



# Republic of Moldova

Population <sup>1</sup>	2,708,214
Area (km <sup>2</sup> ) <sup>1</sup>	33,850
GDP per capita (USD) <sup>1</sup>	4,230.35
TES (Mtoe) <sup>2</sup>	4.07
Energy intensity (toe/10 <sup>3</sup> 2015 USD) <sup>2</sup>	0.47
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	8.0

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO<sub>2</sub> Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

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

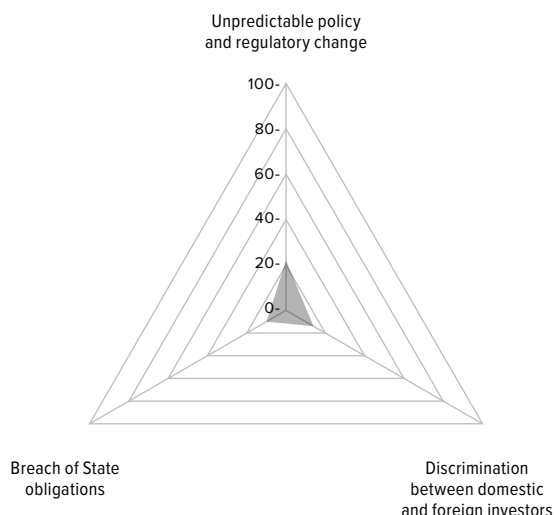
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Moldova’s performance is very good on three indicators, and it is good on one indicator. It has very good scores on the indicators *rule of law* (90), *regulatory environment and investment conditions* (85), and *management of decision-making processes* (83). Its score on *foresight of policy and regulatory change* has decreased this year and stands at 61.

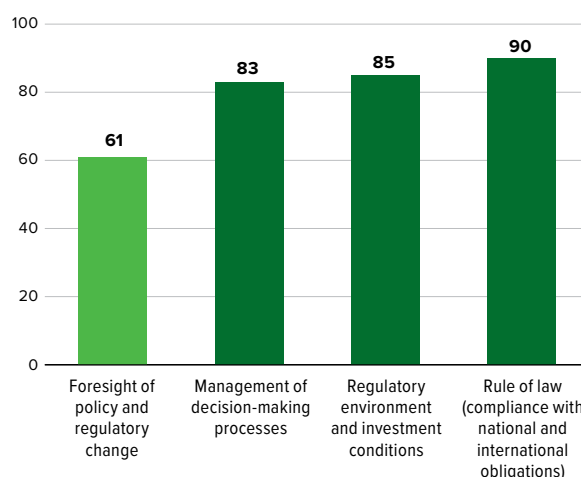
On a more detailed level, Moldova’s overall sub-indicator performance is very good. The highest-scoring sub-indicators are *regulatory effectiveness* and *respect for property rights* (100). Compared to EIRA 2020, there have been no changes to its scores on *transparency* (85), *institutional governance* (81), *management and settlement of investor-State disputes* (80), *restrictions on FDI* (70), and *robustness of policy goals and commitments* (63). On *communication of vision and policies* its score has decreased from 63 to 61.

Moldova provides attractive conditions to investors and is working in the right direction. Attention should again be given to better communicating the country’s vision and policies.

### RISK LEVEL



### INDICATOR PERFORMANCE



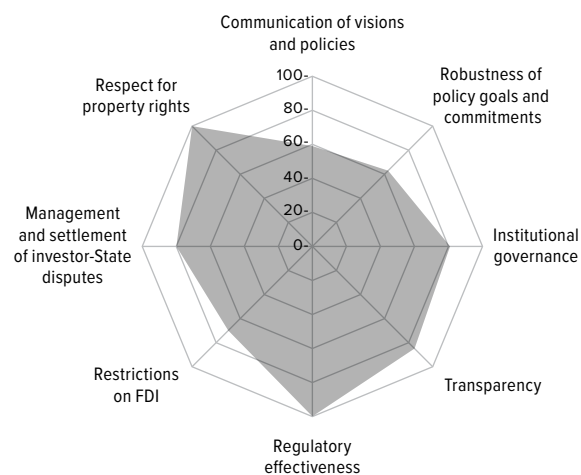
### YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020	2021
Unpredictable policy and regulatory change	21	21	21	22
Discrimination between domestic and foreign investors	14	14	14	14
Breach of State obligations	10	10	10	10

INDICATORS	2018	2019	2020	2021
Foresight of policy and regulatory change	64	63	63	61
Management of decision-making processes	83	83	83	83
Regulatory environment and investment conditions	85	85	85	85
Rule of law	90	90	90	90

### SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The main policy document guiding Moldova's energy sector is the Energy Strategy of the Republic of Moldova until 2030. A revised version of the Energy Strategy 2030 is under consultation with stakeholders.

In 2020, Moldova became the fourth country to submit its updated Paris Agreement NDC.

### STRENGTHS

Energy security and the diversification of electricity and gas supply remain the highest priorities for Moldova's energy sector. The long-awaited 120 km gas pipeline from Ungheni to Chisinau is now operational. It will allow for up to 1.5 Bcm/year of gas to flow from Romania to the main demand centres in Moldova. The Government has made good progress in the field of climate policy. The country's updated NDC reflects its commitment to reduce the net GHG emissions under the unconditional scenario, from 43.4 Mt in 1990 to 12.8 Mt in 2030, which is 3.4 times less during a 40-year timeframe. Additionally, the country's new economy-wide unconditional target is to reduce its GHG emissions by 70-88% below its 1990 level in 2030, instead of the 64-67% previously committed.

The Ministry of Economy and Infrastructure, the National Energy Regulatory Agency (ANRE), and the Energy Efficiency Agency are the entities responsible for implementing the national energy goals. The National Bureau of Statistics collects and processes energy statistics. The 2020 version of the NDC outlines associated interventions, responsible agencies and estimated financial resources. Reporting is conducted regularly. In the second half of 2020, Moldova submitted to the Energy Community Secretariat its fourth Annual Report under the Energy Efficiency Directive as well as its 2019 Security of Supply statement.

### AREAS FOR IMPROVEMENT

The Government is revising a number of strategic documents, including the Energy Strategy 2030, the National Energy Efficiency Action Plan, and the National Renewable Energy Action Plan. The timely adoption of these documents, outlining priorities and desired outcomes, is essential because it will provide clear guidance to investors on the Government's vision and objectives for the energy sector.

The Government plans to diversify its energy mix by increasing the share of renewables beyond the 2020 target. Thus, in addition to setting a new renewable energy target for 2030, it should establish an enabling regulatory framework to attract investment through competitive procurement, support schemes, and simplified administrative procedures.

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

## Management of decision-making processes

### QUICK FACTS

The Ministry of Economy and Infrastructure formulates the national energy and investment policies.

The Invest Moldova Agency acts as an investment promotion centre and a single window.

### STRENGTHS

Following the Public Administration Reform Strategy for 2016-2020, the Moldovan public authorities are modernising civil service legislation and administrative processes in line with the Association Agreement with the EU. Key activities in this respect include piloting local one-stop shops for public service delivery, introducing government-wide IT management standards and procedures, and increasing awareness of citizens on the availability of e-services. The establishment of the Environmental Project Implementation Unit in 2018 and of the National Commission on Climate Change (NCCC) in 2020 demonstrates the Government's intention to set clear lines of communication within individual institutions and agencies and improve cross-sectoral coordination of information and strategies. The inter-sectoral Climate Change Coordination Mechanism, led by the NCCC, is a strategic initiative dedicated to addressing climate change.

Law no. 100 of 2017 On Normative Acts provides for an e-legislation system and the publication of all versions of the legislative drafts and additional materials at different stages. The Government's Action Plan (GAP) for 2020-2023 describes the steps to ensure civil society's involvement in developing public policies. To strengthen the impact of reforms, the Government, with the assistance of international donors, supports monitoring of transparency and accountability in public spending. To this end, the Ministry of Finance has partnered with the European Bank for Reconstruction and Development and civil society to implement the pilot of a new electronic procurement system, MTender, which comprises online bidding and real-time publication of open data on public procurement.

### AREAS FOR IMPROVEMENT

The Moldova Structural Reform Programme, launched in collaboration with USAID, aims to assist the Government in undertaking business-enabling reforms and bringing public authorities closer to citizens. Therefore, the Government should fully avail of USAID's resources and expertise and establish a one-stop shop at the national level.

The Government must implement transparency rules by ensuring the functioning, accessibility and regular update of e-legislation platforms, and by publishing all draft regulatory acts for public consultation. Moreover, before draft laws are passed, public institutions must publish the summary of comments compiled after the public consultations ended, either on their website or on the Government's designated platform ([www.particip.gov.md](http://www.particip.gov.md)).

## 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. 238 of 2012) consolidate the independence, authority and transparency of ANRE.

The Competition Council oversees compliance with antitrust and State-aid provisions under Law no. 183 of 2012 On Competition and Law no. 139 of 2012.

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

### STRENGTHS

In the last year, ANRE demonstrated functional independence and technical expertise in its activities. In August 2020, ANRE adopted electricity market rules to implement Law no. 107 of 2016 On Electricity. These rules require non-discriminatory grid connections for renewable energy producers, priority dispatch and an obligation for the central electricity supplier (Energocon) to purchase the electricity and cover imbalances for eligible producers. Also, it adopted the wholesale market rules transposing the EU Transparency Regulation.

Moldova has undertaken significant reforms embedded within the EU's Third Energy Package and Energy Community acquis. As part of the reforms, it has already restructured and partially privatised the electricity distribution network. The Government also plans to privatise the remaining State-owned electric distribution companies and the electric power supply company while continuing with the unbundling of Moldovagaz, the vertically integrated natural gas monopoly. At the same time, international financial institutions have been financing a significant portion of infrastructure necessary for the synchronous connection of Moldova to the European Network of Transmission System Operators for Electricity (ENTSO-E).

### AREAS FOR IMPROVEMENT

Moldova must continue to reform its wholesale market consistent with the requirements of the EU's Third Energy Package. Competition between suppliers will reduce the wholesale cost of electricity, incentivise investment in new power plants, and accelerate technology transfer. Most importantly, it will help the country progress towards its energy self-sufficiency goal.

## Rule of law

### QUICK FACTS

Moldova ratified the ECT 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 GAP for 2020-2023 outlines measures to ensure the independence of the judiciary and prosecution service and the improvement of court administration. To this end, the Government enacted Law no. 76 of 2016 On the Reorganisation of Courts to merge district courts both in terms of administration as well as location. In the same vein, the Government has recently tabled a draft law that introduces an Ombudsman for entrepreneurs' rights to ensure observance of the legitimate rights and interests of entrepreneurs by public authorities. It is anticipated that the Parliament will vote on the draft law within 2021.

According to Law no. 81 of 2004 On Investment in Entrepreneurial Activity investments cannot be subject to expropriation or measures with equivalent effect unless it is for public utility purposes, is not discriminatory, and is accompanied by just compensation. Additional conditions for lawful takings in energy-related projects are provided in the 2018 amendments of Law no. 108 of 2016 On Natural Gas and the Law On Electricity. Local courts recognise and enforce foreign arbitral awards against the Government. In general, there are no restrictions on the transfer of technology.

### AREAS FOR IMPROVEMENT

It is essential that the Government follows through with its judicial reform agenda without delay to warrant the independence and effectiveness of the judiciary institutions. In doing so, the Government may rely on international precedents and good practices and consult with civil society and other interested actors.

# IMPLEMENTATION STATUS



## Republic of Moldova

### PROPOSED EIRA AREAS FOR IMPROVEMENT IN

### IMPLEMENTATION STATUS AS OF 1 APRIL 2021

Indicator 1		
	Adopt a revised version of the Energy Strategy 2030.	<b>Work ongoing.</b> An updated version of the Energy Strategy 2030 is undergoing consultation with stakeholders.
2018	Adopt secondary legislation and action plans to implement primary laws, such as Law no. 10 of 2016 On the Promotion of the Use of Energy from Renewable Sources.	<b>Work ongoing.</b> Following the adoption of Law no. 10 of 2016 On the Promotion of the Use of Energy from Renewable 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. In August 2020, the National Energy Regulatory Agency (ANRE) adopted electricity market rules to implement Law no. 10 of 2016 On the Promotion of the Use of Energy from Renewable Sources.
	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 restructured 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.
2021	Adopt revised action plans outlining the priorities and desired outcomes to promote energy efficiency and renewable energy resources.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
	Create an enabling regulatory framework to attract investment in renewables through competitive procurement, support schemes, and simplified administrative procedures.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
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> The Moldova Structural Reform Programme, launched in collaboration with USAID, aims to assist the Government in undertaking business-enabling reforms and bringing public authorities closer to citizens. Local one-stop shops for public service delivery have been established under the Public Administration Reform Strategy for 2016-2020.
	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 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. The Government's Action Plan for 2020-2023 describes steps to ensure civil society's involvement in developing public policies.
Indicator 3		
2018	Reinforce the independence of ANRE and ensure the actual implementation of the relevant rules.	<b>Pending</b>
	Promote market liberalisation in the gas sub-sector.	<b>Work ongoing.</b> In February 2020, ANRE approved and published rules for the natural gas market. In 2020, the Government progressed with the unbundling of Moldovagaz, the vertically integrated natural gas monopoly.
Indicator 4		
2018	Introduce timeframes for national courts to examine cases and deliver judgements.	<b>Pending</b>