistent with medium and long-term commitments undertaken by the government under the SPSP (see Annex 2 for more details).

EU budget support for VET ended in 2017, halfway through the time frame of the VET Strategy. Various assessments (particularly the mid-term and final reports prepared by the technical assistance project implementing partner, the two SPSP reviews) have largely agreed that VET budget support built a foundation for a modern and effective VET system. The Ministry of Education, Culture and Research (MECR) supported by the EU technical assistance project and other donors (e.g. Liechtenstein Development Service (LED), GIZ and the Austrian Development Agency (ADA) have been implementing VET reforms since 2014. Particularly commendable were achievements related to the restructuring of VET institutions, the establishment of a National Agency for Quality Assurance in Education and Research, the gradual introduction of the new financing formula and VET schools' self-management, and shifting to a new curricula development approach, based on qualification and occupational standards. Dual education, started by the European Training Foundation in 2014 and turned over to GIZ a few years ago, is believed to be one of greatest wins of VET reform – 100 companies have contractual arrangements with VET institutions, engaging 9.8% of VET students.<sup>102</sup>

Every fundamental VET managing body was established since the start of the VET reform supported by the EU budget support. The MECR is accountable for VET policy-making, monitoring and evaluation, as well as implementation. The VET Department is the key unit in the MECR, which coordinates these activities, supported in its efforts by the National Qualifications Framework Department and Lifelong Learning Department. The VET Republican Centre (CRDIP) was further created to back MECR in the implementation of VET policy. A VET Coordination Council, comprising representatives of the key line ministries, the Employment Agency, the VET institutions and labour market representatives was established with a view to enhancing social partnership. Later, sectoral committees were created to also build bridges between VET institutions, the government and economic agents. The National Agency for Quality Assurance in Education and Research was set up to take care of VET quality assurance, being in charge of VET programmes and institutions' accreditation.

Nonetheless, only 60% (EUR 15.1 million) of VET budget support was disbursed. Frequent changes of ministers (four ministers during budget support implementation), insufficient MECR staff (four people in the VET Department) and turnover of team leaders in the technical assistance project (four during project implementation) hindered delivery on VET reform in general and led to delays in implementing certain activities (e.g. creation of sectoral committees, strengthening capacities of CRDIP and refurbishment of

<sup>102</sup> Data from the Ministry of Education, Culture and Research.

Centres of Excellence etc.) Moreover, budget support was new for MECR; management was learning during implementation, and absorption capacity was low.

After termination of the TA project (2017), the MECR found itself in a challenging position, whereby it had to deliver on reform, despite limited human capacity, high turnover in the MECR management (seven ministers during 2014-2020), scarce financial resources and enduring political crisis. The CRDIP had been understaffed ever since its creation and, despite many improvement attempts, it is practically unfunctional. Thus, it could not support the MECR with reform implementation. Likewise, the VET Coordination Council proved to be weak and ceased activity in 2016.

Furthermore, the VET restructuring plan was only partially implemented – VET schools' network, comprising 106 institutions was subjected to a thorough mapping and reorganisation in 2015, and was downsized to 91 institutions. However, there are still schools, for example with only 25 and 40 enrolled students, of which only 8 and 21 respectively graduate.<sup>103</sup> Schools with 50–80 students, of which only half graduate, are not an exception either. As regards the Centres of Excellence, while a lot of material and intellectual resources were injected in these by the EU and other donors and country development partners, most have yet to fulfil their ascribed functions regarding the supported VET institutions, especially in providing continuous specialised training. The concentration of Centres of Excellence in Chisinau (10 out of 13) and lack of these in the South of Moldova, adds inequity to the VET system.

In short, the objective to increase the quality of the teaching staff, including upgrading the initial and continuous professional development of teaching staff for the VET, and improving the motivation, so that, by 2020, the entire teaching staff is trained according to the National Qualifications Framework, has only been partially fulfilled. About 70% of teachers were trained to develop and deliver competence-based curricula (MECR estimation).

Therefore, after 8 years of VET reform implementation, VET governance is clearly unsteady and VET reform is not stable. To date, there is no strategy and policy underpinning the next VET reform phase, the Education 2030 strategy has not yet been finalised and the 2030 Moldova National Development Strategy has not been adopted by Parliament.

However, it is important to stress that the VET reform started in 2013 and it would be imprudent to expect positive effects in less than a decade – change in education takes much longer. The VET sector in general and the VET institutions in particular have been in a constant transformation. For instance, two major pieces of VET reform have been implemented after VET budget support ended (prerequisites were developed by the EU-funded technical assistance project) – self-management (2017)<sup>104</sup> and introduction of funding per student (2019).<sup>105</sup> These reforms changed entirely the way VET institutions get their finances. Altogether, they put pressure on VET institutions to have a firm grip on the wheel, chasing up students (against the backdrop of decline in enrolment), and at the same time, carrying on with income-generating activities, provided they serve training purposes. Amid these adjustments, VET schools were hit by the COVID-19 pandemic in 2020. Despite these problems, over a half of surveyed students (53.2%) think that the education process has improved since admission, 20.3% consider it has remained the same and only 8.6% believe it has worsened.<sup>106</sup>

**Finding 7.2: VET positive reputation is gradually building up, but it continues to be the second-best choice for students and is barely matching labour market demand**

The Budget Support Financing Agreement set several impact targets for 2020, based on which the attractiveness of the VET would be assessed. As such, according to the Agreement the number of VET

<sup>103</sup> Data from the survey of 37 VET schools (41% of entire school network) across all regions of Moldova carried out in March 2021.

<sup>104</sup> According to the Code of Education, art. 145.5, VET institutions are on economic and financial self-management and can have income generating activities.

<sup>105</sup> Government Decision No. 1077/2016 on approving the Regulation on per-student financing of VET institutions.

<sup>106</sup> Data from the students' survey across 15 VET institutions (536 respondents from the graduation year) carried out in March 2021.



students had to increase by 10% from 2013 until 2020. This target could not be met, partly because there was a demographic decline in the population. Against the backdrop of population decline (by 8%) and associated decrease in youth aged 15–29 (by 27%) the number of VET students shrank from 47,300,000 in 2014/2015 to 43,600,000 in 2019/2020.<sup>107</sup> The number of VET students enrolled during the pandemic year 2020/2021 has increased to 44,900,000 (2.9% increase as compared to the previous school year). Unlike overall enrolment in VET, enrolment in dual education has been on an upward trend for a few years; it has also increased by 13% during the pandemic. At the same time, the number of teachers is small – 3,473 a drop of 17% since 2014.

In addition, competition for pursuing studies in VET is not particularly high – only 5 out of 37 sampled schools have barely two students competing for one place. On average, competition is very low – over 90% of applying students are accepted. Particularly worrying is the average admission grade (6.13 out of 10). On the other hand, if students do not drop education (one in five does) they increase learning outcomes to an average grade of 7.73 at graduation. Nevertheless, drawing from the students' survey, low competition, along with the proximity of the school and dormitory conditions, are the three least important reasons why students choose a particular VET institution. At the same time, the top three reasons for choosing to study in a particular VET institution are forward looking: students pick a particular school because they want to learn a profession, or obtain a diploma and necessary qualifications for their future job. Despite these initial considerations, some students do not complete their studies. The average dropout rate in the sampled VET institutions is 19.6%, with some schools losing over a half their students throughout school year. There are various reasons for school dropout – emigration, dissatisfaction with their choice of study, quality of education or living conditions in dormitories, and various personal matters.

Higher education (HE) remains the number one preference among students. Moreover, the number of HE graduates was greater than that demanded by the labour market and, therefore, some were unemployed. However, one important phenomenon perpetuated – a part of excess HE graduates took less qualified jobs from VET graduates, pushing the latter away from the labour market, even though jobs with less advanced training and qualifications are more in demand (only 15% jobs demand higher education).<sup>108</sup>

As such, the employment rate for VET graduates decreased as compared to 2014 and is below 50%.<sup>109</sup> We have corroborated the official statistics with data from our 37 surveyed schools, which shows that on average 55% of graduates gained employment. VET graduates represent a third of the inactive population, which is a concern. Also, over 40% of people from the group 'Not in employment, education or training' are aged 15–29 with secondary vocational studies and 33.4% with post-secondary vocational studies.<sup>110</sup> At the same time, almost one third of surveyed students claimed they expect to find a job in the learned profession after graduation, another third will continue studies, yet 9.5% plan to emigrate.

If we look at the most in-demand professions in the labour market and top professions provided by VET institutions,<sup>111</sup> consistency is not evident. It is difficult to conclude that VET matches labour market demand. Despite efforts to enhance social dialogue between VET schools, the government and the private sector, through sectoral committees and some sporadic achievements in that respect, there is a lot of room for improvement. By March 2021 only 55 occupational standards (OSs) were developed and approved<sup>112</sup> (seven OSs were developed by the EU-funded project on increasing competitiveness of the

<sup>107</sup> Data from National Bureau of Statistics, [www.statistica.md](http://www.statistica.md).

<sup>108</sup> National Employment Agency, 2019 Report, [https://www.anofm.md/view\\_document?nid=19387](https://www.anofm.md/view_document?nid=19387).

<sup>109</sup> According to the NBS data the employment rate of secondary specialised graduates dropped to 49.2% and that of secondary vocational education graduates to 47.5%.

<sup>110</sup> National Bureau of Statistics, [www.statistica.md](http://www.statistica.md).

<sup>111</sup> Data from the survey of 2949 employers from various fields carried out during 18 November – 24 December 2020 by ANOFM and distribution of places by professions and specialities by MECC, 2020-2021 school year. <https://mecc.gov.md/ro/content/admiterea-1>.

<sup>112</sup> Moldovan Standardisation Institute, <https://ism.gov.md/ro/content/standarde-ocupa%C8%9Bionale>.



agri-food sector)<sup>113</sup> and more are needed. Most sectoral committees (six in total were set up since 2018) are neither proactive, nor easy to mobilise. Constituent economic agents are often not acknowledging the usefulness of developing OSs as part of sectoral committees and if they do, resources to cover these extra activities are often lacking. The Ministry of Health, Labour and Social Protection budgets earmarked for OSs' development are very scarce and donors (EU, Liechtenstein Development Service, United States Agency for International Development) have only provided financial support for a limited number of OSs.

A more common procedure is for the sectoral committees to develop occupational profiles, with a more general content than that of the OSs, based on which qualification standards and curricula are developed. However, qualification standards and curricula are often not backed even by occupational profiles. On top of that, to date only around 40% of VET curricula were adjusted to the National Qualifications Framework.

Although some of the 2020 targets foreseen in the VET Strategy were not achieved, the VET sector has made a huge leap thanks in part to EU budget support, and it did so from the onset of budget support. It thus gained a better reputation – several VET institutions became reform champions. This was largely the effect of the EU support, but also of complementing assistance from other donors and country development partners that have considerably invested in both VET infrastructure (particularly the Liechtenstein Development Service and the Austrian Development Agency) and built capacity of schools' managers and didactical staff. However, the attractiveness of VET professions has not increased in the same period, specifically because of low remuneration. While the average salary has doubled since 2014, remuneration for most VET professions in Moldova remains unattractive.<sup>114</sup>

Even though about 40% of the measures envisaged by the VET Strategy were implemented with the EU budget support, most activities of the VET Strategy focused on the supply side (education), with less consideration to the demand side (labour market). As a result, there was limited impact upon the attractiveness of VET sector as a whole (number of students and teachers in constant decline, dropout rates high), employment levels of VET graduates (at the same level as in 2014) or a better match with the labour market demand. Unfortunately, VET has continued to be of marginal importance until now in terms of government finance and staffing, with no clear-cut medium and long-term vision and strategy. The EU has started to address this deeply rooted issue via its budget support programme and policy dialogues.

**Finding 7.3: Erasmus+ and Horizon 2020 programmes have increased mobility and people-to-people contacts, strengthened individual and institutional capacity and boosted reforms in HE and R&I, which are yet to be completed**

During 2014-2020 Moldova participated in EU programmes – notably Erasmus+ and Horizon 2020 – supporting higher education and research and innovation (R&I). Participation of Moldova in these programmes has increased mobility and people-to-people contacts but, more importantly, they boosted institutional and systemic changes (see Annex 2 for more details).

While there were 3,624 Erasmus+ academic mobilities during 2014-2020, the programme scope was much broader and went beyond individual learning opportunities.<sup>115</sup> It also addressed institutional and systemic issues in higher education. As such, during the last 7 years there were 21 capacity-building projects in HE involving Moldova, of which seven were coordinated by Moldova aimed at promoting

<sup>113</sup> Increasing the competitiveness of the agri-food sector through integration to domestic and global value chain, 2017-2021, implemented by ADA, Donau Soja and Pro-Didactica, Contract number: 389857.

<sup>114</sup> The gross average salary in the economy was 4,089 lei in 2014 and increased to 8,860 lei (EUR 417) in the fourth quarter of 2020. The gross average salaries in agriculture, forestry, fishing (5,553 lei), transport (6,982 lei), processing industry (7,647 lei) and construction (8,271 lei) are the lowest. On the other end, the highest average gross salaries are paid in ICT (20,311 lei) and financial activities and insurance (16,006 lei). Source: National Bureau of Statistics.

<sup>115</sup> Data provided by the National Erasmus+ Office. It is important to note that reliable data real time data for 2014-2020 were not available at the moment of data collection, despite introduction in 2018 of the Mobility Tool+ system. It applies to both international credit mobilities and non-formal mobilities.

reforms in the HE system. Universities' staff have become more skilled in preparing applications, building partnerships, managing projects, and their foreign language ability has improved. At the institutional level, HE capacity-building projects boosted a multi-level cooperation between local and international universities, never experienced before, and which increased institutional capacity. At the HE system level there were also gains, specifically through structural capacity building for HE projects. Erasmus+ led to modernisation of HE in line with the Bologna Process, internationalisation of Moldovan universities, including integration in the European Higher Education Area and European Research Area. The World Bank project (USD 39.4 million International Development Association credit) launched in 2020 aims at further improving the quality, relevance and efficiency of Moldovan HE, complementing EU systemic interventions in HE quality, financing and management.<sup>116</sup>

The success rate in Erasmus+ international credit mobilities has gradually increased – from 44.9% in 2015 to 93.7% in 2020.<sup>117</sup> At the same time, the success rate in HE capacity-building projects and Jean Monnet projects<sup>118</sup> was unsteady and was generally quite low; the highest was in 2020 – 12.5% for HE capacity-building projects and 30.8% for Jean Monnet projects. One should bear in mind that the success rate also depends on the overall quality of applications by Moldovan organisations.

According to interviewed universities' representatives apart from benefits of Erasmus+, there are a number of concerns raised by universities' management, which belong to unfulfilled contextual assumptions of the programme, and curtail the impact of Erasmus+ for the students. For instance, HE needs further reforms – universities' autonomy is not full, programmes' accreditation by the National Agency for Quality Assurance and Research is 'catastrophic' and does not cover all programmes.<sup>119</sup> They switch to research programmes, under Horizon 2020, Black Sea Strategic Research, border cooperation joint programmes, etc. The fact that academic staff 'transits' from education to research is not necessarily a negative trend. With recent decentralisation of research and its dislocation from the Moldova Academy of Science to universities it is finally in the right place, and increasing numbers of academic staff turn to research and look for ways to combine research activities with programmes, curricula and methodologies' development.

The success rate of Moldovan participation in the Horizon 2020 programme is 14.5%.<sup>120</sup> Moldova is the second among EaP countries (after Ukraine) in relation to both the number of grants signed and the funding received. However, in terms of innovations, which is the backbone of the Horizon 2020 successor (Horizon Europe), Moldova is clearly underperforming, with the Global Innovation Index of Moldova being on a downward slope since 2014.<sup>121</sup>

Similar to the Erasmus+ case, Horizon 2020 had a cascading effect on Moldova, leading to a number of structural changes. This programme has created more cooperation and learning exchange opportunities for scientists and researchers and led to a series of important legal and institutional changes in R&I. In 2016 a peer review of the R&I system was prepared by a panel of international experts, based on which Moldova adopted amendments to the 2004 Code on Science and Innovation and carried out associated reforms, particularly streamlining financing and eliminating conflict of interest within the Academy of Science. In 2018 the National Agency for Research and Development (NARD) resulted from the merger of three Academy of Science executive bodies. Besides being the agency responsible for implementing

<sup>116</sup> The World Bank <https://www.worldbank.org/en/news/loans-credits/2020/03/05/moldova-higher-education-project>.

<sup>117</sup> National Erasmus+ Office, <http://www.erasmusplus.md/erasmus-higher-education-moldova-2020>.

<sup>118</sup> The Jean Monnet actions offer opportunities in the field of higher education and in other fields of education and training. The Jean Monnet actions contribute to spread knowledge about the European Union integration matters.

<sup>119</sup> The gross daily rates are the following: manager – EUR 47, professor/researcher – EUR 33, technical staff – EUR 20, administrative assistant – EUR 17. Ukrainian counterparts' rates are much higher. It is believed that rates are originating from Tempus programme, yet a lot has changed since 2014, but the rates stayed the same. In Ukraine the economic situation worsened and Moldovan average salary has increased ever since.

<sup>120</sup> EC online dashboard, <https://webgate.ec.europa.eu/dashboard/sense/app/a976d168-2023-41d8-acec>

<sup>121</sup> <https://knoema.com/atlas/Republic-of-Moldova/topics/World-Rankings/World-Rankings/Global-innovation-index>

R&I policy, NARD implements Horizon 2020, which is considered the largest and most important programme supporting science in Moldova.

Despite institutional adjustments, the interagency coordination of the Horizon 2020 programme was problematic. The MECR oversees policy drafting, while NARD deals with implementation.<sup>122</sup> In practical terms these boundaries are quite blurred. The main bottleneck, though, lies with information flow across Moldovan institutions, which ultimately impacts on Moldovan participants in Horizon 2020. As such, the special status of the associated country was not entirely valued by Moldovan institutions. The system has not joined up and this remains a systemic challenge in Moldova.

Moldovan performance in non-formal education projects was fair to middling (almost 2500 mobilities since 2014).<sup>123</sup> While it is believed these numbers are an underestimation of reality (some Moldovan young people participate in these programmes with Romanian or Ukrainian citizenship), interest in non-formal education has gradually faded away.<sup>124</sup> After visa liberalisation in 2014, Moldovan young people would make their own way to the EU countries without any programme support. Also, the lack of follow-up activities under Erasmus+ Youth demotivated young people to participate (in the previous Youth in Action Programme, there was a budget for follow-up activities). The number of organisations accredited to work with volunteers in Moldova has increased. There were only three organisations involved in 2017 and six in 2018/2019; and the budget to support volunteering activities doubled.

### 3.2.5 EQ8: Business environment

#### Overview of EQ 8

*EU financial support has contributed significantly to making the Moldova enterprises more competitive (especially in view of the opportunities presented under DCFTA). EU support focused on improvement of the business environment by increasing competitiveness, promoting the fight against corruption and more transparent procurement systems.*

**EU cooperation supported all DCFTA chapters related to business environment, including the agricultural and rural sector.** EU provided specific support to the National Agency for Food Safety (ANSA), the Agency for Intervention and Payments in Agriculture (Agenția de Intervenție și Plăți pentru Agricultură – AIPA); National Standardisation Institute of Moldova and the National Bureau of Statistics. Thanks to the support provided, draft laws and regulations were elaborated. For instance, Parliament adopted numerous legislative acts in line with the country's commitments enshrined in the AA, namely related to public administration, public financial management and justice system, quality infrastructure and consumer protection reforms. Transposition of standards has proceeded well, for example Moldova has managed to make significant progress in implementing EU regulations on sanitary and phytosanitary standards. Between 2014 and 2019, the National Standardisation Institute of Moldova managed to adopt over 5,000 European and international standards in the food sector (over 2,000 of which are European standards). Moldova is also gradually withdrawing from the Soviet norms, which still apply in some sectors. About 700 of these are still in force, but almost 350 were cancelled between 2014 and 2016. Simultaneously the 'e-ANSA' system was implemented to ensure an efficient and secure exchange of data between authorities in electronic format. One of the key achievements of this strategy is the set-up of a 'one-stop shop' for the export and import of agricultural products.

At the same time, EU support facilitated through multiple regional and national programmes the access of Moldovan enterprises, including SMEs and women-owned enterprises to credit, guarantees and in

<sup>122</sup> We have several unsuccessful attempts to discuss with R&I Department from MECR since September 2020.

<sup>123</sup> According to DG EAC data 5,011 young people took part in EU funded non-formal education projects (except EU4Youth participants) since 2014. Based on SALTO-YOUTH network data (website: <https://www.salto-youth.net/>), there were 4,479 learners (of which 2,726 were Moldovan) under Erasmus+ Youth and European Solidarity Corps 2,491 Moldovans participated in youth exchanges during 2014-2019. Due to the COVID pandemic, there were only about 35 young participants in 2020, of which up to five were from the left bank.

<sup>124</sup> Based on stakeholder interviews.

many cases additional technical assistance and coaching of the specific enterprises. Yet, overall scores of Moldova on 'easy to do business' did not improve.

EU was offering specific support to the creation and strengthening of enterprises in rural and/or less favourite regions of the country, promoting the LEADER approach and/or working with local governments. A specific 'gender approach' promoting women-owned SMEs was applied and the concept of a 'green economy' was promoted.

However, not all (rural) enterprises will benefit from DCFTA in the same way. Most of the enterprises in Moldova are small or micro-enterprises. In fact, more than 93% of farms in Moldova have less than 10 ha and produce for family consumption and local markets. Thus, the structure of the agricultural enterprises suggests that many farmers will continue to produce for local and non-EU markets and agriculture will remain the main source of income for less prosperous households and persons whose transition to diversified entrepreneurship is unsuccessful.

**Finding 8.1: EU support contributed to improved business environment, strengthening of key national institutions and facilitated Moldova's compliance with commitments under DCFTA**

Moldova has made progress in the requirements for setting up businesses, according to the 2017 annual study on 'The cost of doing business in Moldova', conducted by the World Bank Group. According to the data, in 2017 Moldova occupied the 44th position out of 190 countries across a range of business indicators, the same position as in 2016, but with an increase in its overall score. However, the rank of Moldova deteriorated again to 48 in 2019 from 47 in 2018.

Progress in the implementation of the DCFTA and the improvement of competitiveness is linked to quality infrastructure, market surveillance, development and diversification of the internal and external markets, improved competitiveness of SMEs, access to finance.

EU support to improved business environment and promotion of the private sector addressed the existing challenges from different angles: institutional strengthening (MARDE, ANSA, AIPA, statistics) to comply better with functions and provide better services. The six Twinnings are the instrument of choice in this aspect of the intervention with support to revision and adaptation of the legal and regulatory context, and laws and regulations harmonised with EU acquis.

During the reference period 2014-2020 the EU contributed through several projects and programmes to improved business environment.

Smaller projects financed under the call for modernisation of rural areas promoted the creation of employment opportunities, especially for women, through investment and non-financial support for rural SMEs. Furthermore, under the development of rural areas intervention (and a delegation agreement with the Austrian Development Agency) EU support contributed to improve business environment by strengthening key national institutions and contributed to the adaptation of Moldova standards and procedures to EU standards. EU financial support contributed principally to:

- Adoption of EU acquis in Moldova national legislation: support for alignment of Moldova's quality infrastructure legislative and normative frameworks to EU requirements including revision of already adopted acquis to new acquis, if necessary, and support in the transposition process of still-to-be-adopted EU acquis into Moldovan national legislation;
- Facilitation of access to finance and business services: capitalising (blending) of credit lines to stimulate competitiveness of producers and potential exporters in rural areas; (ODIMM and several subsidised credit lines and guarantees provided through the Moldovan banking sector);
- Creation of a network of business incubators;
- Provision of tailor-made specific support to enterprises under different national and regional programmes;

- Strengthening of Moldovan institutions (budget support PFM reform; advisory support to the Moldovan testing laboratories and Ministry of Economy and Infrastructure (MoEI) during their annual PFM procurement of minimum necessary equipment based on detailed needs analyses; support to the MoEI during the implementation of its action plan for Private Sector Service Certification and Conformity Assessment; support to the National Moldovan Metrological Institute in obtaining and maintaining European Association of National Metrology (EURAMET); support to the Institute for Standardisation of Moldova; support to the National Bureau of Statistics);
- EU support in strengthening AIPA and making subsidies with advance payments to rural population available. The advance payment and the improvement of procedures was reported as a major factor for improving the situation of small rural enterprises (farmers) in Moldova.

In the survey undertaken in the context of this evaluation, 41.1% of people interviewed indicated that their own situation has improved, but almost 53% indicated that the economic situation of the country has worsened. Asked about their confidence in the future economic development of the country (where 0 = no confident; 100 = absolutely confident) interviewees had an average score of 46. Thus, there is no clear evidence yet that the overall situation of the population has improved.

### **Finding 8.2: EU contributed significantly to the availability of credit guarantees and technical assistance/support services to SMEs**

At the beginning of the reference period, access to finance was difficult in Moldova, and especially for small and medium entrepreneurs. The situation became even worse after the bank scandal impacted the business environment in 2014. The signature of the DCFTA offered new opportunities for Moldovan enterprises. However, the infrastructure and equipment of most of the Moldovan enterprises was poor and significant investments were needed especially if enterprises planned to sell their products in the EU market and/or adapt to energy saving production models. Survey and interviews with development partners showed that the access to credit and business services provided by EU-financed projects and programmes during the period 2014-2020 has been important: 33.5% of respondents to our survey indicated that they had access to financing from EU funds.

EU financial cooperation facilitated the access to credit for Moldavian enterprises and especially small and medium-sized enterprises.

In 2014-2017, SME value added increased by 51.1%, while SME employment stagnated.

### **Finding 8.3: EU support provided to strengthening the justice sector, procurement reform and fight against corruption has not yet had a significant impact on corruption or increased significantly challenges related to procurement**

According to data of the National Bureau of Statistics of Moldova there are 33,718 enterprises in the country, out of which 27,950 are micro-enterprises (92.9%). There are only 924 medium-sized enterprises and 164 big enterprises.

To improve the business environment, it is necessary to tackle unfair business practices and increase transparency and to ensure effective and practical implementation of the adopted legislation, particularly in areas that are exposed to high-level corruption, such as competition and public procurement.

EU provided support to the PFM reform and upheld the government to fight corruption and to implement a procurement reform, which was intended to secure a more favourable and safer environment for businesses. However, results related to fight against corruption remained limited. According to Trading Economy (<https://tradingeconomics.com/moldova/corruption-index>) the Corruption Index in Moldova averaged 29.95 points from 1999 until 2020, reaching an all-time high of 36 points in 2012 and a record low of 21 points in 2002. Corruption Index in Moldova increased to 34 points in 2020 from 32 points in



2019. This is in line with the results of the survey undertaken in the context of the evaluation; in fact, almost 74% of interviewees indicate that corruption has increased during the reference period.

Although related to public procurement, the situation remains complex. The area of public procurement in Moldova is facing challenges of underdeveloped local market, low competition and a low degree of transparency. Accession to Agreement on government procurement of the World Trade Organization in 2016 improved the national state's legislation on public procurement, but institutional framework at the Ministry of Finance and Public Procurement Agency remains unreformed and weak. One of the biggest problems of the system is poor financial planning and controlling. In addition, any monitoring of public procurement procedures by Public Procurement Agency covers very few cases per year and is largely ineffective. This undermines the procurement process, results in poor performance of the public procurement system and no accountability in how the public money is spent.<sup>125</sup> These issues are regularly raised by the EU in policy dialogues.

#### **Finding 8.4: EU made significant efforts and was successful in creating social enterprises**

There are numerous 'social enterprises' which have been promoted by EU support. However, 'social enterprises' are a concept that is not consistently used. Social entrepreneurship is in an early stage of development in Moldova, although over the last few years several initiatives were launched to develop social enterprises, including with the EU's support. In 2020, the European Union, through grants to NGOs with a total of EUR 5 million, contributed to establishing 515 social enterprises in the country. The initiative EU4Youth – Unlocking the potential of young social entrepreneurs in Moldova and Ukraine – is being implemented.

Social entrepreneurship comes to fill the gap between profit and non-profit. However, for social businesses to develop in a favourable and attractive environment, it requires an enabling legal framework as well as active involvement of each member of society. With the support of EU4Youth in February 2021 over 100 social entrepreneurs, national authorities and experts in the field of social entrepreneurship participated in one of the largest events of the year – the National Conference on the legislation of Social Entrepreneurship in the Republic of Moldova.

Up to now, social entrepreneurship in Moldova is seen as an entrepreneurial activity whose main purpose is to solve social problems in the interests of the community. The basic law governing entrepreneurship activity, including social entrepreneurship, is the Law of the Republic of Moldova on Entrepreneurship and Enterprises. According to this, 'entrepreneurial activity' represents the activity of production manufacturing, execution of works and provision of services, carried out by citizens and their associations independently, on their own initiative, on their behalf, at their own risk and under their patrimonial responsibility to ensure a permanent source of income. Based on this law, the social entrepreneurship can be conducted by social enterprises and social insertion enterprises, focusing on improving living conditions and providing opportunities for people in disadvantaged categories of the population by strengthening economic and social cohesion, including at the level of local communities, by employment, by developing social services in the community's interest, by enhancing social inclusion.

With EU support to civil society the 15 social enterprises already established, are functioning all around the country, including the Transnistria region. This has been done through sub-grants to local CSOs and a series of training programmes, designed to build capacities of CSOs in social entrepreneurship. These enterprises cover different economic sectors like agriculture (honey production, agricultural services), eco business (production of bark and wood concrete), services (catering, cleaning, hair dressing), manufacturing (production of nails), healthcare (manual therapy, etc.) But particular attention in the process has been given to CSOs working with disadvantaged and vulnerable groups (people with autism, vulnerable children and youth, hospice clients or people in home care, etc.) The feedback received is that

<sup>125</sup> EBRD <https://www.ebrd.com/work-with-us/projects/tcpsd/9268.html>



the business ideas have turned out to be viable and generate revenues, which are also supporting the not-for-profit activities.

**Finding 8.5: Local action groups (LAGs) created under the LEADER Initiative play an important role for local and economic development in rural areas**

The EU has made a big contribution to make the LEADER approach known and accepted in Moldova<sup>126</sup>

The LEADER initiatives in Moldova began in 2016 under the EU-funded ‘Support to Agriculture and Rural Development Programme’ and EU support continued until 2020. Moldova currently has 32 LAG initiatives. A LAG is a non-profit group, made up of representatives of the local community (such as trade unions, business associations, and municipalities of the territory managed by the LAG), that manages LEADER projects in European rural areas. These involve over 3,000 people from local communities and have implemented more than 600 development projects (many of them micro-enterprises) to the benefit of over 600,000 inhabitants in rural areas. A recent study<sup>127</sup> showed that 32 LAGs provided (or lent) funds to 160 microprojects in 2018, to 200 microprojects in 2019 and 350 microprojects in 2020. The study shows that a major part of funds is used for micro-business, contributing thus to income and employment generation at local level in Moldova.

The LAGs are represented and supported by the Moldovan LEADER Network. In April 2019, the LEADER network acceded to the European LEADER Association for Rural Development. As the programme appears to be highly successful, the Ministry of Agriculture, Regional Development and Environment has the intention to implement the LEADER Programme, which will offer the possibility to finance LAGs from public sources.

**Finding 8.6: EU financial assistance is supporting almost all sectors covered by DCFTA in Moldova by a mix of instrument facilitating thus the compliance of Moldova with commitments made under DCFTA and good progress is made**

Almost all projects and programmes implemented since 2014 are supporting directly or indirectly DCFTA implementation. As such we will only mention the most relevant projects and facilities.

- The ‘Support to Quality Infrastructure Framework within the DCFTA context’ is a technical assistance project aiming to support Moldova in the strengthening of the country’s quality infrastructure framework within a DCFTA context. The project contributed to the following achievements: The legal and normative Moldovan quality infrastructure and market surveillance frameworks are closely aligned with EU requirements as per the relevant the government action plans; overall competitiveness of Moldovan businesses within a DCFTA context in the fields of quality, production, export promotion and marketing and management are improved; improved awareness, communication and visibility actions in the field of quality infrastructure, market surveillance and internal and external market conditions and opportunities.
- The DCFTA Facility is a blended programme which helps local entrepreneurs to take full advantage of the opportunities offered by the Deep and Comprehensive Free Trade Area (DCFTA) between Moldova and the EU. The DCFTA will accelerate growth, help Moldova’s economy to modernise further and become more competitive. To reduce additional costs related to the reforms in the short

<sup>126</sup> The LEADER methodology was developed with the support of the European Commission’s technical assistance. LEADER developed seven principles of local development. These are: (i) Area-based: taking place in a small, homogeneous socially cohesive territory; (ii) Bottom-up: local actors design the strategy and choose the actions; (iii) Public-private partnership: LAGs are balanced groups involving public and private-sector actors, which can mobilise all available skills and resources; (iv) Innovation: giving LAGs the flexibility to introduce new ideas and methods; (v) Integration: between economic, social, cultural and environmental actions, as distinct from a sectoral approach; Networking: allowing learning among people, organisations and institutions at local, regional, national and European levels; (vi) Cooperation: among LEADER groups, for instance to share experiences, allow complementarity or to achieve critical mass.

<sup>127</sup> [https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study\\_LEADER-approach\\_Report-EN.pdf](https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study_LEADER-approach_Report-EN.pdf)

and medium term, funds have been committed to Moldova under DCFTA Facility. Put in place jointly **with EBRD, EIB and KfW**, it consists of a set of programmes designed to increase SMEs' competitiveness, ease their access to finance, help them to seize new trade opportunities and comply with new food safety, technical and quality standards, as well as with environmental protection measures implied by the DCFTA implementation. Not only does this boost access to EU markets but also increases consumer safety in Moldova. SMEs benefit through different instruments of support, such as risk sharing mechanisms, local currency hedging, investment incentives (e.g. grants provided to SMEs investing in the EU standards compliant machinery or production processes) and overall technical assistance (e.g. support to assessment of the compliance with the EU standards). **EBRD Credit Line project has supported SMEs in Moldova by investing EUR 10.3 million in 70 projects.**

- The Economic Stimulation in Rural Areas – Sector Budget Support Programme (ESRA-SBSP) contributed to: ‘Capitalising credit lines to stimulate competitiveness of producers and potential exporters in rural areas’; ‘Provide financing for the purchase of equipment by SMEs’; creation of a ‘Create a network of business incubators’; strengthening of regional development agencies; and capitalisation of the AIPA grant system to pilot ‘ENPARD’-like interventions. Most of the inputs and outputs from ESRA-SBSP were delivered not by the beneficiary, but either by EU-funded technical assistance or de facto budgetary transfers into AIPA, PARE 1+1, the Loan Guarantee Scheme, the NPEEY and the Business Incubator Network.
- The support to the development of **business incubators and the network (RIAM)** seven yielded positive results. There are 10 incubators established with EU support, which comprise 197 resident businesses, against a target of 170. It is reported that 800 jobs have been created. However, the number of incubated companies is small, the total jobs created is modest when compared to labour market activity rates, and the companies are better described as micro rather than small.
- The **Business Academy for Women** achieved all that it had promised in the grant application: 10 sub-grants were disbursed to 10 companies, although the recipient companies were very small.
- The **360 companies (SMEs) which used the Guarantee Fund**, would have not otherwise obtained the loans from the respective bank. An additional outcome has been that ODIMM has been able to develop credibility with nine Moldovan banks, and should in future be able to capitalise on the low level of defaults.

Table 3: Overview of DCFTA in Moldova and EU programmes supporting the different chapters related to business environment

Chapter	Achievements/progress	EU financial support
4. Market access, goods	Increase of exports to EU emerge, now reaching 66% of total	Several programmes: – ESRA – ENPARD
6. Customs services	Significant progress, but still inefficiencies and perception of corruption	– Support to the modernisation of Customs service of Moldova in line with AA requirements (Twinning) – High-level adviser – EU border assistance mission
7. Technical standards (TBT)	Adoption of EU standards progressing, some institutions are still weak	– EU4Business-EBRD credit line – EU support for the National Institute for Standardisation of the Republic of Moldova to comply with CEN and CENELEC full membership criteria (Twinning) – Support to quality infrastructure framework within the DCFTA context
8. Food safety (SPS)	Adoption of EU SPS proceeds, but with delays, poor facilities and corruption	– Support to ANSA (Twinning) – Support to quality infrastructure framework within the DCFTA context

Chapter	Achievements/progress	EU financial support
10. Public procurement	Approximation well advanced, some implementation problems remain	<ul style="list-style-type: none"> <li>– TA support (e-procurement)</li> <li>– technical assistance (PFM SRC)</li> </ul>
11. Intellectual property rights	Legal regime fairly advanced, enforcement issues remain	<ul style="list-style-type: none"> <li>– Support to enforcement of intellectual property rights</li> </ul>
12. Competition policy	Institutional capabilities of the Competition Council need strengthening	<ul style="list-style-type: none"> <li>– Support to the Competition Council – ENPI/2015/367-197</li> <li>– Adjustment of Moldova’s Competition Law to European Union Competition Law</li> </ul>
13. Statistics	Implementation according to European standards has accelerated	<ul style="list-style-type: none"> <li>– EU provides direct support (TA project and provision of equipment)</li> </ul>
14. Macroeconomics	Recovery of macro growth underway; macro- aid conditions not met	<ul style="list-style-type: none"> <li>– PFM SRC</li> <li>– Technical assistance</li> </ul>
15. Financial services	2014 bank fraud still not resolved; governance reforms proceed slowly	<ul style="list-style-type: none"> <li>– Twinning project with Central Bank</li> </ul>
16. Transport	Fast growing sector for air and road; extensive approximation	<ul style="list-style-type: none"> <li>– TA undertake studies for</li> <li>– Several blending operations</li> </ul>
17. Energy	Approximation advances; de-monopolisation of gas and electricity difficulties	<ul style="list-style-type: none"> <li>– TA studies, HLA</li> <li>– Blending operations</li> <li>– Projects on energy efficiency</li> </ul>
18. Environment	Approximation advances; implementation still weak	<ul style="list-style-type: none"> <li>– Cross-cutting under energy, water, agriculture</li> </ul>
19. Digital	ICT usage advances rapidly; approximation advances	<ul style="list-style-type: none"> <li>– ICT Cahul EU4Digital</li> <li>–</li> </ul>
20. Consumer protection	Approximation advances, institutional capacities to be enhanced	<ul style="list-style-type: none"> <li>– Support to ANSA (Twinning)</li> <li>– Twinning support until 2012</li> <li>– Support to quality infrastructure framework within the DCFTA context</li> </ul>
22. Agriculture	Agri-food exports to EU grow; big challenge to enhance productivity	<ul style="list-style-type: none"> <li>– Several interventions under budget support and project approach,</li> </ul>
23. Employment/ social	Approximation advanced; liberalisation of labour code suspended	<ul style="list-style-type: none"> <li>– Several interventions</li> </ul>

### Finding 8.7: EU financial support contributed to the improvement of the policy, legal and institutional framework

There is evidence that EU support – including support provided under service contracts and Twinning – has contributed to an improvement of the policy, legal and institutional framework. Transposition of standards has proceeded well, with some 27,000<sup>128</sup> European standards now adopted, a compliance rate of approximately 91.7%; laboratories have been equipped; institutional competencies have been refined, institutions have been reorganised and substantial institution building and human resource capacity development has taken place.

<sup>128</sup> <https://www.moldpres.md/en/news/2021/06/27/21004559>

The achievements are related to the DCFTA Sector Reform Contract and substantial parallel support provided through the High-Level Policy Advice Mission, technical assistance, supply and Twinning contracts and many of specific conditions in the Policy Specific Contract 2018/401-914/2 (SIEA 2018). The DCFTA SRC helped to start the process of implementation of the DCFTA.

However, the achievements are affected by several key issues:

- There is evidence on the adoption by Parliament of numerous legislative acts in line with the country's commitments enshrined in the AA, namely related to public administration, public financial management and justice system reforms; however, for a full implementation of these acts adopting secondary legislation is necessary. Interviewees report that the application and enforcement of the revised legal documents has been limited to date.
- The harmonised legislation is deemed to apply only to export/import markets. Ensuring that these quality and safety standards are reflected in the domestic market has yet to be realised. This is particularly true with respect to food safety.

### 3.2.6 EQ9: The Transnistria<sup>129</sup> conflict

*To what extent has the EU support to Moldova contributed to achieving tangible progress towards a viable solution to the Transnistria conflict?*

#### **Overview of EQ9**

A prerequisite for the political settlement of the of the Transnistria conflict is the confidence-building measure (CBM) as an instrument to increase the trust between the residents on the two banks of the river and overcome existing prejudice. The political settlement of the conflict has not been a subject of this evaluation, and the focus was specifically on the CBM approach. The EU launched the 'Support for confidence-building measures (CBM)' programme in 2009 and since then it has been the biggest donor. In the period under review the overall committed budget for the Transnistria region under CBM-IV (2015-2018) was EUR 23 million and another EUR 10.6 million were allocated for CBM-V (2019-2022). Following a step-by-step approach and building on the lessons learned from the previous CBM programme, this approach has been gradually building sound and open working relationships, based on trust, with both sides independently of the political discussion.

The CBM programme integrates fully with conflict sensitivity issues: it is driven by the principle of '**mirroring**', that is, working similarly on both banks of the river Nistru, and by the principle of **consensus** between actors of both banks for a technical and apolitical work.

The ET found that the CBM approach did result in increased interaction and positive precedents of joint activities between many different actors from both banks of the river, which helps defuse potential tensions, thus contributing to a local context that is coherent with political settlement efforts.

The evaluation found that CBM have been successfully implemented in Moldova in the period under review and that tangible social and economic rapprochement is already seen. Social rapprochement has been promoted through grants and sub-grants for community development, CSO strengthening, addressing the needs of vulnerable and disadvantaged groups, but also through infrastructure projects with the involvement of the local structures, which ensures their sustainability. Economic rapprochement is progressing through the capacity building of key economic actors, enterprise development, associations and business platforms development, and new jobs and livelihood opportunities are created as a result of this. EU support to the pre-selected sectors of migration, health and socio-medical care is reducing the existing disparities between the two banks, and the efforts for preservation of the common cultural and historical heritage have proven to be a strong factor for overcoming distrust and also for

<sup>129</sup> Note: The EU does not recognise Transnistrian de facto structures.

promoting the EU visibility in in the Transnistria region. EU support enabled the introduction of unprecedented migration profile and mapping of the persons arriving from the Transnistria region or living abroad. Next to this, some cooperation has started in the media sector, and media on both banks are gradually beginning to co-produce locally attractive, qualitative and professional content.

**Finding 9.1: The social rapprochement of the two banks of the Nistru river has been promoted with the help of EU interventions and this has improved the standards of living of the targeted communities, vulnerable groups and the population at large**

Community development, improved health, social service delivery and social protection systems, including for vulnerable groups and people with disabilities have been among the key areas in various Calls for proposals (CBM, EIDHR, CSO&LA) in the period under review. Many of the grants awarded under these Calls, and specifically those under the CBM Call in 2015, made a significant contribution in these areas within the objectives of their projects. The assistance provided under the CBM Call for proposals was particularly well channelled to the Transnistria region (in addition to the Autonomous Territorial Unit of Gagauzia). These grants<sup>130</sup> highlighted the EU's priority to encourage the development of sustainable partnerships and capacity of civil society of both banks of the river through the establishment of cross-river platforms for cooperation at community level.

Tangible impacts were produced through the grants awarded to CSOs, especially regarding vulnerable and disadvantaged groups. This has been the case, for example, with a CSO grant which worked to develop the social protection system for people with disabilities in five districts on both banks of the Nistru river through the establishment of five mobile teams and a day centre. These strengthened the capacity of local public administrations in case management and quality monitoring and offered mini-grants for local CSOs and journalists to promote social inclusion and non-discrimination of people living with disabilities. The same project provided support for initiatives and participation in community life, and also triggered legislative changes. Other grants from the same Call worked to raise trust between teachers on both banks of the river, build regional capacities for continuous development of teachers' skills, facilitated the social and vocational integration of disadvantaged youth, or created partnerships for community development.

Another grant focused on joint initiatives of CSOs from banks for socio-vocational integration of disadvantaged youth, providing a set of comprehensive assistance services: social, psychological, legal, vocational. At the same time, the project activities strengthened the relations between youth from the right and left banks and also worked towards the creation of a regulatory framework for these types of services. Young people have been the beneficiaries of yet another project that aimed to raise the mutual trust between teachers. The project helped strengthen the capacities for continuous development of teachers' skills and introduce proactive methods of human rights education. It also worked for institutionalisation of the consultation mechanisms between CSOs and education institutions and contributed to establishing partnerships and cooperation between education institutions, teachers and CSOs from both banks of the river Nistru.

An outreaching sub-granting scheme supported joint initiatives of CSOs from the two banks aimed at building confidence through educational activities. These encompassed a wide range of priorities such as internet technologies; modern proactive teaching methods of human rights education; improving the legal knowledge of teachers and starting a legal clinic; intercultural education; creation of two clubs for young civic journalists; training in new methods of teaching international law and standards for human rights protection; studying and promotion of social rights, methodological analysis of curricula and work programmes on legal subjects to determine the scope of legal and theoretical materials on social human rights.



Other projects from the same Call also contributed to building bridges between civil society and communities from both banks and helped establish partnerships for sustainable development and promotion of human rights.

Parallel to this, a much larger-scale effort was the two EU confidence-building projects, with UNDP as an implementing organisation. In the framework of the first project, for example, there was special emphasis on solving emerging social problems as providing healthcare services in underfinanced sectors or areas with limited access, and piloting concepts of inclusive and non-formal education especially in the left bank schools. Small grant projects were also implemented to support collaboration between renovated social institutions from both banks, etc. This trend was continued in the framework of the second CBM project through support to community development.

The initiative for social infrastructure projects development has proven to be very successful and impactful. Over 30 such projects were implemented, including renovation of schools, community centres, social protection facilities, healthcare institutions, sports centres, road infrastructure, sewerage network, a fire station, tourism information centres – with hundreds of thousands of people benefiting. This has substantially improved the infrastructure and standards of living in the communities, and they received great coverage and visibility. The Rezina–Ribnitsa bridge infrastructure project, for example, is now allowing around 60,000 people from the region to travel safely between both banks of the river, even at night. A waste management project in Speia–Telita villages is introducing modern waste collection methods and ensuring a greener environment for some 7,000 villagers, and there are many more such examples. Projects from the CBM Call for proposals have also disbursed sub-grants for community development, with tangible social impact.

The analysis of media coverage done by the project has shown that these projects were much appreciated and well covered by the media in the Transnistria region. The sub-granted projects under the Civil Society Facility (CSF) and the Citizen Empowerment Project reconfirm the value of investing in infrastructure development and giving ownership to the communities and local actors who have initiated and implemented them.

**Finding 9.2: EU support to Moldova has intensified the cross-river contacts, partnerships and cooperation of the main economic actors, thus contributing to the economic rapprochement of the two banks**

EU-supported projects implemented in the framework of confidence-building measures transformed cross-river economic cooperation through building the capacity SMEs, chambers of commerce and business associations. It also supported joint activities in development of business and community infrastructure and by facilitating access to DCFTA. These efforts have created unprecedented opportunities for positive interaction between the two banks.

Business-to-business interaction built local capacities, facilitated cooperation between business associations, and supported the networking of businesses. Under CBM, tailored support has been rendered to companies from both banks of the river, and they were exposed to best practices, while at the same time getting involved in joint activities. They also had the opportunity to expose their products at local and international fairs. Good synergy is seen also with the sub-grants distributed under the respective component of the CSF (implemented by East Europe Foundation), which enhanced these initiatives through the creation of business hubs, including in the Transnistria region.

Four cross-river business platforms are currently offering business services and representing over 300 members. They create jobs and promote livelihood opportunities. The beekeepers platform, for example, has successfully launched a mobile bee breeding centre and, at the time of the evaluation, had already gathered over 100 service requests from both banks. The lavender oil platform published a guide on the cultivation of aromatic plants. The fruit growers platform provides specialised training on fruit cultivation. The Chamber of Commerce and Trade from Chisinau and Tiraspol helps the registration of companies



on the European Enterprise Network Platform and facilitates cooperation offers. More equal access is being ensured to the opportunities provided by the Association Agreement and its DCFTA.

Improving opportunities for youth entrepreneurship and employment has been a particular focus of activities; 31 new youth enterprises were created in the framework of the CBM project as too was 'Increased Opportunities and Better Living Conditions across the Nistru river', within the Grants for Youth Programme (16 from the Transnistria region). This has been reinforced by the CSF, with the creation of 10 regional youth entrepreneurship support funds, one of which is in the Transnistria region, in the territories out of control of the constitutional authorities. Young entrepreneurs can now bid for funds in an open competition and use them as a springboard to develop their business ideas.

Special mention should be made of the thematic platforms created under CBM-IV in the areas of education, sport, health, culture and ecology, which provide representation, advocacy and networking support to stakeholders across the river; and they are a springboard for deepening the cooperation further. The ideas they put on their agendas are driven from the membership and reflecting pressing needs:

- In healthcare: reproductive health, medical education, family medicine;
- In the environment: climate change, sustainable and ecological agriculture, alternative energy sources, better resource management of the Nistru river basin, agricultural innovations;
- In education: inclusive education, formal and private education and career guidance for young people;
- In social protection: inclusion into community and mainstream social services of the persons with disabilities and vulnerable children.

These are all channels for reconciliation that can be further explored and deepened. During the COVID-19 crisis the health platform has been particularly effective in conducting procurement and distribution of masks, sanitation materials and equipment to medical institutions on both banks, while the education platform rendered support to the then-new mode of online education.

**Finding 9.3: EU support to Moldova in the sectors of migration, health and socio-medical care is reducing the gaps and bringing about alignment of the migration and public health systems**

### *Migration*

The project, implemented in the framework of CBM-IV 'Supporting the implementation of the migration and development component of the EU–Moldova Mobility Partnership and harnessing its benefits for the residents of the Transnistria region of Moldova' was a very novel and relevant initiative. This is especially so bearing in mind that no mapping had ever been conducted of the residents of the Transnistria region living abroad. The project has been effective in providing capacity building for the de facto structures from the Transnistria region on how to manage migration, which has strengthened cooperation between academia and migration data practitioners from both banks of the Nistru river. The mapping had an impact on strengthening the human, institutional and legislative capacities for the successful implementation of legal commitments such as the re-admission agreement and visa facilitation agreement, thus leading to enhanced border management and reduction of irregular migration. An intangible impact, as suggested from the field interviews, has been the change of attitude and the building of confidence through work with the so-called militia structures in the Transnistria region, academia, practitioners, NGOs, and vulnerable groups (victims of labour migration, victims of domestic violence, etc.)

### *Health*

Two large-scale actions in the sector of healthcare and socio-medical services, supported by the EU, have addressed the disparities existing between the two banks. Particular focus will be on reducing the gaps on the left bank, where the health system is largely unreformed, with lesser access to modern models and methods. Significant impacts have been achieved by a project for technical assistance and

capacity-building activities in the health sector, with WHO as an implementing partner. The project mapped the health systems structures and functions, reviewed the possibilities of health systems financing and workforce planning and deployed a large-scale training and capacity-building programme that was unprecedented until then.

It strengthened the health policy analysis and action planning capacities of the health structures and improved the public health services and actions on non-communicable diseases. The project also had an impact on improving the capacity of health professionals. Cross-cutting capacity-building activities, involving more than 550 health professionals were carried out for health managers and public health specialists in topics such as public health and emergency management, international health regulations, use of guidelines in primary healthcare, human resource management and planning, 'best buys' on non-communicable diseases and awareness.

Some reforms were initiated in Chisinau – review of hospital structures, hospital financing, reform of public health services – but the frequent changes resulting from national and local elections and the subsequent staff rotation have obstructed their continuation. The project's impact was enhanced by innovation. Some of the training was done for the first time, like those on life-threatening conditions and the training for emergency workers.

The campaigns implemented under this project are also up to date, particularly those on prevention and immunisation. Thus, the project brought about alignment of the public health systems in policy analysis, action planning and capacity building of public health authorities. The interviewed beneficiaries of the project underlined how important the capacity-building activities have been and that they also helped better management of the COVID-19 pandemic. Quite in line with this, for protecting the needs of most vulnerable long-term care patients, who turned out to be strongly affected by the COVID-19 pandemic, the next CBM project for healthcare modernisation has proactively switched to the area of socio-medical care improvement.

### ***Socio-medical care***

Another project aimed at providing general support to the left bank health system alignment, with focus on primary healthcare is the current CBM-V project: 'Improvement of medico-social care for people with long-term care needs on both sides of the Nistru river' (implemented by GIZ and the Czech Development Agency) under CBM-V. It is aimed at ensuring the cohesion of two public sectors involved in the process – the healthcare sector and the social protection sector. Although it is under the title of Health Sector Modernisation in the respective action document, it is not purely health related. The focus is more on long-term care, thus departing from the genuine health sector, with an accent on service provision. One of the expected specific outputs relates to opening a pilot day care centre for patients from both sides of the Nistru river. It aims to introduce new models and practices, while addressing the challenges of anchoring the new services to the 'regulatory framework' in the Transnistria region setting relevant processes in terms of medical/social minimum standards and setting rules for the activity. Special attention has to be dedicated to potential challenges like anchoring the definition of social services to the 'regulatory framework', from the Transnistria region the relevant processes (e.g. the development of medical/social minimal standards), as well as the setting the rules for licensing and medical accreditation for services of this kind. It may turn out to be difficult to align the social 'regulatory framework' from the Transnistria region to EU standards in home care, and this would perhaps be the biggest problem. However, there are already some good examples of previous similar EU grant projects that can be used to this end.

**Finding 9.4: The efforts for protection and preservation of the common cultural heritage have been enhanced with EU support and increased EU visibility in the Transnistria region**

A rather successful Twinning project to promote the cultural heritage in Moldova has been greatly esteemed by counterparts from both banks and laid the groundwork for improving the legislation for

protection and sound management of Moldova's cultural heritage. The project helped increase the administrative and management capacity of the Ministry of Education, Culture and Research and its subordinated agencies, cultural offices and other relevant stakeholders. It developed and implemented training related to the protection and restoration of cultural heritage at secondary vocational education and at higher education levels; and contributed to digitisation and conservation of cultural heritage by Moldova's heritage protection institutions. Further on, these activities were reinforced in the framework of CBM-IV and CBM-V, and there are currently two conservation projects in the confidence-building framework – Bender Fortress and Chisinau Circus, where technical expertise and technical design services are provided. Apart from this, grants have been disbursed for small-scale cultural heritage projects in conservation/rehabilitation on each bank of the Nistru river. The creation of an EU fund for conservation/restoration of cultural heritage sites is planned and the modality of the Fund is developed with the support of international experts, assessments and consultations with experts from both banks. This reaffirms the importance of culture as a strong vector for cooperation.

**Finding 9.5: Media on both banks are beginning to co-produce locally attractive, qualitative and professional content**

Highlighted in CBM-V, this has been a very challenging goal, in terms of supporting mass media, also in territories out of the constitutional authorities' control (in a very different political environment). The assumption has been that media need to be closer to the daily reality of the people to be a vector of trust, confidence and a more democratic society. This component was supposed to be apolitical and focus on achieving a common understanding between both banks of the Nistru river, through funding in the form of small grants for the production by local actors of audio-visual material (mainly for TV but also other audio-visual support: web, social media, radio, cinema/movies, etc.) The original idea in CBM-V has been for funding to be made available in the form of small grants for the production by local actors of audio-visual materials. This is already happening. At the time of the evaluation, over 20 initiatives of media institutions and production houses on the right and left banks of the Nistru river resulted in co-production and distribution of audio-visual products. Thematically these included: documentary films, reality shows, artefacts reviews, youth initiatives documentaries, success stories of women from both sides, and also fairy-tales with trust-building context, etc.

Parallel to this, the findings of the Media research, conducted by the evaluation, has shown that about 150 events, campaigns, tours and other activities for the press were carried out during that period. The press and CSOs on the left bank of the Nistru river have covered EU programme activities in the region in approximately 500 news articles, features and other media coverage. All the news and features that were monitored have a non-conflicting, generally positive context, which is in line with the CBM's goal of increasing trust between the residents of both sides. The majority of them deal with projects in the field of business development and improving community infrastructure. The media from the left bank of the Nistru river, especially state-owned media, almost exclusively covered local activities; compared to the media on the right bank of the river, which has covered all the projects and actions of the programme. There was an observed difference in the way state media from the Transnistria region, on one hand, and the private and CSOs media, on the other, are covering events within the CBM programme. It has been noted that the role of the EU in financing projects carried out in the regions was often not mentioned.

### 3.2.7 EQ10: Civil society

*To what extent has the EU support to Moldova contributed to a strengthened role of independent civil society actively participating in decision and policy-making, monitoring and oversight in Moldova, in its priority area and the implementation processes of the EU–Moldova Association Agreement?*

#### **Overview of EQ10**

The EU has significantly strengthened its engagement with CSOs in Moldova since 2014, in line with the core policy documents of the EU and Moldova in this area, and the two Country Roadmaps for

Engagement with Civil Society, developed in a wide consultation process. The priorities defined in the roadmaps have been followed through in the period under review resulting in significantly increased funding for civil society. The strategic shift happened in 2016 with the launching of the CSF. While prior to this, EU support was focused mostly on projects implemented by big organisations in the capital city, the CSF changed this approach. It has been a novel effort, compared to previous interventions, with clear strategic focuses and countrywide coverage. The CSF has made it possible to reach a vast number of CSOs throughout the whole country, the Autonomous Territorial Unit of Gagauzia and the Transnistria region included, and also increased the visibility of the EU assistance. The value of this new approach was confirmed by all the numerous interviews with civil society actors who have underlined that this should not be changed.

The most tangible impact of civil society interventions in the period under review has been in the area of social service delivery, where CSOs participated in decision and policy-making and contributed to the development of innovative social services. Entrepreneurship has been boosted and social enterprise development, as a comparatively new area, was promoted with EU help. Streamlined support to the horizontal monitoring of the implementation Association Agreement was limited but monitoring still happened in some sectors. At the same time, the EU's role in promoting CSO legal enabling environment has been less notable.

**Finding 10.1: CSOs received EU support in strengthening their governance structures and financial management mechanisms, but streamlined capacity strengthening efforts in policy monitoring and monitoring of the implementation of the Association Agreement were limited. Despite this, monitoring did happen**

A precondition for effective CSO involvement in decision and policy-making, monitoring and oversight is the development of their capacity and skills in these areas. While there were no specific actions towards this prior to 2016, the CSF launched in 2016, and particularly the Technical Assistance to Support CSO Development in the Republic of Moldova project had the mandate (in accordance with the two roadmaps for civil society development) to enhance the knowledge and skills of CSOs, strengthen their governance structures, financial management systems and sustainability, promote the coordination, networking and consortium building capacities among CSOs, while at the same time provide support to three grantees (Soros Foundation Moldova (SFM), East Europe Foundation, Konrad Adenauer Stiftung (KAS) and their sub-grantees). Capacity strengthening was provided, and with project support the grantees undertook reforms in their financial and human resource management, updated their salary grids according to the legislation for non-commercial organisations and, to some extent, spread the practices among their members. Tailored training was also provided for policy-making with feedback indicating that it was valuable and useful. Thematically this included child's rights and child protection, referral mechanisms and case management, accreditation for social services, accounting and taxation of revenue in non-profit organisations engaged in entrepreneurial activity, etc. While these training sessions have strengthened the CSOs' capacity in policy dialogue and policy-making, it only happened at the end of this long-term technical assistance project, which did not fulfil its mission in full. Some originally planned core activities, such as a capacity-building programme on policy dialogue for CSOs and (another key area) policy monitoring – strongly highlighted in the roadmap (2018-2020) – remained marginal in terms of capacity strengthening efforts.<sup>131</sup>

In the period under review, civil society did not receive much targeted support on the monitoring of the AA. Although the above technical assistance project envisaged such support, the assistance was interpreted and translated in practice as just logistical (development of the Strategic Plans (2018-2020) of the two platforms, support to workshops in the key thematic areas of the AA). A mid-term evaluation report of the CSF has concluded the same, which has been confirmed by the current evaluation that:

<sup>131</sup> Mid-term evaluation report.

*TA activities regarding support to the AA platforms have been focusing on the organisation of meetings with government and on the provision of event-based or opportunity-based support, without having a clear support or engagement strategy and without an analysis of emerging needs for engagement of the civil society.*

Nevertheless, CSOs have mobilised themselves for horizontal and vertical monitoring of the implementation of the AA. The most comprehensive effort relates to the AA shadow reports (under the leadership of IPRE<sup>132</sup> and the expert group), supported by other EU donors. Already six such reports have been published since 2014, analysing the key areas, which have a spill-over effect, under the five titles of the Agreement: (a) political dialogue and reforms; (b) justice, freedom and security; (c) economic and other sector cooperation; (d) trade and trade-related matters (DCFTA); and (e) financial assistance, anti-fraud and control provisions. Based on the findings, the reports propose a set of recommendations of updated priorities for the next period, including in the context of the negotiation of the future post-2020 EU–Moldova Association Agenda. The reports are publicly available and provide food for thought to both the government and the EU.

There have been similar efforts on a thematic level, also with EU support. Most far reaching has been the monitoring of the justice sector reform. Also, the European Business Association project partner to EEF, has been closely monitoring different problems faced by the private sector and has issued over 30 position papers and advisory notes. In the framework of the project 'Better social services through a sustainable partnership between the civil society and the government', for example, capacity strengthening was provided on participatory monitoring and evaluation of social services for CSOs, social accountability, mechanisms for social accountability, etc. There are other good examples in the period under review for such practices, where other grantees and projects financed under Calls for proposals included components on monitoring or implementation of sector reforms by CSOs.

One project which started in March 2017 needs special mention: 'Facilitating active engagement of the civil society actors in the agro-rural policy dialogue'. This project was implemented under a Call for proposals for strengthening the role of civil society in monitoring budget support operations. It was based on a partnership of three local partners, namely 'AGROinform' (at present FARM)', 'The Republican Association of Agricultural Producers', the 'National Farmers Federation from Moldova'; and two external partners from Latvia and Romania. The purpose of the project has been to enhance the role of civil society in the process of developing, implementing and monitoring agro-rural development policies, with the specific objectives to build the capacity of farmers' organisations and their rural constituents in monitoring and evaluation agro-rural policies, in particular budgetary policies and improving the dialogue between central and local public actors, farmers' organisations, women's organisations, and CSOs through the establishment of agro-rural policy dialogue platforms.

By the end of the project more than 40 CSOs had received capacity-building activities, 10 regional platforms were established, and a National Rural Development Network was started. Some 30 local community groups were functioning, and several position papers were elaborated with more than 35 policy recommendations. The project sent a strong message that agro-rural policy dialogue is an important tool for solving economic, social, environmental and other rural problems, and it not only involves representatives of the central and local public actors but also entrepreneurs and farmers from rural areas, who are directly involved in day-to-day farming activities. The project worked in synergy with another EU-funded project, 'Technical assistance for the implementation of the Sector Reform Contract: European Neighbourhood Programme to Agriculture and Rural Development (ENPARD)'.

Budget process and budgetary transparency is another area of current activities. A capacity-building programme aimed at strengthening the role of the CSOs is under way in the framework of the 'Transparent public authorities for active and informed citizens' project (2020-2021). This project is increasing the capacity of CSOs to monitor budgetary transparency and implicitly promotes of the

<sup>132</sup> IPRE, Institute for European Policies and Reforms.



accountability of the local public authorities. While it is too early to draw findings on its impact and sustainability, the project is clearly relevant.

Accompanying sector-specific projects with civil society monitoring components seems to be both a relevant and effective approach to foster a policy dialogue. This was observed in the fields of police reform budget support where civil society monitoring grants directly led to policy research and publications, regularly discussed with the ministry and Police General Inspectorate. Similar successes are observed even in the absence of budget support in that EU support boosted the partnership between CSOs and the Equality Council, leading to important progress in national policy and legislation on gender equality and LGBT rights.

Regular review of project documents also confirm that EU support now increasingly targets the emergence of local champions of change among civil society actors in the regions.<sup>133</sup> Several CSOs, however, deplored that EU grants (despite efforts to reach out to local CSOs outside of the capital city) were still often channelled through projects which do not secure long-term institutional capacity of the civil society, and at times through the national offices of large international CSOs rather than national organisations. Core and longer-term support are necessary, if local CSOs are to consolidate their position as a key actor of the EU's strategy.

A relevant step to enhance these efforts is the new TA project 'Support for structured policy dialogue, coordination of the implementation of the Association Agreement and enhancement of the legal approximation process', launched in 2020, which has as one of its purposes to enhance the structured policy dialogue with civil society and support the communication and awareness raising on Association Agreement issues.

**Finding 10.2: The role of civil society in good governance, social and economic development has been strongly promoted with EU help and viable partnerships between civil society and different levels of government are now in place throughout the whole country**

The CSF triggered extensive sub-granting schemes in several thematic areas, which have promoted good governance, social service delivery and business development and helped create partnerships on different levels of government.

In the area of **good governance**, EU support is channelled through two big projects. (1) The 'Grassroots civil society development facility in the Republic of Moldova' project, implemented by Konrad Adenauer Stiftung under the CSF is contributing to the development of civic engagement and of grassroots civil society to become actively involved in policy and decision-making, which in turn promotes and monitors the transparency and accountability of public institutions. (2) The 'Citizens' Empowerment' project, implemented by GIZ has a very similar aim – to empower citizens through constructive participation of CSOs in local, regional and national decision-making processes in development and implementation of local public services for sustainability and awareness of their impact on climate change. For CSOs this is not the usual type of project, as the focus is on infrastructure and involvement of the citizens (through CSOs). In these terms the project is very novel.

At the time of the evaluation both projects were still under way with three separate grants responding to the Roadmap for Civil Society, having a very similar implementation modality, where big, medium and small grants are extended to local CSOs. The idea is quite rational, with the expectation that the big grants will strengthen existing civil society partnerships in good governance with an enhanced grassroots CSOs involvement, and this will have an impact on the cooperation with public authorities and other socio-economic actors. For the smaller grants, the accent is on policy decision-making and monitoring, so that grassroots CSOs are capacitated to hold national and local public authorities transparent and accountable to ensure good governance. Some innovative granted projects include promoting digitalisation in the interaction between citizens and authorities through innovative tools that stimulate

<sup>133</sup> <https://freedomhouse.org/country/moldova/nations-transit/2020>



civic participation, re-engineering the social assistance system, promoting civic and political activism among students, citizen education through non-formal education, partnerships to improve the social services system, increasing transparency through local media, etc. Good governance is also promoted through the media. One large-scale grant awarded to a media organisation, with subsequent sub-granting programme, promotes the principles of good governance among the citizens through video materials explaining the building blocks of good governance, monitoring decision-making transparency and public procurement procedures, and organising along these lines' public debates, and spreading motivational message on good governance. An innovative initiative of the above project is also the 'Green line' space for reporting violations.

In the area of **economic and social development**, the CSF grant 'Local civil society contributes to economic and social development in Moldova' is making a key contribution to the creation of partnerships in economic development, social enterprise development and new economic opportunities, through its components related to development of business hubs; social enterprises; and youth entrepreneurship funds. The project has already created six business hubs throughout the country, the Autonomous Territorial Unit of Gagauzia and the Transnistria region included, and there are good linkages with CBM. Sub-grants were awarded to 10 regional youth-led entrepreneurship funds (one in the Transnistria region) which supported more than 60 young people's ideas, selected in an open competition.

Innovative and effective efforts are the small grants for civic initiatives. The recipient grassroots CSOs are very sensitive, fragile and can even disappear in a month. However, they know the local situation very well and are able to make a contribution within their area of expertise. They are thus involved in local communities' development and citizen mobilisation to resolve community problems – improved waste collection, roof repair and reconstruction of various public buildings, construction of sport ground, etc., and have civic ownership of their achievements. They can attract small funds and mobilise people locally, which this is their strength, but they need more help.

**Finding 10.3: The EU has made a strong contribution to the development of social services and through support to civil society – also to social enterprise development**

Even before the launch of CSF, which put a special focus on social service delivery, there were several projects with tangible impact on the development and delivery of social services (under Calls for proposals), which set a model of partnership between civil society and public authorities in Moldova. One of these projects worked in six residential institutions. It built partnerships with the central and local public authorities, developed legal framework and procedures for Hotline service for persons with disabilities as compliant mechanism for human rights violation, piloted this innovative social service and ensured its financial sustainability with public budget. Many advocacies were carried out to advance the deinstitutionalisation process and, as a result, the government approved a national programme on deinstitutionalisation of persons with intellectual and psychosocial disabilities. Another project worked to develop the social protection system for people with disabilities in five districts on both banks of the Nistru river. It strengthened the capacity of the local public actors in management and quality monitoring and offered mini-grants to promote social inclusion and non-discrimination of people living with disabilities, provided support through mobile teams and set up a day care centre. Legislative changes were also triggered. The positive practices from the right bank of the Nistru River were scaled up on the left bank.

With the launching of the CSF and the grant to SFM 'Better social services through sustainable partnership between civil society and government', work was further deepened towards the empowerment of CSOs in promoting and implementing innovative solutions for advancing social inclusion of persons with disabilities and vulnerable children in partnership with local public actors. At the time of the evaluation the project had awarded 33 grant contracts to CSOs for the development of innovative and sustainable social services, jointly with the public actors. The services targeted persons with disabilities and vulnerable children. By the end of 2020, the project had developed over 40 social services in partnership with the public actors or public institutions – supported living service, community home services, community-based services for children in risk situation, etc. all around the country. The CSOs

with EU help ensured access to community-level social services for 2,000 children in risk situations and persons with disabilities. The project also helped the deinstitutionalisation of 60 persons with intellectual and psychosocial disabilities.

With EU help, regulations and quality standards for social services were developed, and policies and procedures on child protection, prevention of violence and abuse were improved in a participatory way with service providers and grantee CSOs. Key support was rendered to four organisations which intend to become social service provider to get accreditation and access the financial resources from state budget. All four grantees are in the process of self-assessment of their organisation to prepare for accreditation and social contracting.

The EU role in social enterprise development, though support to civil society is highlighted in Finding 8.4.

**Finding 10.4: During the period under review civil society has been actively engaged in working on a new law on non-commercial organisations in an effort to improve legal enabling environment**

During the period under review civil society has been actively engaged in working on a new legislation for its enabling environment. The process of drafting the new law started in March 2016, with the creation of a working group with representatives of the public authorities and civil society. The adoption of a new civil society law has been a provision of the National Action Plan on the implementation of the Association Agreement and the law was one of the packages of laws sought by the EU in respect of the Association Agreement and a precondition for the release of financial aid to Moldova.

On 27 July 2020, the new Law on Non-commercial Organisations was published in the Official Gazette of Moldova. It was adopted by Parliament with the support of 95 out of 101 deputies, after heated debates. The adoption of this Law is a step forward to ensuring an enabling legal environment for civil society in Moldova and sustainable development of the non-profit sector. The improvement of CSO's legal environment has been a condition for macro-financial assistance, and as such progress in this area was keenly monitored by the EU. It is expected that the Law will reduce bureaucracy and establish guarantees for registration, simplified internal organisation of non-commercial organisations, principles of fair play in accessing public funds and state support, and will limit the possibility of unjustified interventions in civil society activities from the state. Future support from the EU can be channelled towards the practical implementation of the Law and monitoring of its implementation, especially now in the COVID-19 crisis, where the government may also face financial challenges to support CSO.

## 4. Conclusions

### 4.1 Targeting, coherence and relevance

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The EU cooperation in Moldova has been fully aligned with national strategies, to the extent that the objectives outlined in the EU Association Agreement (AA) continue to represent the national priorities and are treated as the foundation of the EU engagement. When targeting support, EU interventions relied on the Association Agenda, which, in turn, has also cross-fertilised with Moldova 2020 National Development Strategy, while both relate closely with Eastern Partnership (EaP) 20 Deliverables for 2020 framework. The research found no contradictions between thematic interventions and the strategic shared Moldova–EU objectives, which retained their coherence.

With strategic alignment ensured, the intervention logic has shown its capacity to evolve, in consultation with EU Member States, based on the shared assessment of problematic areas and needs. The fallout from the bank fraud scandal triggered readjustment. The second Single Support Framework (SSF) has shown more attention to the governance sector, while diversifying the thematic areas of intervention, with particular attention dedicated to corruption. The overall relevance of interventions was ensured by the

EU's ability to adapt to challenges, by targeting new beneficiary groups. The EU chose these groups based on their potential to harness support and convert it into impact. A higher degree of engagement at local level, with rural communities and civil society groups, has been achieved without compromising the robust policy-level cooperation with the government.

The EU backed up this approach with innovative communication strategies towards the government and – importantly – the citizenry, whose degree of awareness about the EU interventions, and support towards them, has been consistently high and growing. The evaluation has revealed the evidence of this communication being integrated into programming and strategy; that is, used for organisational learning and participatory planning. This constitutes replicable good practice. Immediate measures were taken within existing projects following the bank fraud. But more profound recalibration of programming, responding to a series of backslides including the bank fraud, but also the invalidation of Chisinau mayoral elections, delays with justice reforms, or the fiscal reform package, then followed the regular programming cycle of the EU in line with procedures. This led to a time-lag between the acknowledgement of pre-existing challenges and backslides (2015 in the example of the bank fraud, followed by others in the subsequent years), retargeting of programming documents (new SSF in 2017), and finally the actual implementation (still ongoing) of the adjusted intervention logic, which considerably limited its effects. Meanwhile, the issues which the second SSF was supposed to address (particularly in terms of corruption and collusion of interests) have crystallised and are increasingly challenging to address. The COVID response reprogramming in 2020 was a good counter-example of an exceptionally quick reaction.

Within these adjusted targets, there were underused opportunities to address topics that were relevant to the EU/Moldova objectives. Mainstreaming of gender equality, empowerment of women, human rights issues have been addressed in some thematic areas, but may be extended to others. Stronger accent on decentralisation and local governance may help capitalise on impacts already achieved through previous interventions in targeted fields – like in service provision. Offering more vigorous support to the investigative and independent media becomes crucial in a highly polarised political environment, where corruption is one of the underlying concerns.

The evaluation revealed that contextual analysis and learning can be integrated more proactively into the planning process. While the strategic level adjustments were made as a reaction to the bank fraud scandal, there is still the perception among counterparts that the EU could have been more proactive about it. This observation rests on two further premises:

- One is internal to the programming: the log frame approach used across DG NEAR makes it difficult to discern logical intended connections between the programmes, the intended results and the overall impact through series of intermediary changes. This shortfall affects the clarity of programming documents and makes it more complicated to monitor progress towards the set strategic objectives. Adoption of a theory of change approach could help the programmatic staff in the EUD and DG NEAR to overcome these shortcomings.
- Another is external and pertains to the context of implementation. While the national policy documents are generally aligned with the Association Agenda, the degree of national ownership has varied significantly, due to political instability, polarisation and contrary interests. Relevant EU interventions require more consistent channelling of the EU's political analysis, which must feed programming more quickly and more substantially. Again, adoption of a theory of change approach could assist in making these adjustments, facilitating programmatic adaptation to real-world political shifts.

## 4.2 Synergies and partnerships

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Overall, the EU's bilateral cooperation with Moldova has been complemented by EU regional programming. It has operated based on wide-ranging partnerships with international development partners, as well as civil society organisations (CSOs). These important complementarities have helped Moldova advance towards its shared objectives with the EU. They also helped the EU to mitigate the

risks of flagging commitment of national stakeholders at the sectoral reforms, whenever political upheavals intervened in the implementation process.

The regional and cross-border programmes offered outstanding examples, where multiplier effects were pronounced – such as in blending projects in support of SMEs – and enjoyed significant visibility. Well-coordinated cross-border and regional activities proved impactful at country level when there was a significant operational presence in both (or several) locations but were less effective when remotely managed.

Cooperation with Member States, other donors and IFIs offers the good practice of joint situational analysis and planning, which produced a shared programming document in 2018, very much in line with the second SSF. This experience of close cooperation has meant that there were few overlaps and duplication. Conversely, different but complementary approaches with some partners – for example with development banks – helped provide the national stakeholders with more comprehensive and flexible instruments than would have been possible otherwise. The regional blending operations, provided improved access to loans, guarantees and technical assistance both to the government and to SMEs.

The impact of operationalised synergies and partnerships has been evidenced in articulation of the political (impact), policy (outcome) and programmatic (output) dimensions of support. For example, when the platforms of political collaboration were temporarily disrupted due to political upheavals, ongoing policy dialogue (e.g. with high-level advisers) and programmatic rollover allowed the EU to be kept informed and engaged. Partnerships with other international development partners and CSOs also served as mitigating measures for bridging occasional problems. These approaches helped lessen party and personal interferences within sectoral policies, although they could not prevent the lack of continuity or the delays in policy implementation, especially in the justice sector.

And finally, EU platforms and financial instruments have allowed EU–Moldova cooperation to shape a comprehensive network of policy dialogue and collaboration with the Moldovan CSOs that have been increasingly active and impactful in affecting policy. This contribution is, however, fragile. On the one hand, the core funding of CSOs is not sufficiently stable to allow for generating consistent expertise. This is especially true since the national CSOs often compete with international CSOs, including for the EU financial support. On the other hand, the ‘revolving door’ between the government and CSOs – while helping create a reservoir of policy expertise outside the sitting cabinet – means that the partisan and political considerations seep into civil society and require additional situational awareness from the EU.

### **4.3 Efficiency, programming and management**

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The research found that the complementarity between project approaches provided under various implementation modalities, conditional financial support (budget support, blending, macro-financial assistance), blending operations and a frank policy dialogue backed by strong communication was efficient, coherent and minimised risks, but it could not always overcome the difficulties posed by unfulfilled key assumptions. External shocks – conflict in Ukraine, global economic crisis, COVID-19 pandemic, over which neither the EU nor Moldovan authorities have control – certainly contributed, and will continue to do so, causing inefficiencies and delays in implementation. More systemic and detailed work on assessing the risks, planning for contingencies and institutional resilience are required to address such risks.

However, the most direct effect on the programming was made by persisting corruption and weak governance, with the bank fraud scandal being just one, albeit its most significant, manifestation. The management and programming response to this crisis was commendable, with the EU managing to adjust from the budget support-led intervention to a programmatic mix which short-circuited some of the most challenging parts of the governance structure to deliver assistance more directly to the Moldovan citizens. Engagement in blending projects with IFIs also helped expand the EU footprint to significant investments,

allowing Moldova to benefit from a variety and volume of financial instruments that would not have otherwise been accessible. Also, transfer to a more project-based architecture posed an additional burden on the local management at the EU Delegation in Moldova, which should be met with appropriate acknowledgement and backstopping.

In conclusion, the overall efficiency of operation is high. The EU and Moldova may benefit further from building on the existing solid groundwork by, on the one hand, improving the programmatic process through participatory and comprehensive assessment of assumptions at all levels; and on the other, by consciously and deliberately upgrading the role of the mid-level 'transmission chain' actors – CSOs, mid-level civil servants, private sectors – from being the mere beneficiaries in particular sectors of assistance, to becoming the partners and agents of change working in mutual collaboration, for achieving the intermediate outcomes of the EU–Moldova cooperation.

## 4.4 Agriculture and rural development

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EU support to Moldova contributed to achieving an increase in the competitiveness of the agri-food sector. Nevertheless diversification of economic activity in rural areas was limited. Production and exports of agri-food products grow significantly and there was a reduction of non-tariff barriers for Moldova's exports to the EU.

The free trade provisions of the AA and EU support to the sector were complementary, helped Moldovan producers to gradually improve their ability to meet EU standards and overcome non-tariff barriers to trade. The support to the horticulture sector contributed to expansion of the sector and increased resilience of producers. The successful use of blending in this regard to create notable leverage of funds and achieve tangible results in the horticulture sector may be considered for replication.

Yet, the main agricultural exports still primarily involve low added-value products such as cereals and seeds and low-priced unprocessed material and the size of the processing sector (excluding wine) in exports is relatively small. The competitiveness of product groups that previously were often already competitive such as cereals oils seeds, fruits and vegetables and honey improved further. Conversely, exports of animal products reduced, which mainly reflects the lack of skills and experience of exporting to the very demanding EU market and inability of Moldovan producers of these products to meet the requirements for exporting to the EU.

An important issue in terms of competitiveness has been the slow development of productivity which has hampered growth, particularly in the agricultural sector. Next to limited access to land, low productivity and competitiveness levels are also fuelled by limited access to other inputs such as water/irrigation, finance, technical inputs, support services and quality workforce. The dualistic nature of the agricultural sector is also reflected in competitiveness of enterprises as the most competitive producers – those that are able to export directly – are often large agricultural enterprises.

EU support helped Moldova to achieve significant progress trade liberalisation and regulatory approximation to the EU acquis. However, the necessary institutional framework for complete implementation and oversight of these new provisions is lacking and agri-food producers still face many challenges to meet the demands of the EU market.

The EU has been supporting diversification of economic activity in rural areas through various measures. Although non-agricultural sectors have developed in rural areas, nevertheless this was not significant and the role of agriculture as an employer has become even more crucial. At the same time that the share of agricultural enterprises increased significantly in rural areas, the sector has remained the most active in terms of entrepreneurship. The low added-value along with increased employment in the sector point towards the increasing importance of subsistence farming, and further highlights the relevance of the EU's complementary efforts towards diversification of activities and need for support to small farmers to



increase their productivity. But the impact of this two-prong approach requires time, especially in an economically constrained environment.

## 4.5 Democracy and the rule of law

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EU support to democratic governance and the rule of law has been multi-faceted and continuous, covering all major national stakeholders with a variety of programmatic support instruments, including budget support, Twinning, technical assistance, deployment of high-level advisers. The evaluation demonstrated that the attention towards the sector of democratic governance and the rule of law has grown over time, both as a result of the general evolution of the EU-wide priorities, and in response to specific shortfalls encountered in Moldova.

The application of conditionality criteria for budget support and macro-financial assistance has been instrumental in keeping the channels of dialogue with the top-level decision-makers open, which has been backed up by the sound integration of civil society actors in the monitoring of the budget support schemes. Importantly, the dialogue has continued despite the temporal suspension of the budgetary assistance due to non-compliance of the conditionality criteria. Interviews with national stakeholders show that many of them consider the application of conditionalities with sector and DG ECFIN's macro-financial assistance as a good instrument to promote the implementation of sector policies.

These successes largely became possible because of the strong and clear normative backbone of European standards, which Moldova aspires to strategically, as manifested by the Association Agreement. These very aspirations also create a societal expectation for reforms compliant with EU normative framework, thus creating electoral pressure required for marshalling these reforms through administrative and legislative bodies. At times, although not always, there is an internal mobilisation for reforms in some institutions, which is supported by the pool of agents of change – civil servants that share the European aspirations, have integrity, and are sufficiently trained and capable to initiate or undertake the relevant reforms.

Yet, the objective indices of progress as well as subjective perception of citizens – which are borne out by the numerous interviews conducted in framework of this evaluation – corroborate the fact that Moldova's progress in the area of democratic governance and the rule of law has been uneven and slow. These iterative periods of slow progress and substantial setbacks are underpinned by political polarisation and instability that saps public confidence in reforms. Furthermore, it risks curtailing the impact of the agents of change – because they become apathetic, leave the civil service (or the country), or because they give in to informal governance structures.

The existence of the informal governance systems that often runs counter to the interests of EU-backed reforms in governance sector, specifically in the judiciary, has been amply evidenced through interviews, third-party reports and data. This report concludes that the informal structures of governance are based on power relationships and create a set of incentives (and disincentives) on political decision-makers as well as on civil servants. These incentives (material gain/loss, career possibilities, political advancement) are often more immediate than the purported effects of the EU-backed reforms (improvement of the overall system of governance, higher predictability, improved access to EU markets, inter alia).

The evaluation found that while this challenge is recognised by various EU institutions, the effect of informal governance is insufficiently addressed at the programmatic level. This creates the risk of decoupling activity level efforts from overall progress in terms of results and impact. EU support has played a positive role in bringing the normative framework (policies, legislation and regulations) in line with European standards. However, it has put too much emphasis on this framework, and not enough on the quality of practices that underpin it, especially during the first SSF. This has carried the risk of reproducing the restrictive approach to the law, which is already prevalent in Moldova – for example by measuring normative changes without in-depth monitoring of the change in practices of the public



servants (through trial monitoring, in-depth study and observation of the practices of the rank-and-file police or court registry officers for instance); or by placing legal amendments chronologically before creating the capacity for in-depth change management.

The evaluation identifies several elements which may contribute – on a programmatic level – to this difficulty in identifying the reasons why the positive interventions on activity level do not translate into improved results:

- Theories of change or intervention logics for the programmes, where they exist, are not articulated with sufficient clarity. The results/impact are formulated according to the log frame approach: they are conceptually weakly linked with their assumptions (especially internal ones) and with planned activities.
- The projects/programmes often place their indicators at activity level. This means that a lot of data is produced at this level, but it is difficult to interpret this data against results (e.g. Does the increased amount and quality of training contribute to qualitatively improved services over time?) remains insufficient for evaluation and planning purpose.
- Normative change (adaptation of the legal and regulatory framework) is prioritised over change management: the extent of the EU normative and regulatory framework presents an important challenge of transposition, even in AA/DCFTA (non-accession) context. Thus, the bulk of expert and technical support seems to be directed towards legislative approximation – which leads to creation of the operational mimicry on part of the beneficiary government/institutions: they too, equate legislative change with ‘reform’. Yet, the interviewees attest to the fact that normative change is futile, unless it is accompanied by the capacity to effect meaningful change.
- Normative transformation is often supported (high-level advisers (HLAs), technical assistance, Twinning) at the level of drafting in line ministries. HLAs try to engage other line ministries/agencies in horizontal coordination, but it rarely involves support towards the entirety of the law-making, particularly within the legislative branch – that is, the public and parliamentary process in which the political differences are addressed and reconciled before the draft is voted on.

The fundamental threats to the EU effort to advance the reforms in the democracy and the rule of law sectors are presented by the aforementioned adverse incentive structure created by the persistent, competing system of informal governance. This incentive system is at the centre of resistance to change in various institutions, and on the part of some decision-makers, and it cannot be overcome only by capacity-building efforts. Ending the impunity for corruption and economic crime, and creating structures that incentivise support to real reforms may go some way towards addressing the problem.

Nonetheless, there is still more potential to convert the successful interventions into evident results, by improving the quality of implementation context analysis. This analysis must in turn inform the programmatic theory(ies) of change, become an integral part of the programme monitoring process and effectively contribute to the evaluation cycle. The body of the agents of change also creates opportunities for engendering process-oriented changes that go beyond the normative approximation. This includes the meaningful professionalisation of civil service, clear delineation of the political and civil service professions, improved application of administrative discretion and margin of appreciation in administrative decision-making and in justice sector (all in line with OECD/SIGMA standards) as well as improvement of the law-making and policy-making processes.

## **4.6 Energy infrastructure, environment and climate change**

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The energy-transport-environment and climate change sector are closely linked (nexus) – that means decisions or policies affecting one of the sectors are influencing the others. Thus, investments in the water or transport sector can reduce energy consumption and or increase energy efficiency, also affecting

climate change and environment. Utilisation of biomass or waste for renewable energy production has direct effects on environment.

EU support in the energy sector aims to promote the efforts of Moldova to reduce dependency on external energy resources (over 75% of the energy used in the national economy is imported), increase energy security and to increase the use of renewable energy and energy efficiency.

EU co-financed the construction of new electricity and natural gas interconnections with the European continental network (Construction of the electricity interconnection between Moldova and Romania ENI, Ungheni–Chisinau gas pipeline). This will reduce the dependency of energy supply from Russia and Ukraine and thus increase energy security. As a second pillar, the diversification of energy resources was supported by different regional and national projects (i.e. Biomass project). Actually about 20% of Moldova's energy demand is covered by domestic production, consisting almost fully of solid biomass. The EU-financed biomass project contributed to this achievement.

EU projects related to energy efficiency are still under implementation. The EU-funded project, Support to the Modernisation of the Energy Sector in the Republic of Moldova, is helping the country reform its energy sector. The project has also led efforts to improve the deployment of energy efficiency across the country. At a national level, assistance has been provided to the government to implement an energy efficiency programme in centrally owned buildings, to develop the first energy efficiency obligations scheme and to help the government in strengthening a revamped energy efficiency agency. At a local level, support is under way to assess city energy use in a number of municipalities.

Several projects were financed under E5P (a EUR 242 million multi-donor fund initiated during the Swedish Presidency of the European Union in 2009). E5P encourages municipal investments in energy efficiency and environmental projects in the Eastern Partnership region. Five projects were financed in Moldova. The projects aimed refurbishment and energy efficient improvements of public buildings. Implementation of high-quality, energy efficiency technologies in buildings is expected to have a strong demonstration effect. Energy savings in the range of 40–50% are expected.

At the same time Moldova is making progress in developing competitive markets to transpose the community acquis in the field of energy in line with the Energy Community Treaty and the AA. EU is supporting this process with the help of a high-level adviser. Results related to reduction of dependency on external energy resources are still incipient, but the share of renewable energy produced in overall energy consumption is increasing.

EU support contributed significantly to improved water and sanitation facilities in Moldova. The EU financed several key projects in the water and sanitation sector using different instruments and implementation modalities, namely: Clean Water for Cahul; Chisinau Water Development Programme (NIF); Construction of Water Supply and Sanitation infrastructure; as well as energy efficiency in public buildings. No final results are available yet for these projects. EU assistance provides direct access to improved water and sanitation services to about 1,300,000 beneficiaries including the support provided through NIF co-financed interventions. EU co-financed interventions are not only tackling access to water and sanitation, but also the improvement of quality of services.

EU support to the transport sector is composed of (a) technical assistance and capacity building to support the reform of the transport sector in line with the transport chapter of the EU-MD Association Agreement, to support legal approximation and policy development for fulfilment of the undertaken commitments; and (b) infrastructure projects (important road and rail projects) co-financed by EU with NIF funds. The projects will facilitate the transport within Moldova and connect the country better to the EU Member States. They are enabling efficiency gains, shorter delivery times, and competitive prices which, compared with road transport, will increase the range and volume of imported goods.

The EU has supported environmental sustainability and climate change resilience through a series of programmes, especially at regional level. The green growth concept has been promoted in Moldova as

a model of social and economic development for economic growth, improved human well-being and social equity. Its goal is to achieve a low-carbon, resource-efficient and socially inclusive economy, significantly reducing environmental risks and the impact on human health.

## 4.7 SMEs and business environment

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Moldova's economy has expanded by an average of 4.6% annually in the past 20 years, driven by consumption and fuelled by remittances. The latter account for 10% of GDP. Small and medium enterprises (SMEs), which represent approx. 99% of total number of enterprises in Moldova, account for less than 30% of the country's GDP. The relative weight of SMEs in turnover and employment has actually decreased. Some 98% of enterprises are micro-enterprises with fewer than 10 workers. Moldova's large-scale emigration has led to a sharp decline in population and increased the share of elderly people. This puts pressure on the available labour force and the country's long-term competitiveness.

Nevertheless, Moldova has made considerable progress in developing a comprehensive institutional framework for the SME sector. The AA including Deep and Comprehensive Free Trade Area (DCFTA) was signed in June 2014. For Moldova it represents an ambitious roadmap for policy reform, including in the area of SME development.

Following the signing of the AA, the EU became the main trading partner for Moldovan food producers, absorbing almost 70% of the country's food exports. However, small producers often struggle to access the EU market due to limited competitiveness, concerns about food safety standards, limited managerial skills and lack of export support programmes offered by the government. Moreover, Moldova's food retail sector has experienced significant investment in the last decade and the rise of supermarkets has disrupted the sector, causing the decline of traditional wholesale and retail systems. The supply-side implications of these changes are apparent: smaller and less capitalised producers unable to meet the requirements of large supermarkets are losing domestic markets in which they previously held strong positions<sup>134</sup>

EU has supported the business sector (including rural enterprises) with several interventions since the reference period of this evaluation. However, the business environment in Moldova has not improved significantly during this time. The poor quality and instability of governance affects the business environment. In fact, after initial improvements in the scores given by World Bank on business environment the situation has deteriorated again. A closer integration with Europe has influenced policy reform agendas, EU support has promoted the implementation of such reforms and the adaptation of systems and procedures to EU *acquis*, but reforms that are good on paper face implementation challenges. Many draft laws and regulations have been elaborated but are either not yet approved by Parliament or face difficulties in implementation (also due to limitations in human resources). The improvement of business environment is a process which cannot easily which will need a more continuous support.

EU support contributed to increase SME readiness to implement the food safety standards aligned with the AA with the EU; to provide access to loans and to guarantees for enabling enterprises to make the necessary investments; and to provide business support services to enterprises for facilitating their access to foreign markets. However, possible outcomes are not yet visible in the EU–Moldova trade balance. The EU's imports from Moldova slightly decreased by 2.7% in 2018/2019, from EUR 1.83 billion to EUR 1.78 billion in 2019 and EUR 1.6 billion in 2020. The number of companies involved in trade with the EU has continued to increase, with approximately 1,837 Moldovan companies exporting to the EU in 2019 up from 1,734 firms engaged in exporting to the EU in 2018.<sup>132</sup> The key limiting factor for increased

<sup>134</sup> [https://ec.europa.eu/neighbourhood-enlargement/news\\_corner/news/eu-publishes-eu4business-report-sme-support-eastern-partnership\\_en](https://ec.europa.eu/neighbourhood-enlargement/news_corner/news/eu-publishes-eu4business-report-sme-support-eastern-partnership_en)

exports of Moldovan companies seems to be related to the structure of the sector with about 97% of enterprises being micro and SMEs.

The EU provided significant support to the Moldovan private sector by facilitating access to finance and guarantees. About 1,800 SMEs received financial support in the form of loans through national partner financial institutions, several business incubators were promoted, and a significant number of SMEs received support business development services. Under the Support to Quality Infrastructure Framework within the DCFTA project, important support services were provided, with about 45 companies participating in tailor-made coaching. The promotion and implementation of the LEADER approach permitted the provision of micro-credits to micro-enterprises through local action groups (LAGs). A recent study showed that 32 LAGs provided (or lent) funds to 160 microprojects in 2018, to 200 microprojects in 2019 and 350 microprojects in 2020.<sup>135</sup> The study shows that a major part of funds is used for micro-business, contributing thus to local income and employment generation in Moldova.

The EU supported the green economy in Moldova. The green growth concept has been promoted in Moldova as a model of social and economic development for economic growth, improved human well-being and social equity. Its goal is to achieve a low-carbon, resource-efficient and socially inclusive economy, significantly reducing environmental risks and the impact on human health. EU is supporting the Programme EaP Green at regional level (The 'Greening Economies in the Eastern Neighbourhood' (EaP GREEN) programme is being implemented by OECD in cooperation with UNECE, UNEP, and United Nations Industrial Development Organization (UNIDO) to assist the European Union's EaP countries in their transition to green economies. The programme is financed by the European Commission, the four implementing organisations and other donors). Although COVID-19 emergency affected the programme, implementation has progressed, especially on awareness raising, training/capacity building, National Greening Programme for SMEs.<sup>136,137</sup>

The concept of 'social enterprises' has been promoted with EU support. Social entrepreneurship is in an early stage of development in Moldova, although over the last few years, several initiatives were launched to develop social enterprises, including with the EU's support. In 2020, the European Union established 13 social enterprises in Moldova through grants to NGOs with a total of EUR 5 million. Actually, the initiative EU4Youth – Unlocking the potential of young social entrepreneurs in Moldova and Ukraine – is under implementation. Social enterprises are essential for the creation of working opportunities and provision of social services.

In summary EU support to the business sector is important and has contributed to reforms in line with the AA commitments. At the same time, it has facilitated the access to loans, guarantees and business support services to Moldovan enterprises, thus helping them to adapt to EU standards and regulations and increasing their possibilities to export their products to EU countries and/or insert themselves better in the national market. However, the structure of the enterprises considerably limits their development, especially those concerning rural enterprises; even if an overall improvement of business environment has not yet been achieved, future contribution is plausible.

## 4.8 Education people-to-people contacts and mobility

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Since 2014 the EU has significantly contributed to increased mobility and people-to-people contacts among teachers, students, researchers and volunteers. While the EU programmes generated almost 9,000 international credit mobilities and non-formal mobilities, the major contribution goes beyond this number. The VET sector has been reformed throughout, new life has been breathed into the R&I sector

<sup>135</sup> [https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study\\_LEADER-approach\\_Report-EN.pdf](https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study_LEADER-approach_Report-EN.pdf) page 13. [https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study\\_LEADER-approach\\_Report-EN.pdf](https://eap-csf.eu/wp-content/uploads/Moldova-Case-Study_LEADER-approach_Report-EN.pdf) page 13.

<sup>136</sup> <https://www.eu4environment.org/app/uploads/2021/05/Moldova-country-profile-2020-21-second-edition.pdf>

<sup>137</sup> <https://www.eu4environment.org/app/uploads/2021/05/Moldova-country-profile-2020-21-second-edition.pdf>

and higher education stepped up to a new level, where universities were boosting internal, regional and international cooperation. Despite important achievements, the government's fragile financial and human capacity, along with the enduring political instability held back reforms during 2014-2020 and may also put further efforts at jeopardy.

Notable achievements in VET reform were mostly owing to combined efforts of donors (particularly of GIZ, Liechtenstein Development Service, Austrian Development Agency, and the Swiss Agency for Development and Cooperation–SDC) and the EU and their complementarity. However, other donors' support was reasonably modest and hesitation to provide more for the VET sector was directly linked with EU presence in the sector since 2014 and with MECR intentions (unmaterialised) to further downsize the network of VET institutions.

Despite efforts, most 2020 VET targets as described in the budget support intervention logic (aligned with the VET Strategy) were not achieved. While the VET sector has made a huge jump from the onset of budget support and gained more prestige (several VET institutions became indeed reform champions), there was limited impact upon the attractiveness of the VET sector as a whole (number of students and teachers in constant decline, dropout rates high), on employment levels of VET graduates (at the same level as in 2014) or a better match with the labour market demand. The attractiveness of VET professions has not increased, specifically because of low remuneration in Moldova.

Participation of Moldova in Erasmus+ and Horizon 2020 programmes has increased mobility and people-to-people contacts. During 2015-2020 there were 3,624 academic mobilities under Erasmus+ programme and 5,000 young participants under Erasmus+ Youth and European Solidarity Corps in non-formal education projects. With Horizon 2020 programme, 82 Moldova organisations received grants to implement R&I projects. But more importantly, Moldova's participation in these programmes boosted institutional and systemic changes. Due to remuneration incommensurate with the level of effort in Erasmus+ capacity-building projects, didactical staff switched to research projects, including those provided under Horizon 2020. Moldova stands much better regionally in the Horizon 2020 programme; however, coordination among government institutions was problematic constraining full use of the special status of the associated country.

## 4.9 The Transnistria region

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The efforts to arrive at a settlement of the Transnistria conflict have different dimensions – political settlement, within the '5+2 format', technical working groups and confidence-building measures. This evaluation has focused only on the interventions aimed at building direct exchanges, and conversely increasing the confidence between people across the two banks of the Nistru river, through joint initiatives involving different actors. In the period under review this has been done primarily through the projects implemented under CBM-IV and CBM-V, but also with Calls for proposals under different instruments.

EU support to Moldova within the CBM framework, in the period under review (2014-2020), has further enhanced the cooperation on both sides of the river in many different sectors. Under CBM-IV migration and healthcare have been a priority. The migration project, implemented with EU support was quite novel and yielded appreciated outputs. More importantly – the project strengthened the cooperation between academia and migration data practitioners through joint capacity development, thus leading to more open and trustful relations. Similarly, in the area of healthcare a long-term project brought about reintegration of the public health systems from both banks in areas such as policy analysis, action planning, capacity building of the public health institutions/actors, and again built a higher level of trust and closer communications between the medical professionals. Another project currently being implemented in the area of medico-social care, continues these processes. With the CBM Call for proposals various other channels of communication were started, mostly in the area of social protection and community development.



This is happening in other sectors as well. Tangible economic and social rapprochement is under way. There is now increased cross-river cooperation of various business actors. Existing business associations were strengthened, their cooperation increased, and cross-river business platforms are supported by the EU through grant allocation for joint projects. Next to all other impacts this is also leading to social rapprochement, improved employment opportunities and livelihoods across the Nistru river, better infrastructure and improvement of the standards of living on community level through community infrastructure development projects. The latter also increase the visibility of the EU and promote the EU values.

Culture is a new sector, particularly protection and preservation of the common cultural heritage. Even before CBM-V, a Twinning project worked to improve the legislation for protection and sound management of Moldova's many heritage assets; helped increase the administrative and management capacity of the Ministry of Education, Culture and Research and its subordinated agencies, cultural offices and other relevant stakeholders; developed and implemented training programmes related to the protection and restoration of cultural heritage at secondary vocational education and at higher education levels; and supported Moldovan heritage protection institutions on digitisation of cultural heritage and sustainable management. Next to the two flagship projects – Bender Fortress and the Circus – other smaller cultural sites (from both banks) have been selected based on grants competition, and this will be followed by signing of memoranda of understanding, design of conservation works, coordination and actual conservation in 2021. Another activity with expected potential tangible impact for both banks relates to the creation of 'EU Fund for conservation-restoration of cultural heritage'. Progress so far includes the development of the modality of the Fund, with the support of international expertise, assessments and consultations with experts from both banks. The sustainability of these efforts is more than evident – with conservation and restoration work of different historical and cultural sites already completed or ongoing. Parallel to this, steps are also being made to bring the media sector actors from both banks together and foster the production of joint media products. Grants are being distributed towards this end.

All interventions under CBM in the period under review (including also the CBM Call for project proposals) have thus effectively contributed to reducing the social and economic disparities between the two banks and led to better social protection and enhanced business development. The improvement of the community infrastructure, the modernisation of the health sector and the combined efforts to protect and preserve the common cultural heritage have further paved the way for future joint initiatives, easing political tension and promoting trust to a higher level.

## 4.10 Civil society

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The EU has significantly strengthened its engagement with CSOs in Moldova since 2016, in line with the core policy documents of the EU and Moldova, including 'The roots of Democracy and Sustainable Development: Europe's engagement with civil society in external relations', and the two Country Roadmaps for Engagement with Civil Society, developed in a wide consultation process. Civil society is now stronger, more sustainable, rooted in the communities, with greater engagement and influence on policy-making and policy monitoring, and holding government accountable.

This is largely due to the fact that the EU Delegation to the Republic of Moldova has been managing large financial support to third-party schemes under the Civil Society Facility (CSF), with one technical assistance project and three grants with sub-granting schemes. This has been a novel effort, comparing to previous interventions, with clear strategic focuses and countrywide coverage. It made it possible to reach a vast number of CSOs throughout the whole country, the Autonomous Territorial Unit of Gagauzia and the Transnistria region included.

The implementation modality of big grants with sub-granting schemes has been relevant, effective and impactful. The approach of having a key CSO partner in each region proved to be efficient, as the partners

were well-recognised CSOs with a good history of working with the EU, the regional and local authorities, knowing the civil society landscape well in the respective region and able to mobilise and support the local CSOs. This modality made it possible to reach out to CSOs in the whole country.

In the period under review civil society, with EU support, played a strong role in promoting good governance, most prominently in social and economic development.

The most tangible impact of civil society interventions in the period under review has been in the area of social service delivery. This encompassed various levels, from tailored service provision to specific vulnerable groups, to triggering systemic changes on local and national level, including the development of innovative social services and inputs to the national legal and policy framework. Critical mass is now in existence and further EU support can be very instrumental.

Civil society in Moldova in the period under review played a role in entrepreneurship development. Under the CSF, entrepreneurship has been boosted through the creation of business hubs, run by CSOs, but the innovative focus has been on youth entrepreneurship development. There are already 10 regional youth-led entrepreneurship funds, which support ideas of young people.

Social enterprise development was promoted with EU support. The social enterprise culture is still new in Moldova and finds itself at an early stage of development. The CSF in the period under review has supported this process. Fifteen social enterprises were established, and the visibility of the social economy actors is increasing. Next to this, social entrepreneurship can provide CSOs with an alternative to donor funding. Various CSOs and think tanks, as well as two EU-supported civil society platforms, monitored the implementation of the AA in their thematic areas of expertise. The most recent projects such Support for Structured Policy Dialogue, Coordination of the Implementation of the Association Agreement, and Enhancement of the Legal Approximation Process aim to increase the inclusiveness of these efforts, and increase AA promotion by the civil society. This is a coherent enhancement of the EU's prior interventions. For the CSO legal environment, the recent adoption of the Law on Non-commercial Organisations has created new monitoring and support needs.

## 5. Recommendations

### 5.1 Transversal: Relevance and coherence of interventions, efficiency, complementarity, communication, coordination, synergies

No	Text of recommendation	Responsible entity/ies
1	Reiterate the joint analysis and programming exercises, including distribution of focus areas, with EU Member States, like-minded donors and other donor/partner agencies (UN organisations, IFIs, Council of Europe (CoE), OSCE); ensure that EC support remains clearly identifiable and that the EU visibility remains high.	EUD supported by DG NEAR (Geo desk, COTEs and all relevant entities)
2	Update country programming processes and support/train the staff to prepare full-fledged, country-specific theory of change with corresponding monitoring and evaluation framework, and theories of change for all actions clearly tied to the country-level approach. EC implementing decisions and action documents should reflect the architecture of intended changes.	DG NEAR HQ, supported by EUD
3	All programmes/projects should be backed up by a realistic stakeholder analysis (formal and informal, at high and mid-level), including the assessment of their relation to both the legal order, and the informal system of personal, financial, and political interests and loyalties. This analysis should inform an assessment of the degree of realisation of assumptions for the theory of change of the programmes/projects.	EUD, NEAR HQ
4	Continue limited budget support in sectors where strong national policies and a real political will for their implementation exists, while involving the Ministry of Finance and line ministries in the selection of indicators and definition of targets.	EUD, NEAR HQ
5	Start policy dialogue with the government on a possible programme on decentralisation reform should there be political ownership. The programme should work as a strong incentive, and aim for efficient, accountable, equitable and inclusive local finance management.	EUD, NEAR HQ
6	In complement to decentralisation, intensify efforts to support local civil society and youth civic activism as well as quality and independent media (particularly investigative journalism) at national and regional/local level.	EUD, NEAR HQ
7	Maintain strict conditionalities, and apply them consistently and strongly, throughout the upcoming SSF, regardless of political majority changes.	DG NEAR

### 5.2 Sector: Agriculture, local development

No	Text of recommendation	Responsible entity/ies
1	Focus support to agriculture on the offer of finance, technical support services, quality workforce development and improved irrigation. Support to enlargement of farms and reduction of fragmentation will remain critical for the improved productivity and competitiveness in the agricultural sector.	EU in general in cooperation with the government
2	In parallel, increase support to alternative rural income-generating activities.	EU in general in cooperation with the government and donor community
3	Encourage and support the inclusive national policy process that would increase the capacity and viability of the agricultural sector to boost food security and production for local markets.	EUD, NEAR HQ
4	Support the adaptation of the national policy to ensure resilience of the agricultural sector to climate change. Consider supporting specific initiatives stemming from such policy.	EUD, NEAR HQ

### 5.3 Sector: Governance (justice, police, human rights, PFM, anti-corruption)

No	Text of recommendation	Responsible entity/ies
1	Explicitly analyse the informal system of governance in the judicial and public administration system (particularly human resource management), in the law-making processes, and in public finance management and public procurement.	EUD, NEAR HQ
2	In future programmes on governance, take (and support the government to take) the change management approach with identified agents of change, targeting the incentives created by the informal system of governance.	EUD, NEAR HQ supported by PAR COTE, RoL COTE
3	Support an improved, more structured law-making process and build law-making capacities in line with the Constitution, including line ministries and involving Parliament administration, through the Ministry of Justice, the Ministry of Finance, and the Constitutional Court, taking into account demands on the part of the Moldovan authorities. Focus on legislative impact assessment as a channel for higher quality law-making.	EUD, NEAR HQ, supported by PAR COTE
4	In the justice sector, prioritise National Institute of Justice (NIJ) graduates in all training, coaching and other support.	EUD, NEAR HQ, in cooperation with NIJ, Ministry of Justice, SCM, SCP
5	In the entire governance sector, systematically foresee a horizontal co-working platform for each sub-sector, engaging several institutions, and within these institutions engaging several key administrative units.	EUD, NEAR HQ, in cooperation with beneficiary institutions
6	Encourage through political dialogue, and systematically support through programmes and conditionalities, the investigation, prosecution and trial of petty corruption cases by 'generalist' institutions (as opposed to specialised anti-corruption bodies), in order to allow specialised anti-corruption bodies to focus on high-level corruption.	EUD, NEAR HQ, in cooperation with beneficiary institutions
7	Do not advocate for any major changes to the institutional structure of anti-corruption bodies and judicial bodies, while supporting the fine-tuning of the legal and regulatory framework.	EUD, NEAR HQ
8	Provide programme support to the defence pillar of the justice sector (attorneys, free legal aid) without delay.	EUD, NEAR HQ, in partnership with Bar Association, Ministry of Justice
9	Consider further institutional human rights support, including NHRIs/other specialised human rights bodies.	EUD, NEAR HQ

### 5.4 Sector: Education, people-to-people contacts, mobility

No	Text of recommendation	Responsible entity/ies
1	Provide support to the Ministry of Education, Culture and Research (MECR) in re-assessing the VET sector, with a view of deepening and finalising the VET governance reform and in reorganising the school network. Assist the Ministry in building capacity for better aligning the VET with market needs and for more effective donor coordination, through a partnership with Moldovan business associations.	EUD, European Training Foundation
2	Continue supporting higher education in Moldova and boosting international credit mobilities through the National Erasmus+ Office. This should be ideally accompanied by the increase financial incentives of Moldovan universities to expand their participation in the Erasmus+ projects.	EACEA, National Erasmus + Office
3	Improve coordination between Moldovan state institutions overseeing Horizon Europe programme, to better understand the full spectrum of opportunities and valorise experts' potential, especially regarding innovations.	EUD, NARD, MECR
4	Enhance the use of the 'leave no one behind' approach to offering solutions for development of most marginalised ethnic minorities and vulnerable groups.	EUD, NEAR HQ

## 5.5 Sector: Business environment, trade

No	Text of recommendation	Responsible entity/ies
1	Provide continued support to the private sector, paying specific attention to promotion of innovative enterprises, and enterprises created by qualified returners to Moldova.	EUD, NEAR HQ
2	Revise the concept of the EU support to the private sector towards more holistic approach, promoting at the same time the development of green and circular economy.	EUD, NEAR HQ

## 5.6 Sector: Infrastructure (water and sanitation), energy, environment, climate change

No	Text of recommendation	Responsible entity/ies
1	Consider water and sanitation, energy, food security, environment and climate change under a 'nexus approach', considering (and discussing in policy dialogue) the inter-relations between the different sectors.	EUD, NEAR HQ
2	Creation of a financing facility and complementary technical support for investment in water and sanitation and energy efficient buildings at local level (done by local governments). Technical assistance for critical infrastructure should be provided to local governments during.	EUD, NEAR HQ
3	Provide support to the implementation of the environmental and climate change policies of the government.	EUD, NEAR HQ

## 5.7 Sector: Confidence-building, the Transnistria region

No	Text of recommendation	Responsible entity/ies
1	<b>Announce a new Call for CBM Projects</b> with a view of ensuring the sustainability of achievements with an aim to the reintegration. This Call shall draw on the lessons learned to:	EC, EUD in cooperation with Government and partners
1.aa	Preserve the <b>modality of sector-specific sub-granting schemes</b> .	EC, EUD
1.bb	Expose the actors on the left bank to the opportunities provided by the <b>DCFTA</b> , in closer synergy with the other EU projects in this area.	EC, EUD in coordination with Other donors working in the business sector
1.cc	<b>Deepen social rapprochement</b> .	EC, EUD, in coordination with UNDP, local governments on both banks
1.dd	<b>Prioritise culture</b> , and particularly the protection and preservation of the common cultural heritage.	EC, EUD, in coordination with UNDP, local governments on both banks
2.	Use the five <b>cross-river sectoral platforms</b> now in existence (Education, Culture, Sports, Health and Environment) a springboard for deepening the cooperation in the different sectors.	EC, EUD, in coordination with UNDP, local governments on both banks
3.	The achievements to date, and the current actions have to be better <b>linked with the political process</b> as they can help the political reintegration.	EC, EUD, in coordination with UNDP, OSCE, Gov.



## 5.8 Sector: Civil society

No	Text of recommendation	Responsible entity/ies
1	The role of civil society in <b>good governance, social and economic development</b> has to be further promoted, building on the achievements, already accomplished by the three CSF grantees and the current momentum.	EC, EUD, (potentially SFM, EEF, Konrad Adenauer Stiftung)
2	<b>Community-based social services should remain a special priority</b> , considering the results achieved to date. A more holistic approach and feasibility analysis of social service development in the regions should be done and measures mapped to compensate the <b>identified needs</b> .	EC, EUD, in coordination with central government in Chisinau, de facto authorities in Tiraspol, local governments
3	Further support is needed by the EU for <b>enterprise development</b> , including also support to youth organisations in this endeavour, through Calls for proposals under the umbrella of Support to civil society.	EC, EUD, in coordination with central government in Chisinau, de facto authorities in Tiraspol, local governments
4	Support the practical implementation of the law on non-commercial organisation and monitoring of its implementation, and the monitoring of the AA by CSOs, especially now in the COVID-19 crisis, where the government may also face financial challenges to support CSO.	EC, EUD, in coordination with the government, donors, civil society at large
5	Horizontal issues like <b>capacity strengthening, human rights, gender</b> have to be mainstreamed in all grants and sub-grants for civil society actors.	EUD in cooperation with government, civil society, donor community

