



# Republic of Moldova

Population <sup>1</sup>	2,706,049
Area (km <sup>2</sup> ) <sup>1</sup>	33,850
GDP per capita (USD) <sup>1</sup>	4,228.92
TPES (Mtoe) <sup>2</sup>	3.85
Energy intensity (toe/10 <sup>3</sup> 2010 USD) <sup>2</sup>	0.50
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	7.53

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2020

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)
3. ©IEA 2020, CO<sub>2</sub> emissions from fuel combustion, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)

Moldova’s overall risk level against the assessed areas is **very low**.

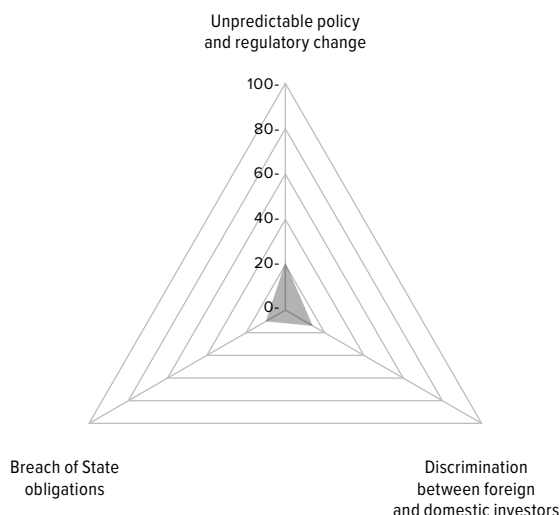
Among the three risks assessed in EIRA, *breach of State obligations* and *discrimination between foreign and domestic investors* continue to be lower compared to *unpredictable policy and regulatory change*.

Moldova’s performance is very good on three indicators, and it is good on one indicator. The country has maintained a very good score of 90 on the indicator *rule of law*, as well as on *regulatory environment and investment conditions* (85), and *management of decision-making processes* (83). The score on *foresight of policy and regulatory change* stands at 63.

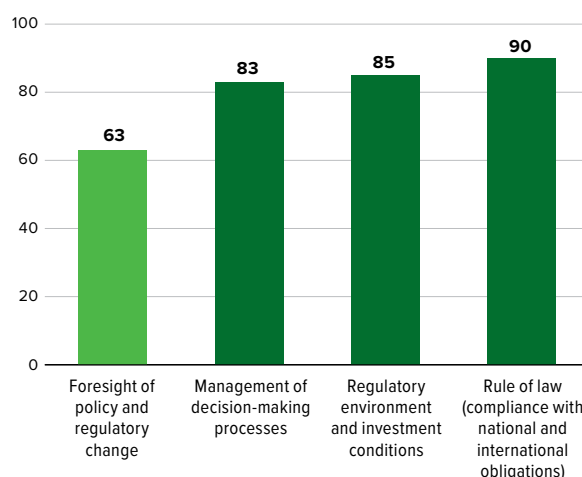
On a more detailed level, Moldova’s overall sub-indicator performance is very good. The highest-scoring sub-indicators are *regulatory effectiveness* and *respect for property rights*, both at 100. There have been no changes to its scores on *transparency* (85), *institutional governance* (81), and *management and settlement of investor-State disputes* (80). The score on *restrictions on FDI* is 70. It has scored 63 on the sub-indicators *communication of vision and policies* and *robustness of policy goals and commitments*.

Moldova provides attractive conditions to investors and is working in the right direction. Attention should be given to better communicating the country’s vision and policies, and to strengthening the robustness of its goals and commitments.

### RISK LEVEL



### INDICATOR PERFORMANCE



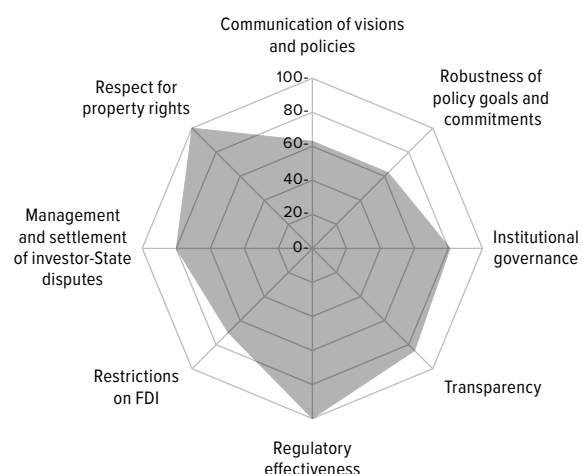
### YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020
Unpredictable policy and regulatory change	21	21	21
Discrimination between foreign and domestic investors	14	14	14
Breach of State obligations	10	10	10

INDICATORS	2018	2019	2020
Foresight of policy and regulatory change	64	63	63
Management of decision-making processes	83	83	83
Regulatory environment and investment conditions	85	85	85
Rule of law	90	90	90

### SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The Energy Strategy of the Republic of Moldova until 2030 was adopted in 2013. A revised version of the Strategy is currently undergoing consultation.

Moldova ratified the Paris Agreement in 2017. In March 2020, Moldova became the fourth country to submit its 2020 NDC.

### STRENGTHS

The Government is taking steps to strengthen the country's energy security and diversify its electricity and gas supply. In 2019, additional contracts on the acquisition of works related to the construction of the Ungheni-Chisinau natural gas transmission pipeline were signed, which brings the project closer to its full completion. The Government is also looking to build gas-fired power plants, rehabilitate co-generation units, and encourage the uptake of gas in public transport. The Power System Development Project supports the interim objectives of the Energy Strategy 2030 (through 2025), such as consolidating the country's role in energy transit, modernising the underdeveloped infrastructure and gas storage facilities, and creating an institutional framework for a competitive electricity market. In its updated NDC, Moldova's new economy-wide unconditional target is to reduce its GHG emissions by 70% below its 1990 level by 2030, instead of 64-67% as previously committed.

Various bodies, including ministries, the National Energy Regulatory Agency (ANRE), and the Energy Efficiency Agency work closely with international institutions to implement the energy goals envisaged in the Energy Strategy 2030 and externally-funded projects. The 2020 version of the NDC outlines associated interventions, agencies responsible, and estimated financial resources.

### AREAS FOR IMPROVEMENT

The Government should follow through on its plans to develop a long-term energy system optimisation model that will assess different energy futures. It should revise key documents, mainly the Energy Strategy 2030, to include long-term objectives and timelines for their achievement. This is particularly the case for renewables, where the target set for 2020 has been achieved.

While the country has stepped up efforts towards expanding the deployment of renewables, additional policy and regulatory actions are required to address the sector's key challenges. The future long-term framework for renewables should be premised on thorough production cost modelling studies, encourage the use of bioenergy, and establish an effective market with stable demand and supply sources. Secondary legislation and implementation plans should be framed to improve the bankability and financing of renewable projects.

A clear demarcation of monitoring and implementation functions will ensure independence and objectivity in the policy evaluation process.

## Management of decision-making processes

### QUICK FACTS

The Ministry of Economy and Infrastructure is responsible for formulating energy and investment policies.

The Moldovan Investment and Export Promotion Organization (MIEPO) acts as an investment promotion centre and a single window.

The Ministry of Agriculture, Regional Development and Environment oversees the implementation of the country's NDC.

### STRENGTHS

Following a change of government in June 2019, the Moldovan authorities have engaged in significant structural reforms, as specified in the EU-Moldova Association Agreement. Consequently, the EU has resumed its budget assistance, and the International Monetary Fund has re-established relations with the Government. They are currently supporting projects in the country that focus on good governance and strengthening institutional frameworks.

State authorities, including ANRE, are required to publish the relevant laws as well as data on their activities. In 2019, ANRE opened public consultations on the draft Natural Gas Networks Code. Also, certain other drafts of normative acts (to be approved in compliance with Law no. 108 of 2016 "On Natural Gas") were made available for public consultation, such as a regulation on the quality of natural gas transmission and distribution services, the methodology of calculation, approval and application of the tariffs for natural gas transmission services, and the regulation on access to natural gas transmission networks and congestion management. The authorities have also improved reporting of expenditures and access by citizens to budget information. Similarly, the Court of Accounts also took action to make its audits more effective and ensure more effective oversight of the budgetary implementation.

### AREAS FOR IMPROVEMENT

The Government should step up its efforts to create a one-stop shop and on the possibility of online registration. These measures will relieve private investors of the administrative burden related to multiple and lengthy registrations, licences, and permit applications.

Moldova has a robust legislative framework for guaranteeing transparency and participatory decision-making. National authorities should now focus on consistently applying this framework by making sure that all the State authorities regularly publish their documents, and properly maintain their respective websites.

## Regulatory environment and investment conditions

### QUICK FACTS

Law no. 174 of 2017 “On Energy” and the Regulation on Organisation and Functioning of ANRE (approved by Parliament Decision no. 334 of 2018) consolidates the independence, authority, and transparency of ANRE.

The Competition Council oversees compliance with anti-trust and State aid provisions under Law no. 183 of 2012 “On Competition” and Law no. 139 of 2012 “On State Aid”.

Equal treatment to domestic and foreign investors is guaranteed in Law no. 81 of 2004 “On Investment in Entrepreneurial Activity”.

### STRENGTHS

In September 2019, ANRE and its Romanian counterpart signed a Cooperation and Assistance Programme. The two regulators seek to intensify their collaboration in the context of implementing the Clean Energy Package, as well as in the areas of technical and market regulations in electricity and natural gas, especially with regards to monitoring and control of licensed activities. In December 2019, ANRE approved and published the Rules of the natural gas market, which will be implemented from December 2020. The Rules aim to establish the legal framework for carrying out sale-purchase transactions and related products on the wholesale and retail market, as well as for the provision of system services. As a result, the operators of the natural gas transmission systems will report quarterly on the actions taken towards implementing the rules of the natural gas market.

The country has made good progress on the legal approximation of the electricity and gas sub-sectors, in line with the EU third energy package and the Energy Community acquis. Accordingly, Moldovatrangaz is expected to comply with the unbundling requirements of the Third Gas Directive by October 2020, per the Action plan it submitted to ANRE. Moreover, the Natural Gas Networks Code, which came into force in February 2020, regulates the modalities of natural gas pipeline interconnections and ensures efficient activity in the relevant market. Following the adoption of Law no. 10 of 2016 “On the Promotion of the Use of Energy from Renewables Sources”, which transposes the EU Guidelines on State aid for environmental protection and energy 2014-2020, the Moldovan authorities are currently in the process of launching renewable energy auctions for on-shore wind and solar photovoltaic projects.

### AREAS FOR IMPROVEMENT

The Government has introduced competition and market principles. It must keep up the efforts to unbundle vertically integrated entities in the natural gas and electricity sub-sectors. To this end, ANRE should promote fair competition in practice, prepare detailed action plans and present these for consultation with the civil society and foreign partners.

## Rule of law

### QUICK FACTS

Moldova ratified the Energy Charter Treaty in 1996.

Moldova ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 2011.

Moldova acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1998.

### STRENGTHS

The Government has prepared draft legislation to ensure the judicial system’s good functioning and the impartiality of all the judges of the Supreme Court of Justice, and the Office of the Prosecutor General. In this regard, the Government has sought the opinion of the Venice Commission on its draft laws and has opened up public consultations. ANRE has jurisdiction to hear disputes between gas and electricity companies and consumers, within deadlines set by the respective laws. Alternative dispute resolution mechanisms are also available without prior exhaustion of local remedies. The recent efforts of the Supreme Court of Justice have facilitated the recognition and enforcement of foreign arbitral awards, aligning the country with international standards.

Appropriate laws guaranteeing the right to property are in place, such as the Law no. 488 of 1999 “On Expropriation for a Cause of Public Utility”, as detailed by the Government Decision no. 660 of 2006. Additional conditions for lawful expropriation in the case of energy-related projects are provided in the 2018 amendments to Law no. 108 of 2016 “On Natural Gas” and Law no. 107 of 2016 “On Electricity”. The country is also a party to several international instruments relating to the deprivation of business interests or property, including IP rights.

### AREAS FOR IMPROVEMENT

Although the country’s performance on contractual and property rights is satisfactory, the Government can work towards reducing the cost and time taken in the delivery of judgements, as well as ensure the consistent and proper application of the existing legal framework.

# IMPLEMENTATION STATUS



## Republic of Moldova

### PROPOSED EIRA AREAS FOR IMPROVEMENT IN

### IMPLEMENTATION STATUS AS OF 1 APRIL 2020

Indicator 1		
	Adopt the revised version of the Energy Strategy 2030.	<b>Work ongoing.</b> The updated version of the Strategy is undergoing consultation.
2018	Enact secondary legislation and adopt action plans to implement the primary laws, such as Law no. 10 of 2016 "On the Promotion of the Use of Energy from Renewables Sources".	<b>Work ongoing.</b> Following the adoption of Law no. 10 of 2016 "On the Promotion of the Use of Energy from Renewables Sources" in 2018, the regulation on renewable energy tendering was approved. It provides an initial framework for organising auctions that grant "eligible producer" status to large investors. The Moldovan authorities are in the process of launching renewable energy auctions for on-shore wind and solar photovoltaic projects.
	Ensure that the authorities implementing the national energy policy are different from those evaluating the progress made towards achieving the policy.	<b>Work ongoing.</b> The Energy Efficiency Agency was re-structured in 2018 and made responsible, among others things, for providing financial support to relevant projects through the State budget, and from regional and international financial markets. Following a change of government in June 2019, the Moldovan authorities have engaged in significant structural reforms, as specified in the EU-Moldova Association Agreement.
Indicator 2		
2018	Establish a one-stop shop for documenting and approving all licences, registrations, permits, and procedures related to energy projects.	<b>Work ongoing.</b> Some actions in this respect are included in the 2018-2020 Action Plan on the Implementation of the Reform Strategy for Entrepreneurship.
	Ensure that all the State authorities regularly publish their documents, public expenditure and other relevant reports, and properly maintain their respective websites.	<b>Work ongoing.</b> The State authorities are taking measures to improve reporting of expenditures and access by citizens to budget information. The Court of Accounts is taking action to make its audits more effective and ensure better oversight of the budget implementation. In 2019, the Government made the State Registry of Legal Acts the only source of updated information on Moldovan legislation. This way, all legislation will be available in a unified and automated system.
Indicator 3		
2018	Reinforce the independence of the energy regulator, National Energy Regulatory Agency (ANRE).	<b>Pending</b>
	Promote market liberalisation in the gas sub-sector.	<b>Work ongoing.</b> In February 2020, ANRE approved and published the rules of the natural gas market, which will be implemented from December 2020. Moldovatrangaz is expected to comply with the unbundling requirements of the Third Gas Directive. Moreover, the draft natural gas network codes, which will come into force by the end of 2020, regulate the modalities of natural gas pipeline interconnections and ensures efficient activity in the relevant market.
Indicator 4		
2018	Introduce timeframes for national courts to examine cases and deliver judgements.	<b>Pending</b>