

Summary of the Single Support Framework for EU Support to Republic of Moldova (2017-2020)

1. Key Data

Alignment to political agreements with the EU: EU-Moldova bilateral relations are based on the EU-Moldova Association Agreement (AA), including a Deep and Comprehensive Free Trade Area (DCFTA), which was signed in June 2014 and entered fully into force on 1 July 2016. The Association Agreement sets out an ambitious reform agenda aiming at Moldova's political association and economic integration with the EU. Moldovan citizens with biometric passport have benefited from visa-exemption for travelling to the Schengen area since April 2014.

Existing/forthcoming overall national development strategy of the partner country: The National Development Strategy "Moldova 2020" was adopted in June 2012 and targets seven priorities: Education, Roads, Finance, Business, Energy, Pensions Reform and Justice.

Programming period: 2017-2020.

2. Strategic objectives for EU relationship with Moldova

The stabilisation and resilience building of neighbouring countries are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review of November 2015 and in the EU Global Strategy of June 2016. In this regard, supporting Moldova's political, social and economic development opportunities towards political association and economic integration with the EU will contribute to these aims.

In December 2016, the government approved a national plan on the implementation of the AA/DCFTA 2017-2019. The priorities and indicative allocations for financial assistance to be included in the Single Support Framework are connected to the priority actions set out by the revised 2017-2019 Association Agenda.

3. Choice of priority sectors and justification, and indicative allocations foreseen

Sector 1: Economic development and market opportunities, including sustainable and inclusive economic growth (35%)

Given the revised ENP, support for sustainable, inclusive and smart economic growth has emerged as the crucial issue in Moldova. The need to improve the business climate and to unlock innovation and investment potential is reinforced by the Association Agreement, including a DCFTA, and has been presented as a tool for modernisation and promoting prosperity.

Sector 2: Strengthening institutions and good governance, including the Rule of Law and Security (15%)

Effective and accountable public administration and justice are crucial not only to fulfil Moldova's reform aspirations and to effectively implement the EU-Moldova Agreements, but also for political stability and to gain citizen and investor confidence. The public perception of corruption among civil servants, including those serving in the judiciary, is very high. The security situation in Moldova leaves room for improvement, in particular with regard to organised crime. Support will also be provided to sustainable independent media.

Sector 3: Connectivity, energy efficiency, environment and climate change (25%)

Supporting better energy connectivity with the EU is crucial with a view to increasing the currently low level of the security of energy supply. The situation of transport infrastructures

require in many cases strong rehabilitation efforts with a view to improving access of population, especially in rural areas, to social services and access to markets. In addition, some transport infrastructures are needed to ensure greater connectivity with the EU and stimulate current and future economic activity. Sustainable management of natural resources (including energy efficiency) is also underdeveloped in Moldova.

Sector 4: **Mobility and people-to-people contacts**, *including* support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research (10%)

Moldova was the first Eastern Neighbour to benefit from visa-free regime with the EU, whose good implementation may also contribute to ensuring public support for association with the EU. Development of stronger ties between the labour market and the education system and between the private sector and research are needed to support smart and sustainable economic development.

Complementary support for capacity development/institution building (5%)

This assistance will address priority commitments deriving from EU agreements and the dialogue on mobility in areas that are not already covered. In this context, specific attention will be paid to supporting the legal approximation processes, assisting in the drafting of the Directives/Regulations/Standards included in Association Agenda, and in preparing a pipeline of fundable projects. This complementary provision may also address participation in EU programmes and the work of EU agencies.

Complementary support for civil society development (5%)

This mainstreamed support will aim at strengthening the role of civil society in building stronger democratic processes and accountability systems and raising their profile among the general public. In turn, this would help support the self-sustainability of CSOs. Additional support to Moldovan civil society for advocacy, policy monitoring, service delivery, civic education, and to support sustainability may be provided in areas not already covered.

Complementary support for strategic communication (5%)

Specific efforts will be made to foster strategic communication on EU policies and support. This means a focus on effectively communicating EU's messages to various audiences, reducing the risk of fragmentation of communication under an individual project approach. This includes engaging partners and Moldovan authorities, ensuring sound understanding of target audiences through robust opinion analysis and making use of most appropriate communication tools and channels.

4. Brief description of objectives and corresponding expected results

The primary goal is to support Moldova's political, social, economic development opportunities accruing from stronger political association and economic integration with the EU. The focus for 2017-2020 is on socio economic development through structural reforms and strategic investments with a view to delivering visible and tangible benefits to Moldovan citizens. The assistance will also include expertise provided through Twinning and TAIEX instruments.

Sector 1: **Economic development and market opportunities**, *including* sustainable and inclusive economic growth

The **overall objective** is to stimulate sustainable and inclusive economic growth and development, including in the regions, reduce absolute and relative poverty through improving the business environment and investment climate, create jobs and to facilitate trade with the EU.

The main expected results include: trade facilitation (including through coordinated border management and improved customs management), stability oriented macro-economic policy, an attractive business environment and level playing-field for investments, broader access to finance for SMEs, new opportunities in high growth potential areas, creation and development of social enterprises, reduction of disparities between regions and between urban and rural areas, job creation.

Sector 2: Strengthening institutions and good governance, including the Rule of Law and Security

The **overall objective** is to promote good governance, democracy, the rule of law and human rights in Moldova (in line with the Association Agreement), and strengthen Moldova's state and societal resilience including also security threats.

The **main expected results** include: decreased corruption; increased transparency, decreased conflicts of interest and effective asset recovery; improvement of public services; enhanced transparency and accountability of the public administration; improvement of PFM systems; de-politicisation of public administration; improvement of coverage and quality of available statistics; a more independent and competent judiciary system; increased resilience to security threats; implementation of money laundering legislation; economic, social and sectoral rapprochement between the two banks of the Nistru River; more independent media.

Sector 3: Connectivity, energy efficiency, environment and climate change

The **overall objective** is to support better connectivity with the EU in the areas of transport and energy, support energy efficiency, resilience and security of Moldova address environmental challenges and contribute to adapt to climate change.

The main expected **results** include: greater energy security, more efficient use of energy and higher share of renewable energy in the energy mix; increased energy security, clean energy, market competition and transparency; improved access to drinking water, wastewater and solid waste treatment systems; enhanced service delivery; renewed social and technical infrastructures in local communities improved transport connectivity within the country and with the EU.

Sector 4: Mobility and people-to-people contacts, including support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research

The **overall objective** is to enhance and facilitate the mobility of citizens, develop the skills of the young generation, strengthen the coordination between the education system and the labour market and stimulate competitiveness, research and innovation as enablers to economic development, while also targeting social inclusion in education and labour.

The main expected results include: continuation of visa-free regime; implementation of projects under the Mobility Partnership; enhanced social inclusion; increased percentage of VET graduates in employment; decrease in NEET rate; decrease of informal employment; increase of research-industry partnerships; growth of innovative economic sectors; inclusion of disadvantaged groups (including minorities) in mainstream education.

Cross cutting issues

Cross-cutting issues, notably environmental protection and climate change, promoting the digital economy and society, gender and human rights will be mainstreamed in the priority sectors, together with the key Principles of Public Administration.

5. Indicative allocation foreseen

<i>Indicative allocation 2014-2020</i>	€ 610 million – € 746 million
<i>Indicative allocation for the 2nd period 2017-2020</i>	€ 284 million – € 348 million
<i>Economic development and market opportunities, including sustainable and inclusive economic growth</i>	35%
<i>Strengthening institutions and good governance, including the Rule of Law and Security</i>	15%
<i>Connectivity, energy efficiency, environment and climate change</i>	25%
<i>Mobility and people-to-people contacts, including support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research</i>	10%
<i>Complementary support for capacity development/institution building</i>	5%
<i>Complementary support for civil society development</i>	5%
<i>Complementary support for strategic communication</i>	5%

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Programming of the European Neighbourhood Instrument (ENI) – 2017-2020

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**Single Support Framework for EU support to Moldova
(2017-2020)**

Single Support Framework

Republic of Moldova 2017-2020

Introduction

The Republic of Moldova (hereafter referred to as Moldova) is a lower middle income country with a GDP per capita (PPP) of USD 1,900 in 2016. Moldova ranked 107th out of 188 countries on the Human Development Index (HDI-0.699 – 2016 HDI Report). A period of sustained economic growth and reforms to the social protection system helped to reduce poverty levels. Nevertheless, in 2014, approximately 11.4% of the population were estimated as living below the absolute poverty line. Absolute and relative poverty is particularly acute amongst the rural population, the elderly living alone and larger (5+) households in the urban areas. Less than half of the working age population is on the labour market (42.5% in 2015), some 23% of the population lives abroad and outward migration has an important socio-economic role with remittances representing around a fifth of GDP (23.4% in 2015). A very large share of young people (30.4% in 2015) is not in employment, education or training (NEET). Moldova scored 1.01 on the Gender Development Index (2016 HDI Report), and while there is little appreciable difference between men and women on the majority of indicators, there is a substantial difference in share of gross national income.

Real GDP grew at an average rate of 4.8% per annum in 2014, but the country slipped into recession at the end of 2015 (-0.5%), as a result of the banking crisis, a severe drought, declining remittances, and weaker external flows. The International Monetary Fund (IMF) reported that the outturn for 2016 was 4.1% and forecasts further improvement in 2017 (+4.5%). The economy is dominated by the service sector (63.2% of GDP end 2015) and the manufacturing sector (20.7% of GDP). Agriculture accounts for 16.1% of GDP and 33.7% of the active labour population continue to derive their living from primary agriculture including subsistence activities (2016). There is a significant trade imbalance (USD -1913 million end 2016). Remittances fell by 27% in 2015 but levelled off in 2016. The current account deficit was 4.5% of GDP at the end of 2016. There are concerns that external debt levels may rise to unsustainable levels. Total external debt now stands at 97.2% of GDP (2016) and public and publicly-guaranteed external debt is currently 43.3% of GDP. The fiscal deficit was 2.1% in 2016. Inflation remained steady in 2012-2014 (4.6%-4.7%), but rose to 9.7% in 2015, on the back of the declining exchange value of the Moldovan LEI and rising energy and food prices. In 2016, the IMF recorded annual inflation of 6.4% and predicts that it will continue to decline steadily through 2017-2022.

Stabilisation of the economy depends on the implementation of the agreement reached with the IMF in July 2016. It was approved by the IMF Board in November 2016. The economic reform programme is supported by a three-year Extended Credit Facility and Extended Fund Facility (ECF/EFF) arrangement, valued at approximately EUR 160 million. The IMF Programme re-opened opportunities for the country, in the political, financial and economic spheres. It frames future reforms efforts which should inter alia prevent fraud in the banking sector. Nevertheless, the Moldovan economy faces a number of significant downside risks: the slowdown in the Russian economy and stagnation in the Eurozone will continue to impact upon export performance, weaker capital inflows and further reductions in remittances. These external pressures are compounded by poor revenue collection, a fragile banking sector, and structural problems in the non-banking financial sector.

Following request from the Moldovan government and also taking into account the residual financing needs under the IMF programme, the European Commission adopted on 13 January 2017 a proposal for macro-financial assistance to Moldova of up to EUR 100 million (EUR 40 million in grants and

EUR 60 million in loans) to be disbursed in 2017-2018 when Moldova fulfils the conditions and provided the IMF programme remains on track.

The current government under Prime Minister Filip (Democratic Party) took office in January 2016. Relative stability of the country allowed for the re-starting of reforms, namely through work on the so-called Priority Reform Action Roadmap, addressing some of the concerns and recommendations expressed in the EU Council conclusions of February 2016. In November 2016, Igor Dodon (The Party of Socialists) was elected as President by popular vote. Parliamentary elections are due in late autumn 2018. The Corruption Perception Index (CPI) indicates that Moldova continues to be regarded as a country with widespread corruption. In 2016, Moldova ranked 123, a downgrade from 103 in 2015 and its score had fallen from 33 to 30 reflecting the growing mistrust amongst the population.

Following the resumption of negotiations in the “5+2” format (Moldova, Transnistrian representative, Ukraine, Russia and the Organisation for Security and Cooperation in Europe (OSCE), with the EU and the United States of America) and the signature by all parties of the Berlin Protocol on 2-3 June 2016, talks have continued at different level in an effort to move forward the process, but with limited progress to date. The European Union is committed to and fully supportive of Moldova’s territorial integrity and sovereignty and continues to work towards the peaceful resolution of the Transnistrian conflict. A permanent Working Group involving the Parliament of Moldova and the Gagauz People’s Assembly has been established to improve relations between the Moldovan and Gagauz authorities.

1. EU Response

1.1. Strategic objectives of the EU's relationship with the partner country

Resilience and transition to democracy and a social market economy are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review of November 2015[1] and in the Global Strategy¹ of June 2016 as they would contribute to stability expected by the citizens. In this regard, supporting Moldova's political, social and economic development opportunities towards political association and economic integration with the EU will contribute to these aims. The Association Agreement signed in 2014, in force since July 2016, provides the basis for this commitment towards fulfilling the mentioned objectives.

The EU Council Conclusions of 15 February 2016 on Moldova highlighted a number of pending challenges and key priority reform areas to be tackled, such as addressing the politicisation of state institutions and systemic corruption and strengthening the governance of the financial sector. To address those issues, the government prepared a roadmap on priority reform actions. While several legislative measures foreseen in the roadmap have been adopted, the reform process should be continued, with a particular focus on genuine implementation of legislation and policies with the aim of improving citizens' life. In December 2016, the government approved a national plan on the implementation of the Association Agreement /Deep and Comprehensive Free Trade Agreement 2017-2019.

The priorities and indicative allocations for financial assistance to be included in the Single Support Framework (SSF) are connected to the priority actions set out by the 2017-2019 Association Agenda.

[1] The ENP review (18.11.2015 JOIN(2015) 50 final) highlighted the stabilisation of neighbouring countries as an important political priority, to be achieved through support to good governance, democracy, human rights and rule of law, economic governance, as well as cooperation on security and on migration and mobility.

¹ A Global Strategy for the European Union’s Foreign And Security Policy
https://europa.eu/globalstrategy/sites/globalstrategy/files/regions/files/eugs_review_web_0.pdf

1.2. Choice of sectors of intervention

The priority sectors reflect the revised ENP and the **Association Agenda** and are coherent with the **Eastern Partnership priorities** reflected in the "20 Deliverables for 2020".

Extensive consultations have taken place over 2015-2017 with the government, civil society organisations, multilateral and bilateral donors including EU Member States, International Financial Institutions (IFIs) and International Organisations.

The choice of priority sectors has also been guided by the **Joint programming** process through the completion of a Joint Analysis (involving Member States and other donors) that was presented to the Government in October 2016. The indicative budget allocations reflect the **focus on delivering tangible and visible results for citizens**.

To enhance the impact and visibility of EU support, the EU will identify, together with the Government of Moldova, one or two pilot regions. In each pilot region, the EU will aim to concentrate support from a number of cross-sectoral initiatives to maximise impact. This will also allow new initiatives to be piloted in the selected regions, where appropriate. The approach of pilot regions does not mean that EU assistance will be limited to these regions. It will permit concentration of EU support, where appropriate. The aim is to ensure that EU support is as close to citizens as possible. The sectors of intervention **reflect the priorities** set out in the relevant Sector Strategies, the "*Government Programme 2016-2018*", and the *National Development Strategy ("Moldova 2020")*. The latter document targets seven priorities: Education, Roads, Finance, Business, Energy, Pensions Reform and Justice. The strategy is presently undergoing a mid-term assessment and a new National Development Strategy until 2030 will be prepared. During the period of the SSF 2017-2020, the EU will provide support to these priorities through either the national, thematic or regional envelopes, or the EU financial institutions. For all the priority sectors of this SSF, TAIEX could propose a list of peer to peer activities to assess and match Moldova's specific needs to support and serve the reform process.

The main sectors of concentration of the SSF 2014-2017 have been as follows: Public administration reform, Agriculture and rural development; and Police reform and border management.

A number of **lessons learned** during the implementation of the ENPI 2007-2013 and the ENI 2014-2016 have informed the programming of this SSF:

- The need for projects that produce tangible results for citizens and provide high visibility for the EU;
- The need to programme assistance within the framework of clear national sector strategies, supported by Action Plans, whose costing is consistent with the State Budget and the medium-term budgetary projections, and evidence of ownership of reforms by the Government;
- The importance of a sustained policy dialogue;
- The importance of Government capacity to coordinate policy and legislative development and implementation and well as external assistance, ensure coherence between the budgetary processes and policy agenda, and to monitor the implementation of the AA/DCFTA;
- The importance of mainstreaming the key Principles of Public Administration Reform, including when appropriate the Better regulation approach advocated at the EU level in sector programmes and policy dialogue;

- The importance of mainstreaming cross-cutting issues, notably civil society engagement, youth, gender, a rights-based approach, social inclusion, environment and climate change, and of employing confidence building measures in potential and post-conflict situations;
- The need to ensure coherence between interventions financed through the national, thematic, cross-border and regional envelopes;
- The desirability of pursuing a joint programming approach with EU Member States and willing partners and ensuring synergy with bilateral and multilateral donors, International Financial Institutions (IFIs) and International Organisations;
- The importance of fostering strategic communication on EU policies and support.

The priority Sectors of Intervention are:

Sector 1: Economic development and market opportunities, *including* sustainable and inclusive economic growth (indicative 35% of total budget)

Given the revised ENP, support for sustainable, inclusive and smart economic growth has emerged as the crucial issue in Moldova. The need to improve the business climate and to unlock innovation and investment potential is reinforced by the Association Agreement, including a DCFTA, and has been presented as a tool for modernisation and promoting prosperity.

Sector 2: Strengthening institutions and good governance, *including* the Rule of Law and Security (indicative 15% of total budget)

Effective and accountable public administration and justice are crucial not only to fulfil Moldova's reform aspirations and to effectively implement the EU-Moldova Agreements, but also for political stability and to gain citizen and investor confidence. The public perception of corruption among civil servants, including those serving in the judiciary, is very high. The security situation in Moldova leaves room for improvement, in particular with regard to organised crime.

Sector 3: Connectivity, energy efficiency, environment and climate change (indicative 25% of total budget)

Supporting better energy connectivity with the EU is crucial with a view to increasing the currently low level of energy supply security and diversification. The situation of transport infrastructures require in many cases strong rehabilitation efforts with a view a view to improving access of population, especially in rural areas, to social services and access to markets. In addition, some transport infrastructures are needed to ensure greater connectivity with the EU and stimulate current and future economic activity. Sustainable management of natural resources (including energy efficiency) is also underdeveloped in Moldova. Implementation of the commitments stemming from the Association Agreement, the Energy Community Treaty as well as the Paris Agreement on Climate Change will also be supported.

Sector 4: Mobility and people-to-people contacts, *including* support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research (indicative 10% of total budget)

Moldova was the first Eastern Neighbour to benefit from visa-free regime with the EU, whose good implementation may also contribute to ensuring public support for association with the EU. Development of stronger ties between the labour market and the education and training system and between the private sector and research are needed to support smart and sustainable economic development.

Cross-cutting issues, notably **environmental protection and climate change, promoting the digital economy and society, gender and human rights** will be mainstreamed in the priority sectors, together with the **key Principles of Public Administration**. Especially policy and legislative development needs to be inclusive and based on evidence. This is a key in ensuring implementation and enforcement of adopted policies and legislation, including those required by commitments under the DCFTA. Complementary support may also be provided, in order to implement priority commitments that are not already covered.

The **regional and multi-country programmes** will continue to provide key complementary support to implement results to citizens in the context of the EaP priorities set in Riga and the regional multiannual indicative plan. With regards to strengthening market opportunities, support will continue under the EU4Business Initiative – with support ranging from a business friendly regulatory environment to the implementation of the DCFTA - as well as EU4Digital, which will provide support to strengthening the digital economy and society within and across the region. Support to strengthening the international and regional connectivity agenda including on transport in line with the TEN-T network, energy and climate change and the environment will be provided both through relevant regional programmes (i.e. EU4Energy) as well as the Neighbourhood Investments Facility and EU4Innovation. Similarly, EU4Youth as well as continued programmes such as Erasmus+ will continue to benefit the mobility and people to people contacts. In addition, the European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) will be another priority areas of intervention for regional cooperation of particular importance for Moldova.

2. Financial overview

The indicative allocation for 2014-2020 is EUR 610 million to EUR 746 million. The indicative allocation for 2017-2020 is EUR 284 million to EUR 348 million. The indicative breakdown by sector is the following:

<i>Sectors</i>	<i>Indicative allocation</i>	<i>% of total allocations</i>
1. Economic development and market opportunities, including sustainable and inclusive economic growth	EUR 99.4 million – EUR 121.8 million	35%
2. Strengthening institutions and good governance, including the Rule of Law and Security	EUR 42.6 million – EUR 52.2 million	15%
3. Connectivity, energy efficiency, environment and climate change	EUR 71 million - EUR 87 million	25%
4. Mobility and people-to-people contacts, including support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research	EUR 28.4 million - EUR 34.8 million	10%
Complementary support for capacity development and institution building	EUR 14.2 million - EUR 17.4 million	5%
Complementary support for civil society development	EUR 14.2 million - EUR 17.4	5%

	million	
Complementary support for strategic communication	EUR 14.2 million - EUR 17.4 million	5%

In addition, Moldova may benefit from supplementary allocations provided under the umbrella programmes. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal.

Moldova is also eligible for financial support under a number of other EU instruments, such as the Instrument contributing to Stability and Peace (IcSP), Humanitarian Aid, the Partnership Instrument, the European Instrument for Democracy and Human Rights, the Instrument for Nuclear Safety Cooperation, Macro-Financial Assistance, the Mobility Partnership Facility (MPF), Development Cooperation Instrument (DCI) thematic programmes, and external actions under EU internal programmes for e.g. research and innovation, energy, transport, education and youth (Erasmus+) and culture (Creative Europe).

3. EU support per sector

3.1 Economic development and market opportunities, including sustainable and inclusive economic growth (indicative 35% of total budget)

3.1.1 The **overall objective** is to stimulate smart, sustainable and inclusive economic growth and development, including in the regions, reduce absolute and relative poverty through improving the business environment and investment climate, create jobs and to facilitate trade with the EU, . The **specific objectives** include:

- to enable the country to maximise the potential benefits of the DCFTA by reducing the technical and administrative barriers to trade and to ensure compliance with SPS standards (specific objective 1);
- to support structural reforms to improve economic performance and governance, in close synergy with the IMF, World Bank and EU Macro Financial Assistance and in close coordination with the sector of intervention on "Strengthening institutions and good governance, including the Rule of Law and Security" (specific objective 2);
- to facilitate SMEs' access to finance, to business services and to improve commercial justice; to support diversification of access to finance beyond the banking sector (specific objective 3);
- to increase productivity of SMEs, production of more higher value added products by SMEs, improve quality standards; to facilitate the emergence of start-ups in strategic sectors including by using the potential of the digital economy, and to enhance innovation and technology transfer towards business (specific objective 4);
- to facilitate the emergence of social enterprises (specific objective 5);
- to promote inclusive growth and social cohesion through stimulation of job creation in less favoured areas, including in particular rural areas (specific objective 6).

3.1.2 **The main expected results** include:

- In relation to specific objective 1: continuation of the general positive trend in total trade. Procedures are simplified and border agency cooperation is enhanced to secure and facilitate trade.
- In relation to specific objective 2: the macro-economic policy of the Government of Moldova is stability-oriented.
- In relation to specific objective 3: the economic transition process is driven forward allowing creating an attractive environment and level playing-field for private-sector investments and business execution. Access to finance for SMEs is broader.
- In relation to specific objective 4: contribution of SMEs in the GDP increases in value. New opportunities in high growth potential areas such as possibly agriculture, greening of the economy and digital markets are seized.
- In relation to specific objective 5: social enterprises are created and developed.
- In relation to specific objective 6: disparities between regions and between urban and rural areas in Moldova are reduced and new additional jobs are created.

3.1.3 The main **indicators** are:

- Volume and/or value of trade ; volume and/or value of trade to the EU;
- Value of Foreign Direct Investment; value of Foreign Direct Investment originating from the EU
- Score of Moldova on Ease of Doing Business Indicators (World Bank Group)
- Enterprise value-added, profitability and per capita productivity rates;
- Contribution of SMEs in the GDP
- Number of business start-up and survival rates;
- Number of social enterprises and survival rates;
- Employment rate at national/regional level;
- Number of jobs created per region against lost jobs;

3.1.4 **Policy dialogue with donors** takes place both at bilateral level and within the Sector Councils in the field of external assistance, set up in accordance with Government Decree no.561 (19th August 2015). Formal Sector Councils have been established to discuss support to SMEs, Agriculture and Regional Development. In addition, ad hoc fora have been established (some led by government and others by donors) to discuss and **coordinate with donors** on specific sectoral issues. A donor group also exists specifically for the issue of food safety. Regular cross-sectoral meetings of all Development Partners take place. The EU Delegation is engaged in a wide-ranging policy dialogue with the Government, including through the EU High Level Policy Advice Mission (EUHLPAM). Advisors are present in each of the key sectors: Economy, Labour, and Agriculture and Regional Development.

3.1.5 The partner country's **policy commitments** are described in the Association Agreement and revised Association Agenda 2017-2019.

3.1.6 When required by the legislation in force, the appropriate type of **environmental assessment** (Environmental impact assessment (EIA) and strategic environmental assessment (SEA)) will be carried out.

3.1.7 The overall **risks to** the sector intervention are:

- The outcome of the Parliamentary elections (planned for end 2018) has an impact on the government's ability and commitment to implement provisions of the AA/DCFTA.
- Political uncertainty regarding the outcome of the election leads to potential investors' disengagement.
- The Government fails to implement Title IV "Economic and other sectoral cooperation" and Title V "Trade and Trade related matters" of the Association Agreement in a timely and efficient manner and apply the provisions of harmonised legislation rigorously, transparently and equitably;
- The Government lacks the budgetary resources necessary to co-finance investment projects in support of the DCFTA or meet the operational and maintenance costs of those public bodies responsible for oversight and monitoring of implementation;
- Enterprises and entrepreneurs are not making the necessary investments to upgrade production standards, quality and efficiency in the present economic climate;
- There is a lack of political will and limited institutional and human resource capacities within the stakeholder Ministries to manage and monitor the implementation of their respective sector policies;
- There is a lack of sufficient and adequate available Labour force which limits Moldovan economic attractiveness.

The EU will closely monitor and react to mitigate the impact of any of the above-mentioned risks, by, *inter alia*, allocating human, financial, technical and diplomatic resources and by reinforcing the policy dialogue.

3.2 Strengthening institutions and good governance, including the Rule of Law and Security (indicative 15% of total budget)

3.2.1 The **overall objective** is to promote good governance, democracy, the rule of law and human rights in the Republic of Moldova (in line with the Association Agreement), and to strengthen Moldova's state and societal resilience including also against security threats, such as hybrid threats, and to secure Moldova's international borders.

The **specific objectives** are:

- to prevent and fight against corruption, conflicts of interest and fraud (specific objective 1);
- to support the public administration reform at national and local level. It includes: modernisation and further digitalisation of public services delivery, to increase inclusive and evidence-based policy development and coordination based on high quality official statistics, improvement of public finance management (PFM), improvement of accountability and governance of public administration and state-owned enterprises, and professionalisation and de-politisation of public administration (specific objective 2);

- to strengthen independence, accountability, efficiency, transparency and professionalism of the Judiciary (specific objective 3);
- to strengthen Moldova's security situation, including the capacity to secure borders, and to fight against organised crime, trafficking in human beings and smuggling of migrants, drugs and illicit arms trafficking, counterfeiting, money laundering and financial crime, as well as cybercrime (specific objective 4);
- to promote confidence-building initiatives in Moldova (specific objective 5).
- to support the independence of media and increase access to balanced and reliable news reporting for citizens (specific objective 6).

3.2.2 The **main expected results** are:

- In relation to specific objective 1: decreased corruption, in particular high-level corruption, and decreased perception of corruption through the effective implementation of a comprehensive anti-corruption and integrity policy; increased transparency, decreased conflicts of interest and effective asset recovery.
- In relation to specific objective 2: quality, accessibility, efficiency and cost effectiveness of public services both at national and local levels are enhanced, including a more rational framework of administrative procedures for service delivery and increased availability of effective e-governance services; the transparency and accountability of the public administration, including the state-owned enterprises is enhanced, PFM systems are improved to ensure effective control of expenditure; a depoliticized public administration is established; Coverage and quality of available statistics is improved and increasing use of official statistics is made for policy decision.
- In relation to specific objective 3: a more independent, and effective judiciary system is in place.
- In relation to specific objective 4: capacity of Moldova to ensure the security of its population and to be more resilient to security threats is strengthened and money laundering legislation is effectively implemented.
- In relation to specific objective 5: economic, social and sectoral rapprochement between the two banks of the Nistru River is ensured with a positive impact on the Transnistria settlement process.
- In relation to specific objective 6: media are more independent and citizens have an increased access to balanced and reliable news reporting.

3.2.3 The main **indicators** are:

- Worldwide Governance indicators;
- Transparency International Corruption Perception Index;
- Number of corruption cases reported, disaggregated by source (State or non-State actors), as well as number of investigations and convictions of these cases;
- Level of implementation of the territorial reform;
- Quality of the medium-term budgetary framework;
- Quality of public debt management;

- Number of new e-governance modules rolled out (number of accessible public services for citizens through internet);
- Use of statistics for evidence-based decision-making and holding the government accountable;
- Public trust in the prosecution services, the judiciary and the law enforcement agencies;
- User satisfaction on the effectiveness of the justice system;
- Indicators of CEPEJ (European Commission for the Efficiency of Justice – Council of Europe);
- N° of persons charged and convicted of trafficking in human beings and smuggling of migrants, organised crime, smuggling and counterfeiting;
- Value of illicit goods, drugs, arms etc. seized;
- Level of implementation of recommendations for the Transnistrian settlement;
- Audience for independent media;

3.2.4 In accordance with Government Decree no.561 (19th August 2015) a formal Sector Council has been established for Public Finance Management. The Public Administration Reform (PAR) is currently coordinated by the National Council on Public Administration Reform, chaired by the Prime Minister. In the area of Justice and Home Affairs (JHA), Sector Councils exist for Justice and Police Reform. In addition, there is a **donor only coordination group** on law enforcement and border control. The EU Delegation is engaged in a wide-ranging **policy dialogue** with the Government, including through the EU High Level Policy Advice Mission (EUHLPAM). Advisors are present in each of the key sectors: justice, prosecution, anti-money-laundering and combating financing of terrorism, internal affairs, public finance management, public administration reform, security sector reform, police, anti-corruption, confidence-building measures.

3.2.5 The partner country's **policy commitments** are described in the Association Agreement and in the revised Association Agenda 2017-2019.

3.2.6 At this juncture no **environmental assessment** (SEA or EIA) is anticipated.

3.2.7 The overall **risks to** the sector intervention are:

- The outcome of the Parliamentary elections (planned for end 2018) has an impact on the government's ability and commitment to implement the provisions of the AA/DCFTA;
- Internal and external political tensions and macro-economic shocks divert the Government's focus, restrict the pace and direction of the PAR and JHA reforms and inhibit the capacity of the Government to finance its reform agenda and make the necessary capital investments;
- A lack of political will and/or vested interests derail the PAR and JHA reforms and efforts to fight against corruption;
- Resistance within the public administration, the judiciary, prosecution services and border management services to the proposed reforms;
- Inability of the Government to obtain the parliamentary majority necessary to introduce constitutional reforms to the structures and processes of the central and local government systems.

The EU will closely monitor and react to mitigate the impact of any of the above-mentioned risks, by, *inter alia*, allocating human, financial, technical and diplomatic resources and by reinforcing the policy dialogue.

3.3 Connectivity, energy efficiency, environment and climate change (indicative 25% of total budget)

3.3.1 The **overall objective** is to support better connectivity with the EU in the areas of transport and energy, support energy efficiency, resilience and security of Moldova address environmental challenges and contribute to adapt to climate change. The **specific objectives** include:

- to reduce energy consumption by increasing energy efficiency and to promote renewable energy sources (specific objective 1);
- to enhance resilience and security through energy sector reforms and by strengthening regulatory authority independence and interconnections (specific objective 2);
- to improve local public services and local management of new or upgraded infrastructures (specific objective 3);
- to enhance the governance of the transport sector and to assist on the prioritisation of key actions (specific objective 4).

The above specific objectives entail investments in transport, water, waste management, energy (including energy efficiency) and social infrastructures.

3.3.2. The main expected **results** are:

- In relation to specific objective 1: more efficient use of energy and higher share of renewable energy in the energy mix;
- In relation to specific objective 2: Increased energy security, clean energy, market competition and transparency through enhanced independence of the energy regulator and implementation of EU energy market and sustainable energy legislation;
- In relation to specific objective 3: improved living conditions of citizens through improved access to drinking water, wastewater and solid waste treatment systems and through enhanced service delivery and renewed social and technical infrastructures in local communities;
- In relation to specific objective 4: improved transport connectivity within the country and with the EU.

3.3.3. The main **indicators** are:

- Energy efficiency rate;
- CO2 emissions/other greenhouse gas emissions
- Implementation of the strategic projects on gas and electricity connectivity with EU/Romania;
- Implementation of Energy Community and Association Agreement legislative and regulatory commitments in energy;
- N° of citizens connected to main gas and electricity networks;
- N° of inhabitants connected to mains drinking water and waste water systems;
- N° of inhabitants covered by waste/separate waste collection and recycling rates;

- Access to enhanced public services and infrastructures;
- N° of kilometres of roads upgraded and regularly maintained;
- Number of fatalities due to road accidents reduced.

3.3.4. In accordance with Government Decree no.561 (19th August 2015), **donor coordination** takes place through the Sector Councils established in the field of external assistance in transport, environment, energy etc. In addition, a specific ad hoc coordination group has been established for strategic energy projects. There is an extensive **policy dialogue** with the Government at bilateral level (Government – individual Development Partner), and with the Ministry of Regional Development and Construction on more technical issues. A high level group, led by the Prime Minister, has addressed the road sector. The EU Delegation is also engaged in a wide-ranging policy dialogue with the Government, including through the EU High Level Policy Advice Mission (EUHLPAM). Advisors are present in each of the key sectors: Energy, Environment, Transport etc.

3.3.5 The partner country's **policy commitments** are described in the Association Agreement and in the revised Association Agenda 2017-2019.

3.3.6 When required by the legislation in force, the appropriate type of **environmental assessment** (SEA or EIA) will be carried out, most notably with respect to any investments in the modernisation of the social, technical and connectivity infrastructure.

3.3.7 The overall **risks to** the sector intervention are:

- the outcome of the Parliamentary elections (planned for end 2018) has an impact on the government's ability and commitment to implement the provisions of the AA/DCFTA.
- the potential lack of sufficiently mature, fundable infrastructure investment projects and a failure to agree on the prioritisation of the projects;
- conceptual disagreements within the Government and between the Government and the donors/IFIs or within the donor community regarding the priorities, objectives and approach to be pursued in order to stimulate regional and local development;
- a lack of financial, technical and human resource capacities in the districts (*raioane*) to design, manage, monitor and co-finance development projects.

The EU will closely monitor and react to mitigate the impact of any of the above-mentioned risks, by, *inter alia*, allocating human, financial, technical and diplomatic resources and by reinforcing the policy dialogue.

3.4 Mobility and people-to-people contacts, including support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research (indicative 10% of total budget)

3.4.1 The **overall objective** is to enhance and facilitate the mobility of citizens, develop the skills of the young generation, strengthen the coordination between the education and training system and the labour market and stimulate competitiveness, research and innovation as enablers to economic development, while also targeting social inclusion in education and labour. The **specific objectives** are:

- to sustain the fulfilment of all benchmarks of the Visa Liberalisation Action Plan and to continue implementing the Mobility Partnership (specific objective 1);

- to enhance the functioning of the labour market by ensuring synergy between the needs of the labour market and the skills and qualifications offered by the education, vocational education and training systems and to improve law enforcement in the areas of labour rights and working conditions (specific objective 2);
- to support innovation and research including fostering research/private sector partnerships (specific objective 3);
- to strengthen the inclusion of disadvantaged groups (including minorities) in mainstream education (specific objective 4).

3.4.2 The main expected results are:

- In relation to specific objective 1: Visa-free regime operates effectively and there are projects being implemented under the Mobility Partnership.
- In relation to specific objective 2: Social inclusion is enhanced. The percentage of VET graduates in employment or further study after six months is increased. The NEET rate has decreased. Informal employment in total employment is decreased. Enrolment in VET, including continuous training, is increased. Improved conditions of work, including health and safety, improved effective application of labour rights.
- In relation to specific objective 3: research-industry partnerships are fostered. The diversification of the economy is increased thanks to the growth of innovative sectors.
- In relation to specific objective 4: inclusion of disadvantaged groups (including minorities) in mainstream education is ensured.

3.4.3 The main indicators are:

- Level of fulfilment of the VLAP benchmarks for Moldova and number of projects under the Mobility Partnership.
- Percentage of graduates of VET courses finding employment within six months of the completion of their courses.
- NEET (Not in Education, Employment, or Training) rate.
- Share of informal employment in total employment;.
- Gender gaps in activity rate, employment rate and unemployment rate and gender pay gap.
- Number of persons from socially or physically disadvantaged groups in employment.
- N° of inspections (labour law and health and safety at work) and n° of violations sanctioned.
- Enrolment rate, academic success rate and drop-out rate of young people disadvantaged groups (including minorities) in mainstream education.

3.4.4 The Ministry of Education is responsible for the **donor coordination** in the field of Vocational Education Training (VET) and has established the National Coordinating Council to ensure the coordination in the sector. There is also extensive policy dialogue and coordination on a bilateral level. In the field of Visa liberalisation, the main coordination and monitoring mechanism in place is the Moldova-EU Mobility Partnership. The Moldova-EU Mobility Partnership Platform meets at least once per year with all partners involved. The EU Delegation is also engaged in a wide-ranging **policy dialogue** with the Government including through the EU High Level Policy Advice Mission

(EUHLPAM). Advisors are present in the Education and Research area, as well as in the Employment field.

3.4.5. The partner country's **policy commitments** are described in the Association Agreement and in the revised Association Agenda 2017-2019.

3.4.6 At this juncture no **environmental assessment** (SEA or EIA) is anticipated.

3.4.7 The overall **risks to** the sector intervention are:

- No willingness from EU Member States to implement projects under the Mobility Partnership;
- Failure of the Government to finance its employment and VET reform agenda;
- A lack of political will and limited institutional and human resource capacities within the stakeholder Ministries to manage and monitor the implementation of their respective sector policies;
- Resistance within the VET institution and amongst Higher Education to the introduction of new institutional arrangements, management and quality assurance systems, career paths, qualifications and curricula;
- The social partners and civil society organisations are unwilling or unable to play a constructive role in the implementation of the sector policies or uptake of sector objectives;
- A lack of sufficient investments to finance research-industry partnerships;
- A lack of sufficiently educated researchers and entrepreneurs due to massive brain drain in the country.
- The EU will closely monitor and react to mitigate the impact of any of the above-mentioned risks, by *inter alia* allocating human, financial, technical and diplomatic resources and by reinforcing the policy dialogue.
- The demographic deficit continues to increase having strong negative impact on the country development perspective.

4. Complementary support for capacity development and institution building (5%)

This complementary provision will provide support for capacity development and institution building activities and will address the implementation of priority commitments deriving from EU agreements and the dialogue on mobility that are not already covered under the four principal priority sectors. Assistance will be provided to those line Ministries, State Agencies and Public Institutions involved in the implementation of the AA and DCFTA to strengthen their institutional, technical and human resource capacities to implement the Agreements. In this context, specific attention will be paid to supporting the legal approximation processes, assisting in the drafting of the Directives/Regulations/Standards included in Association Agenda, and in preparing a pipeline of fundable projects.

The EU will additionally provide support to the policy dialogue between the EU and the Moldovan Government and continue to support the national authorities to upgrade their capacities to programme, manage, coordinate, monitor and evaluate external assistance and to align it with national and sector

priorities. The support may also address participation in EU programmes and in the work of EU agencies.

5. Complementary support for civil society development (5%)

In order to build stronger democratic processes and accountability systems, civil society will be supported, beyond sector specific support, through this complementary envelope. The targeted civil society will include business and/or producers associations, and/or representative social partners' organisations. The development of civil society's professionalism, skills and their links to the citizens, including their ability to work on regional and local level will also be targeted. This support will notably aim at:

- ensuring sustainability of civil society actors, including social partners, at national level by developing their capacity to contribute to dialogue and policy making in all sectors of the Association Agenda,
- developing civic engagement, increasing CSOs' outreach and contacts with their constituencies, stimulating networking between CSOs', media, business organisations, local authorities and schools, improving management of CSOs at regional level,
- fostering gender equality active engagement of youth, women and minorities in CSOs and in voluntary work,
- implementing the provisions of the EU Gender Action Plan.

6. Complementary support for strategic communication (5%)

In February 2016, the Council in its Conclusions stated that: *Effective, strategic communication, including in cooperation with civil society and independent media, on the reforms achieved and to be undertaken in the framework of the Association Agreement including its Deep and Comprehensive Free Trade Area, is of key importance to raise awareness among the citizens of the Republic of Moldova about benefits expected from political association and economic integration with the European Union.*

Specific efforts will be made to foster strategic communication on EU policies and support. This means a focus on effectively communicating EU's messages to various audiences, reducing the risk of fragmentation of communication under an individual project approach. This includes engaging partners and Moldovan authorities, ensuring sound understanding of target audiences through robust opinion analysis and making use of most appropriate communication tools and channels. Strategic communication efforts will be mainstreamed in the four priority sectors, but will also be supported by this complementary provision.

Attachments

1. Joint Analysis
2. Sector of intervention framework and performance indicators

Attachment 1. Joint Analysis

Attachment 2. Sector of intervention framework

The indicators provided in this section are indicative and provide a framework for assessing progress under the present multi-annual programming document. Baseline and targets for these indicators will be decided upon at a later stage (I.e. before implementation).

<p>Sector 1: Economic development and market opportunities, including sustainable and inclusive economic growth</p> <p>Specific objective 1: to enable the country to maximise the potential benefits of the DCFTA by reducing the technical and administrative barriers to trade and to ensure compliance with Sanitary and Phytosanitary (SPS) standards.</p>		
<u>Expected Results</u>	<u>Indicators (highlighted in green = indicators proposed by Del)</u>	<u>Means of verification</u>
Continuation of the general positive trend in total trade, in particular with the EU.	<p>Volume and/or value of trade; volume and/or value of trade to the EU;</p> <p>Balance of payments deficit</p> <p>Value of Foreign Direct Investment; value of Foreign Direct Investment originating from the EU</p> <p>Number of trade-related laws and regulations harmonised with EU <i>acquis</i></p>	National Bureau of Statistics Reports
Trade with the EU is facilitated. Technical and Administrative barriers to trade are reduced. Compliance with SPS is ensured	<p>Degree of compliance with the AA/DCFTA Agenda and with the AA/DCFTA commitments</p> <p>Number of technical and administrative barriers to trade removed</p>	<p>EU Annual Progress Report</p> <p>Ministry of Economy Annual Report</p> <p>Ministry of Interior reports and statistics</p> <p>Revenue Service Reports</p>
<p>Specific objective 2: to support structural reforms to improve economic performance and governance, in close synergy with the IMF, World Bank and the EU Macro Financial Assistance and in close coordination with the sector of intervention on "Strengthening institutions and good governance, including the Rule of Law and Security"</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
The macro-economic policy of the Government of Moldova is stability-	Laws related to competition, including state aid, and	Ministry of Economy Annual

oriented	bankruptcy amended and applied rigorously, transparently and equitably; Transparent and professional management of State-Owned enterprises; Increase in bank loans to GDP	Report Statistics of the National Bank
Specific objective 3: to facilitate SMEs' access to finance, to business services and to improve commercial justice; to support diversification of access to finance beyond the banking sector.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
The economic transition process is driven forward allowing to create an attractive environment and level playing-field for private-sector investments and business execution.	Score of Moldova on Ease of Doing Business Indicators (World Bank Group) Number of out of courts settlements for business dispute resolutions	World Bank Group
Improved access to finance and insurance schemes for SMEs is broader.	Number of SMEs benefiting from finance Volume of access to finance for SMEs, including in the agricultural sector	Small Business Act assessment (OECD), Business Environment and Enterprise Performance Survey (EBRD), DCFTA Facility (NEAR) Ministry of Economy
Specific objective 4: to increase productivity of SMEs, production of more higher value added products by SMEs, and improve quality standards, to facilitate the emergence of start-ups in strategic sectors including by using the potential of the digital economy, and to enhance innovation and technology transfer towards business.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Contribution of SMEs in the GDP increase in value.	Contribution of SMEs in the GDP Enterprise value-added, profitability and per capita productivity rates; Percentage increase in number of Moldovan enterprises engaged in export activities generally and	Ministry of Economy Annual Report National Bureau of Statistics Reports

	exporting to the EU in particular; Percentage increase in number of business start-up and survival rates;	
Improved conditions for production, processing and marketing of selected agricultural commodities	Productivity of selected commodities (increase) Agricultural added value of selected commodities (increase)	Ministry of Agriculture National Bureau of Statistics Reports
Development of efficient value chains and increased competitiveness in selected sectors with high export potential and/or import substitution	Number of infrastructure for storage and processing of selected crops (in particular fruits&vegetables)	Ministry of Agriculture National Bureau of Statistics Reports
New opportunities in high growth potential areas such as possibly agriculture, greening of the economy and digital markets are seized	Number of business start-up and survival rates in following areas: agriculture, greening of the economy and digital markets. Level of independence of the telecom regulator; level of harmonisation of spectrum allocation with the EU and roaming pricing with the other 5 EaP partners; level of broadband coverage. Level of structuring, mapping, and interconnection of ICT innovation and start-up ecosystems; Establishment of and functioning of a CERT - Computer Emergency Response Team; Level of harmonisation on eCommerce, eCustoms, eLogistics and eHealth legislation.	Relevant MD Ministries, agencies European Commission, DG CONNECT, DG NEAR
Specific objective 5: to facilitate the emergence of social enterprises;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Social enterprises are created and developed.	Number of social enterprises and survival rates; Number of persons employed in social enterprises	Ministry of Economy
Specific objective 6: to promote inclusive growth and social cohesion through stimulation of job creation in less favoured areas, including in particular rural areas.		

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Disparities between regions and between urban and rural areas in Moldova are reduced. Jobs are created.	Regional GDP; Employment rate at national/regional level ; Number of jobs created per regions against lost jobs; National Strategy for Regional Development 2016-2020 implemented through projects.	Ministry of Economy Annual Report Ministry of Regional Development and Construction Annual report

Sector 2: Strengthening institutions and good governance, including the Rule of Law and Security

Specific objective 1: to prevent and fight against corruption, conflicts of interest and fraud

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Decreased corruption, in particular high-level corruption, and decreased perception of corruption through the effective implementation of a comprehensive anti-corruption and integrity policy; increased transparency, decreased conflicts of interest and effective asset recovery.	Worldwide Governance indicators Transparency International Corruption Perception Index Number of sectoral and regional development plans with effective anticorruption measures. Number of asset declarations introduced and verified. Number of corruption cases reported, disaggregated by source (State or non-State actors), as well as number of investigations and convictions of these cases. Fully-fledged Asset Recovery Office in place with a track record for identification, freezing, management and confiscation of criminal/unjustified wealth. Implementation of OECD-Anti Corruption Network (ACN) and GRECO recommendations, including in relation to business integrity and public procurement.	Transparency International annual report and Corruption Perception Index World Governance Indicators UNCAC report GRECO and OECD reports MoIA annual report Asset Recovery Office annual report Justice, Freedom and Security sub-committee meetings

Specific objective 2: to support the public administration reform at national and local level. It includes: modernisation and further digitalisation of public services delivery, to increase inclusive and evidence-based policy development and coordination based on high quality official statistics, improvement of public finance management, improvement of accountability and governance of public administration and state-owned enterprises, and professionalization and de-politisation of the civil service.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>Quality, accessibility, efficiency and cost effectiveness of public services both at national and local levels are enhanced, including a more rational framework of administrative procedures for service delivery and increased availability of effective e-governance services;</p>	<p>Accessibility of public services (SIGMA composite indicator)</p> <p>Fairness and efficiency of administrative procedures (SIGMA composite indicator)</p> <p>Level of implementation of the territorial reform;</p> <p>Efficiency and transparency of public procurement</p> <p>Comprehensive legal framework to protect citizens against maladministration and unjustified administrative decisions (comprehensive appeal system and regulation on public liability and compensations in case of administrative wrongdoing).</p> <p>Number of new e-governance modules rolled out (number of accessible public services for citizens through internet)</p> <p>Fairness in handling of administrative judicial disputes (SIGMA composite indicator)</p>	<p>OECD-SIGMA Assessment</p> <p>Reports on implementation of PAR Strategy</p>
<p>The transparency and accountability of the public administration, including the state-owned enterprises is enhanced</p>	<p>Accountability and organisation of central government (SIGMA composite indicator)</p> <p>Accessibility of public information (SIGMA composite indicator)</p>	<p>OECD-SIGMA assessment</p> <p>Reports on implementation of PAR Strategy</p>
<p>PFM systems are improved to ensure effective control of expenditure;</p>	<p>Quality of the medium-term budgetary framework; (SIGMA composite indicator)</p> <p>Quality of public debt</p>	<p>OECD-SIGMA assessment</p>

	management; (SIGMA composite indicator) Level of scrutiny and oversight by Parliament over budget preparation and execution and reports of Court of Accounts	
A depoliticized public administration is established.	Merit-based recruitment and dismissal of senior civil servants (SIGMA composite indicator); Extent to which managerial accountability mechanisms are established in the regulatory and legislative framework and applied in practice (SIGMA composite indicator).	OECD-SIGMA assessment
Coverage and quality of available statistics is improved and increasing use of official statistics is made for policy decision.	More statistical indicators produced by the National Statistical Office of Moldova in 2020 than in 2017. Extent to which the policy-making and legal-drafting process is evidence-based (SIGMA composite indicator)Use of statistics for evidence-based decision-making and holding the government accountable	National statistics available on the web site of the national statistical bureau or in publications in the period 2017-2020 OECD-SIGMA assessment Reports on implementation of PAR Strategy
Specific objective 3: to strengthen independence, accountability, efficiency, transparency and professionalism of the Judiciary;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
A more independent and effective judiciary system is in place.	Public trust in the prosecution services, the judiciary and the law enforcement agencies. User satisfaction on the effectiveness of the justice system; Indicators of CEPEJ (European Commission for the Efficiency of Justice – Council of Europe);	Public Opinion Poll Corruption Perception Index User satisfaction and legal needs surveys CEPEJ
Specific objective 4: to strengthen Moldova's security situation, including the capacity to secure		

borders, and to fight against organised crime, human trafficking, drugs and illicit arms trafficking, counterfeiting, money laundering and financial crime, as well as cybercrime;

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Capacity of Moldova to ensure the security of its population and to be more resilient to security threats is strengthened.	N° of persons charged and convicted of trafficking in human beings and smuggling of migrants, organised crime, smuggling and counterfeiting. Value of illicit goods, drugs, arms etc. seized. Level of irregular migration.	EUBAM Annual Report MoIA Annual Report MoF Annual Report Commission monitoring reports on visa-free regime
Money laundering legislation is effectively implemented.	Number of investigations and convictions of money-laundering cases. Implementation of FATF (Financial Action Task Force) recommendations.	Report from the National Anti-Corruption Centre MONEYVAL Reports FATF monitoring reports

Specific objective 5: to promote confidence-building initiatives in Moldova.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Economic, social and sectoral rapprochement between the two banks of the Nistru River is ensured with a positive impact on the Transnistria settlement process.	Level of implementation of recommendations for Transnistrian settlement.	

Specific objective 6: to support the independence of media and increase access to balanced and reliable news reporting for citizens.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Media are more independent and citizens have an increased access to balanced and reliable news reporting.	Audience for independent media. Reporters Without Borders Press Freedom Index	Polls on media consumption Reporters Without Borders Press Freedom Index

Sector 3: Connectivity, energy efficiency, environment and climate change

Specific objective 1: to reduce energy consumption by increasing energy efficiency and to promote renewable energy sources;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
More efficient use of energy and higher share of renewable energy in the energy mix.	CO2 emissions/other greenhouse gas emissions Energy efficiency rate	Ministry of Environment Annual Report
Specific objective 2: to enhance resilience and security through energy sector reforms and by strengthening regulatory authority independence (specific objective 2)		
Increased energy security, clean energy, market competition and transparency through enhanced independence of the energy regulator and implementation of EU energy market and sustainable energy legislation;	Implementation of the Memorandum of Understanding on common energy interconnection projects between Romania and Moldova. Implementation of the strategic projects on gas and electricity connectivity with EU/Romania. N° of citizens connected to main gas and electricity networks Implementation progress of the "Energy Efficiency" and "Renewable Energy" Action Plans. Implementation of Energy Community and Association Agreement legislative and regulatory commitments in energy.	Relevant line Ministries Annual Reports Local Authorities' Annual Reports National Bureau of Statistics Reports Ministry of Economy Annual Report Energy Community Secretariat reports Association Agreement meetings
Specific objective 3: to improve local public services and local management of new or upgraded infrastructures;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved living conditions of citizens through improved access to drinking water, wastewater and solid waste treatment systems;	N° of inhabitants connected to mains drinking water and waste water systems; N° of inhabitants covered by waste/separate waste collection	Relevant line Ministries Annual Reports National Bureau of Statistics Reports

	and recycling rates;	
Improved living conditions of citizens through enhanced service delivery and renewed social and technical infrastructures in local communities;	Access to enhanced public services and infrastructures	Relevant line Ministries Annual Reports Local Authorities' Annual Reports National Bureau of Statistics Reports
Specific objective4: to enhance the governance of the transport sector and to assist on the prioritisation of key actions.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved transport connectivity within the country and with the EU	N° of kilometres of roads upgraded and regularly maintained Number of fatalities due to road accidents reduced.	Ministry of Transports and Road Infrastructure Annual Report Ministry of Regional Development and Construction Annual Report National Bureau of Statistics Reports

Sector 4: Mobility and people-to-people contacts, <i>including</i> support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education, training and research.		
Specific objective 1: to sustain the fulfilment of all benchmarks of the Visa Liberalisation Action Plan and continue the implementation of the Mobility Partnership.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Visa-free regime operates effectively.	Level of fulfilment of the VLAP benchmarks for Moldova. Number of Moldovan citizens making use of the visa-free regime Status of the implementation of the EU-Moldova Readmission Agreement including number of reintegrated migrants	Commission monitoring reports on visa-free regime/Ministry of Internal Affairs Statistics on border-crossings Reports of the Joint Readmission Committee Justice, Freedom and Security Subcommittee meetings

	(disaggregated by gender).	
Projects are being implemented under the Mobility Partnership.	Number of projects under the Mobility Partnership	Mobility Partnership meetings and scoreboard
Specific objective 2: to enhance the functioning of the labour market by ensuring synergy between the needs of the labour market and the skills and qualifications offered by the education, vocational education and training systems and to improve law enforcement in the areas of labour rights and working conditions (specific objective 2);		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Social inclusion is enhanced.	Gender gaps in activity, employment and unemployment rates gender pay gap Number of persons from socially or physically disadvantaged groups in employment	Ministry of Labour, Social Protection and Family Annual Report National Bureau of Statistics Reports
The percentage of VET graduates in employment or further study after six months is increased. The NEET rate has decreased Informal employment in total employment rate is decreased.	Percentage of graduates of VET courses finding employment within six months of the completion of their courses; NEET rate; National coalition for digital skills and jobs in place.	Ministry of Education Annual Report European Training Foundation Reports Relevant MD Ministries, agencies.
Enrolment in VET, including continuous training, is increased.	Enrolment in VET: Students in vocational programmes as a % of total upper secondary students (ISCED level 3); Number of students enrolled in vocational programmes at the upper secondary level of education (ISCED level 3); Participation in training/lifelong learning (by sex).	Administrative data (e.g. from ministries or agencies) or data from the joint UNESCO–OECD–Eurostat (UOE) data collection. European Training Foundation Reports Labour Force Survey
Informal employment in total employment is decreased.	Share of informal employment in total employment	National Bureau of Statistics Reports
Improved conditions of work, including health and safety, improved effective application of	Nr of inspections (labour law and health and safety at work)	Ministry of Labour National Bureau of Statistics

labour rights.	Nbr of violations sanctioned Nbr of inspectors Level of alignment of Legal framework with international standards	Reports
Specific objective 3: to support innovation and research including fostering research/private sector partnerships;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Research-industry partnerships are fostered. The diversification of the economy is increased thanks to the growth of innovative sectors.	Number of Horizon 2020 projects with Moldovan partners Progress towards recommendations of the Peer Review of the Research and Innovation System Share of GDP allocated to research and innovation Share of private sector investment in research and innovation	Horizon 2020 Statistics National Bureau of Statistics Reports
Specific objective 4: to strengthen the inclusion of disadvantaged groups (including minorities) in mainstream education.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Inclusion of disadvantaged groups (including minorities) in mainstream education is ensured.	Enrolment rate, academic success rate and drop-out rate of young people disadvantaged groups (including minorities) in mainstream education	Ministry of Education and Science Annual Report