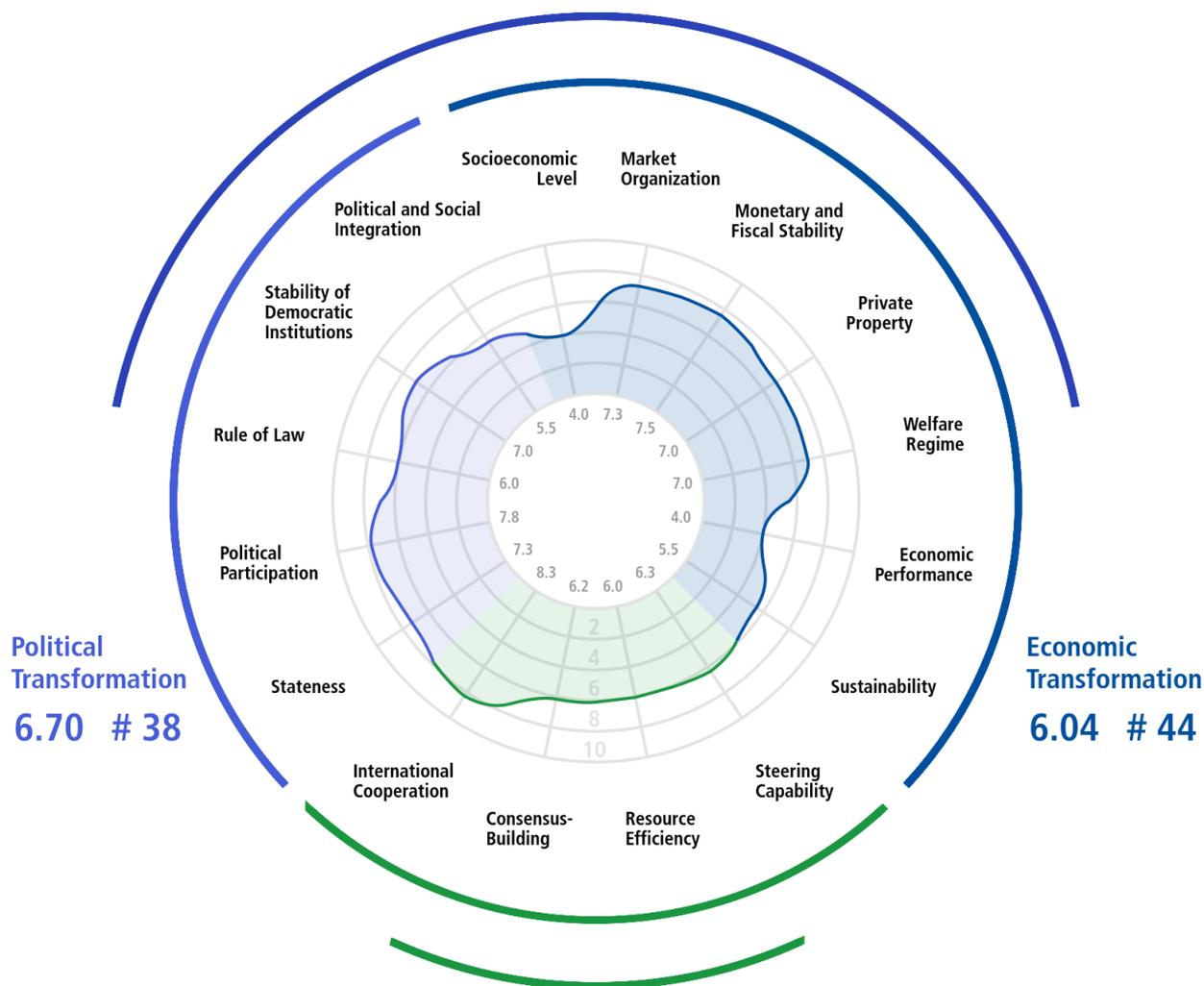


Moldova

Status Index

6.37 # 38

on 1-10 scale out of 137



Political Transformation
6.70 # 38

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on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	2.4	HDI	0.785	GDP p.c., PPP \$	18717
Pop. growth ¹	% p.a.	-2.8	HDI rank of 193	86	Gini Index	26.8
Life expectancy	years	71.2	UN Education Index	0.801	Poverty ³	% 0.3
Urban population	%	43.6	Gender inequality ²	0.146	Aid per capita \$	427.8

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The past two years in Moldova have been marked by efforts to confront successive crises that stem largely from Russia's full-scale aggression against Ukraine. Despite these challenges, the pro-European government has remained in power. Its de facto leader, President Maia Sandu, was re-elected for a second term in 2024, and the process of European integration accelerated significantly.

The pro-Western Action and Solidarity Party (PAS), which has governed since 2021, maintained a clear focus on three priorities throughout the 2022 – 2025 period.

The first was an ambitious structural reform program aimed at de-oligarchizing the state and overhauling a politicized and corrupt judiciary. This initiative began immediately after PAS took office in 2021. Although substantial progress has been made – particularly in vetting judges – the reform process has advanced more slowly than expected, hindered by resistance from entrenched interests. PAS has also struggled to hold former politicians and oligarchs accountable for crimes and abuses committed prior to its tenure.

A second core objective was advancing Moldova's European integration, where tangible achievements have been recorded. In 2022, Moldova was granted EU candidate status, and by 2024 accession negotiations had begun. However, both reform implementation and the integration process have unfolded under extremely difficult circumstances. The country continues to face external pressures, including the fallout of Russia's war against Ukraine, high inflation in 2022/2023, and the Russian-induced energy crisis in Transnistria at the start of 2025. Moscow has also worked to destabilize the pro-Western government in Chişinău through hybrid tactics and local proxies.

Countering these challenges was the third major priority of the PAS government. Despite persistent interference, economic turbulence, and attempts to destabilize the administration, PAS managed to stay in power. In late 2024, Maia Sandu won re-election despite widespread electoral

manipulation that involved roughly 130,000 Moldovans (around 6% of the population) allegedly bribed by Ilan Șor, an oligarch acting in Russia's interests. At the same time, PAS organized a referendum that enshrined European integration as a constitutional commitment for Moldova.

PAS's ability to maintain political stability and secure electoral success is notable given the country's unfavorable economic context, largely driven by external factors. Moldova's GDP grew by only 0.7% in 2023 and 0.6% in the first three quarters of 2024. Exports fell sharply – by 6.5% in 2023 and another 13% during the same period in 2024. Meanwhile, the absolute poverty rate reached 31% in 2023, the highest in five years, compared with 26.7% in 2019.

History and Characteristics of Transformation

As in many Commonwealth of Independent States (CIS) countries, Moldova's early transition years were marked by intense disputes over questions of nationhood and statehood. During the late perestroika period, the pro-Romanian faction, which advocated reunification with Moldova's western neighbor, gained dominance in national politics. This provoked opposition movements in the eastern (Transnistria) and southern (Gagauzia) regions, both supported by Russia, culminating in Russia-backed secessionist uprisings. The secession of these two regions in 1990 – particularly the highly industrialized Transnistria – led to armed conflict in 1992 between Moldovan government forces and Transnistrian militias supported by Russian troops stationed in the area. After five months of fighting, Moldovan forces were defeated, and the government in Chișinău signed a cease-fire agreement with Russia, effectively losing control over Transnistria. While the Gagauz issue was resolved in 1994 through an internationally praised autonomy arrangement, the Transnistrian conflict remains frozen to this day.

The loss of Transnistria, which had accounted for around 40% of Soviet Moldavia's GDP (now approximately 15%), dealt a severe blow to the Moldovan economy. The disintegration of the Soviet Union had already weakened the country's economic base, and the lack of natural resources or competitive industrial and agricultural products further compounded the crisis. Between 1990 and 1992, Moldova's GDP fell by roughly 35%, and the downturn persisted until 1999, when Prime Minister Ion Sturza's government initiated urgent economic reforms.

When the Communist Party won the 2001 elections, it reversed many liberalization efforts, slowing the pace of reform. The situation began to change in 2009, when a coalition of self-declared pro-European parties formed a government and launched an ambitious reform program. The coalition signed an Association Agreement with the European Union in 2014, which included establishing a Deep and Comprehensive Free Trade Area (DCFTA). However, many of the reforms introduced during this period proved superficial, existing largely on paper.

By 2015, oligarch Vlad Plahotniuc had consolidated near-total control over Moldova's state apparatus – including the government, parliament, and judiciary – turning the country into a textbook case of state capture. Public institutions functioned primarily to generate revenue for and

protect the interests of the ruling political and business elites. Plahotniuc maintained power through an informal alliance with the ostensibly anti-oligarchic yet pro-Russian Socialist Party (PSRM) and its de facto leader, Igor Dodon. Both were deeply invested in preserving the status quo and suppressing political opposition. This system, however, began to unravel after the 2019 parliamentary elections.

The dismantling of the oligarchic order accelerated after the pro-Western Party of Action and Solidarity (PAS) won an absolute majority in parliament following early elections in July 2021. The PAS-led government, formed under the informal leadership of President Maia Sandu (elected in 2020), launched an ambitious reform agenda aimed at transforming the state and aligning it with European Union standards. Substantial progress followed, culminating in Moldova receiving EU candidate status in 2022 and beginning accession negotiations in 2024. In the same year, Sandu secured re-election, and PAS successfully held a referendum that enshrined European integration as a strategic constitutional objective.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The government in Chişinău exercises control over most of Moldova’s constitutional territory. The exception is the region known as Transnistria. This separatist “republic,” which seceded from Moldova in 1990 and is not recognized by any U.N. member state, is located almost entirely in the east of the country, between the Dniester river (left bank) and the Moldovan-Ukrainian border. However, the Moldovan government maintains authority – contested by Transnistria – over several small villages in the Dubăsari region on the left bank of the Dniester. Conversely, the city of Bender (Tighina), though situated on the right bank, remains under the control of the self-proclaimed authorities in Tiraspol, the de facto capital of Transnistria.

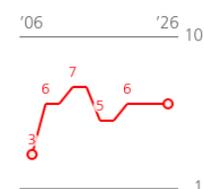
Transnistria functions as a Russian protectorate. Its existence is made possible by Moscow’s political, military and economic support. During the 1992 war, Russian forces prevented Moldovan troops from regaining control of the breakaway region. Today, Transnistria maintains its own government, administration, police, armed forces and security services. These institutions – together with the Russian military’s 1,500 troops stationed in the region – allow the authorities in Tiraspol to maintain a full monopoly on the use of force within the territory of the self-proclaimed Pridnestrovian Moldavian Republic (PMR).

Since the beginning of the conflict, the authorities in Tiraspol have prevented Moldova from exercising control over a 400-kilometer stretch of its eastern border with Ukraine. However, immediately after the start of the full-scale invasion of Ukraine on February 24, 2022, Kyiv closed the Transnistrian part of the Moldovan-Ukrainian border. This has allowed Chişinău – at least temporarily – to regain full control over passenger and cargo traffic to and from Transnistria, as it is now only possible through territory controlled by the constitutional authorities, and subsequently (at the beginning of 2024) has enabled the Moldovan authorities – for the first time since 1990 – to force Transnistrian companies to pay import and export duties under Moldovan rules (previously Transnistrian companies were exempt from this).

Question
Score

Monopoly on the
use of force

6



Despite 35 years of independence, Moldovan society has yet to reach consensus on a civic or ethnic definition of the nation-state. The ruling political class and intellectual elites have not proposed an identity model that resonates with all citizens, regardless of ethnicity or background, which undermines social cohesion.

In right-bank Moldova (excluding Transnistria), Moldovans/Romanians comprise approximately 85% of the population, while Ukrainians, Gagauz and Russians represent 5%, 4.2% and 3% respectively. The titular majority remains fragmented and uncertain about its identity – leading to societal divisions over historical perspectives, national symbols and language.

Certain groups, particularly Russian-speaking minorities and some left and center-left political parties, promote the idea of “Moldovenism,” which emphasizes the distinction between Moldovans and Romanians and advocates for a multiethnic state where Russian serves as a language of interethnic communication. Conversely, a significant share of ethnic Moldovans and right to center-right parties endorse an ethnic-based identity that prioritizes the Romanian language and culture in statehood.

While there are political factions advocating for unification with Romania, their support remains minimal. Nonetheless, over the past seven years, the number of Moldovans favoring this unification has doubled, now reaching about 35%. Currently, more than one million Moldovans – over 40% of the population – hold Romanian passports, and hundreds of thousands are still pending a decision after applying to regain Romanian citizenship.

There is no structural discrimination regarding citizenship rights. Access to citizenship and naturalization is available to all groups regardless of race, ethnicity, national origin or religion.

Moldova, as outlined in its constitution, is a secular state that grants its citizens comprehensive freedom of religion. Officially, religious institutions and associations do not hold a formal role in the country’s political landscape. In practice, however, the traditional conservatism of Moldovan society – about 95% of the population identify with the Orthodox Church – places pressure on politicians to highlight their religious affiliations and seek endorsement from religious leaders. This dynamic is particularly pronounced among pro-Russian and conservative factions, for whom Orthodoxy serves as both a political marker and an instrument of Russian influence in the region.

Historically, the Orthodox Church has maintained a strong level of trust within Moldovan society. However, since 2022, the authority of the nation’s predominant church – the Moscow-subordinated Metropolitanate of Chişinău and All Moldova (MOC), which encompasses about 80% of the population – has waned somewhat. This decline is attributed to the pro-war position taken by Patriarch Kirill of the Russian Orthodox Church, who unequivocally endorsed Russia’s aggression toward

State identity

7



1

No interference of religious dogmas

9



1

Ukraine. In June 2021, approximately 72.6% of Moldovans expressed confidence in the church, with 37.6% indicating “very much confidence.” By October 2024, these figures had decreased to 63.3% and 21.5%, respectively (BOP). Despite this downturn, the church continues to play a significant role in shaping the perspectives of the local population.

Pro-Russian political entities predominantly support the MOC. Conversely, certain right-wing (pro-Western) factions, including the ruling PAS party, tend to collaborate closely with the Bessarabian Orthodox Church (BOC), which is subordinate to the Patriarchate of Bucharest and represents approximately 20% of the population. Pro-Russian politicians frequently invoke the Orthodox Church in their political discourse, aiming to depict pro-Western factions as adversaries of the church or even God. For example, in September 2024, in the lead-up to the presidential elections and a referendum on European integration, Ilan Șor asserted that President Sandu sought to prohibit the MOC. In turn, dignitaries of the MOC tend to participate in electoral campaigns, often endorsing pro-Russian candidates.

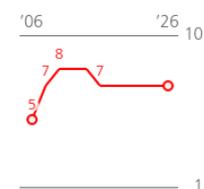
The administrative structures of the Moldovan state are well-established throughout the country, with the notable exception of Transnistria. The administration is organized into three tiers: central (national), regional (designated as rayons) and local. However, the effectiveness of these structures remains limited in various sectors, particularly in rural areas, due to inadequate funding, a shortage of qualified personnel and pervasive corruption.

Authorities are actively expanding the water and sewage infrastructure, often with help from external donors. Although Moldova continues to face challenges in this area, notable improvements have occurred in recent years. According to the National Bureau of Statistics (NBS), as of 2023, 55 towns and 945 villages had access to a public water supply system, covering 65.2% of the country’s localities. This marks a 12.4% increase in the number of localities with operational public water supply systems since 2019. The total length of the water distribution network also grew from 17,862 kilometers in 2019 to 20,290 kilometers in 2023, a 13.6% increase. However, access to sewage systems remains limited, with only 9.7% of localities benefiting from such facilities in 2023. Urban areas generally have comprehensive sewer systems. In 2022, 92% of the total population had access to at least a basic water source (75.2% to safely managed sources) and 84.95% had access to basic sanitation services.

Almost all localities in Moldova have access to the electricity grid. Nevertheless, the country’s electricity network is heavily interconnected with Ukraine’s infrastructure, which poses significant challenges during continued Russian missile attacks on critical Ukrainian facilities. Furthermore, Moldova is not self-sufficient in electricity production, generating only 20% of its power within territories controlled by Chișinău. Since March 2022, however, the synchronization of the Moldovan power grid with the European ENTSO-E network has enabled Chișinău to import energy

Basic administration

7



1

from Romania and other EU countries, albeit at higher costs and still through Ukraine. This capability has proven vital amid ongoing crises instigated by Russia, such as the one that began in early 2025 when Russia suspended gas supplies to the separatist region of Transnistria. This led to the cessation of energy production by the local power station, which had previously supplied up to 80% of the energy consumption for right-bank Moldova. To enhance its energy independence, Moldova is undertaking the construction of a direct energy line to Romania.

Since January 2024, Transnistrian companies have been obliged, for the first time since Moldova's declaration of independence, to pay customs duties into the Moldovan budget. This marks a significant step toward strengthening the central administration's authority and operational efficiency.

2 | Political Participation

According to the Moldovan Constitution, elections to the parliament, presidency and local authorities are universal, conducted by secret ballot and held at regular intervals. Citizens can choose from various political parties and candidates, with political positions filled based on the results of the vote.

Significant threats to the integrity of the electoral process stem from Kremlin-affiliated representatives within Moldovan oligarchic and political circles. A recent and prominent example is the conduct of Ilan Șor, a fugitive politician and businessman currently residing in Russia, who orchestrated one of the most audacious cases of electoral manipulation since Moldova's independence. In the lead-up to the 2024 presidential election, which coincided with a referendum on enshrining European integration in the Moldovan constitution, Ilan Șor leveraged a network of activists and bots to mobilize large numbers of voters. In exchange for financial incentives, these individuals agreed to vote against European integration and the incumbent president, Maia Sandu. Roughly 130,000 people – representing over 10% of voters in the first round – are estimated to have participated in this scheme. Although its precise impact on the results is difficult to measure, the operation clearly distorted the electoral process.

Moldova's pro-Western ruling coalition is committed to ensuring free and fair elections. However, in combating hybrid threats and curbing the influence of Russia-linked oligarchs, the authorities often face the challenge of balancing decisive – and at times controversial – measures with the imperative to uphold the rule of law and adhere to international democratic standards. For example, the decision to ban the Șor Party, controlled by Ilan Șor, in June 2023 was widely regarded as justified. However, the subsequent amendment to the electoral code, which revoked the passive electoral rights of its key members, was highly contentious and ultimately declared unconstitutional in April 2024.

Free and fair elections

8



1

Despite these challenges, Moldova's elections are generally conducted without major disruptions. Access to public media is in principle equal for all participants, unlike access to private media. However, campaign financing remains nontransparent, with Moldovan pro-Russian parties benefiting from the assistance of political advisers and consultants linked to Russian intelligence services. These parties also receive substantial support from Russian television channels, which remain popular among the Moldovan population.

Democratically elected political representatives have effective power to govern. The Constitutional Court, which before 2019 served the interests of specific political or business factions, has been depoliticized. Nevertheless, certain interest groups continue to exert significant influence over some politicians within local authorities as well as over mid-level officials and functionaries within the Moldovan state apparatus.

The principal opposition parties appear to be under political and financial influence from external actors, particularly Russia. In October 2022, the United States imposed sanctions on Ilan Șor, a runaway Moldovan oligarch, on the grounds that he had collaborated with entities based in Moscow to undermine Moldova's bid for European Union membership during the ongoing negotiations of its candidate status.

A notable and recent instance of Șor's efforts, and by extension those of Moscow, to undermine Moldovan democracy involved orchestrating large-scale vote-buying schemes. In September and October 2024 alone, he reportedly spent nearly \$40 million on these initiatives – equal to 20 times the total campaign expenses of all other candidates combined.

The constitution of Moldova guarantees freedom of association and assembly. The authorities do not oppose the organization of public demonstrations and gatherings, including anti-government protests.

The high level of freedom of assembly is evidenced by the fact that authorities have not attempted to obstruct demonstrations organized between 2022 and 2024 by Ilan Șor, even though he is subject to sanctions in both the United States and the European Union, is a convicted criminal in Moldova (having received a 15-year prison sentence in 2023 related to the embezzlement of \$1 billion from Moldovan banks in 2014), and his original party, the ȘOR Party, was banned in 2023 due to its anti-democratic activities.

The Moldovan LGBTQ+ community also formally enjoys the right to assemble; however, their parades and demonstrations frequently face aggressive counter-demonstrations organized mostly by pro-Russian groups and church circles. Nevertheless, police intervene to protect participants in such marches and strive to ensure their safety.

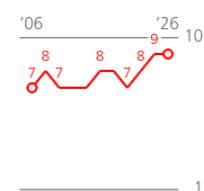
Effective power to govern

6



Association / assembly rights

9



Freedom of expression in Moldova is enshrined in the constitution, and recent improvements in media legislation have been notable. As a result, Moldova's ranking in the Reporters Without Borders freedom of expression index has significantly improved, rising from 91st place in 2020 to 40th in 2022 and further to 31st in 2024.

However, Moldova continues to grapple with pervasive Russian propaganda, which is disseminated through media outlets controlled by oligarchs and political figures with ties to the Kremlin.

To combat Russian interference throughout 2022 and 2023, the Moldovan government suspended the broadcast licenses of eight television channels linked to fugitive oligarchs Ilan Șor and Vlad Plahotniuc. The legal justification for these suspensions was the channels' failure to provide clear documentation of their funding sources. In 2024, several more radio and television stations had their licenses revoked for similar reasons. At the same time, the government worked to restrict access to Russian propaganda media. In 2022, the Sputnik Moldova website was blocked, and in 2023, at the request of the Moldovan counterintelligence service, 31 additional websites were blocked. Despite these efforts, content from these media outlets has largely migrated to online platforms, including websites and social media channels, primarily Telegram. In September 2024, Șor launched Moldova24, a 24-hour internet TV station broadcasting from Russia.

In parallel to these measures, Moldova has sought to counteract propaganda through media education, an initiative led by the Centre for Strategic Communication and Combating Disinformation set up in 2023/2024.

While significant legislative progress has been made and pressure on journalists has eased, the media landscape in Moldova still faces several challenges. Since the change of power in 2021, the previously common intimidation, surveillance and harassment of Moldovan journalists by authorities have ceased. However, political and business elites occasionally threaten journalists, and access to public information remains a persistent issue.

3 | Rule of Law

The separation of powers is formally established in Moldova, which – according to its constitution – is a parliamentary republic where the government and parliament hold significant power while the president plays a representative role.

In practice, however, the real power of democratic institutions depends on the position and influence of key political actors. For example, since 2021, the most important figure in the Moldovan administration has been President Maia Sandu. Her decisive position stems not from the fact that she holds the office of head of state, but because she is the founder and informal leader of the PAS party, which holds an absolute majority in parliament and forms the government.

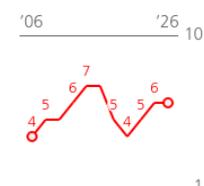
Freedom of expression

8



Separation of powers

6



Following the collapse of the previous oligarchic regime, political pressure on judges has somewhat diminished, though the judiciary remains susceptible to corruption and requires ongoing reforms. The Constitutional Court, previously used for extra-parliamentary lawmaking through specific interpretations or annulments of laws, has regained political independence, enhancing the separation of powers.

Since 2021, Moldova's judiciary has undergone a continuous reform process aimed at de-oligarchization and de-politicization, as well as the removal of corrupt judges and prosecutors. For years, Moldova's justice system has been plagued by corruption and subservient to the ruling political and business elite – functioning as a key tool to safeguard their financial interests and power.

Reforms that began in 2021 have started to yield tangible results, particularly in verifying the integrity and competence of judicial staff and identifying potential corruption ties. By the end of 2024, the vetting process for the Superior Council of Magistracy (SCM) was nearly complete, with 11 of the 12 judicial positions filled, and the composition of the Superior Council of Prosecutors (SCP) had been fully vetted. Progress has also been made in vetting judges and candidates for the Supreme Court of Justice (SCJ), and in mid-2024, the vetting process for Appeal Court judges and specialized anti-corruption prosecutors began.

Opposition to the vetting process continues, although it has somewhat diminished. Some judges have chosen to resign to avoid the vetting, thereby accelerating the process and reducing the burden on the bodies conducting it. To incentivize candidates to fill these vacancies, the 2024 state budget allocated significant salary increases ranging from 25% to 72% for key judicial positions, including Supreme Court justices and specialized prosecutors.

Despite the PAS government's strong political will to reform and strengthen the judiciary, the system remains far from achieving full independence and is still hampered by undue external influence and pervasive corruption.

Following its assumption of power in August 2021, the Party of Action and Solidarity (PAS) initiated a series of investigations targeting numerous current and former high-ranking government officials as well as individuals from political and business circles associated with the previous oligarchic regime. However, to date, only one high-profile case has resulted in a conviction. This involves the appeal trial of Ilan Șor, the fugitive Moldovan oligarch, who, after a protracted legal process spanning several years, was ultimately sentenced in 2023 to 15 years in prison for his role in the 2014 theft of \$1 billion from Moldovan banks. The verdict was issued in absentia, as Șor is currently in hiding in Russia. Despite his conviction, he continues to wield significant political influence in Moldova, maintaining control over at least four local political groups.

Independent
judiciary

6

'06 _____ '26 10



1

Prosecution of
office abuse

5

'06 _____ '26 10



1

Many other investigations are advancing slowly. The legal proceedings against former president and Socialist Party leader Igor Dodon, who was charged in 2022 with passive corruption, treason and illicit enrichment, appear to have stalled. The status of the investigation into Evghenia Guțul, the bashkan (head) of the pro-Russian Autonomous Territorial Unit of Gagauzia, also remains unclear. Guțul, an accomplice of Șor, is accused of smuggling cash into Moldova from Russia between 2019 and 2022 during her tenure as secretary of the Șor Party, with the alleged funds used to finance the group's activities illegally.

Similarly, the case against former Prosecutor General Alexandr Stoianoglo remains unresolved. Detained in October 2021, Stoianoglo faced charges of abuse of office, abuse of power, passive corruption and providing false testimony. He was initially suspended and later dismissed from his position. In 2023, the European Court of Human Rights ruled that his right to a fair trial had been violated and awarded him €3,600 in damages while also challenging the decision to remove him from office.

The main reason for the lengthy duration of these proceedings is widespread corruption within the judiciary, along with the incompetence of some prosecutors and investigative authorities, who either lack the ability or the willingness to gather sufficient evidence and produce proper indictments.

Moldova is officially dedicated to upholding civil rights, which are enshrined in law. The safeguarding of these rights is primarily entrusted to three institutions: the Ombudsman's Office and the Agency for Interethnic Relations, both of which operate independently and report to parliament, and the Council for Anti-Discrimination and Ensuring Equality, which is a governmental body. Furthermore, the Standing Committee for Human Rights and Interethnic Relations exists within parliament; however, its authority is notably limited.

In recent years, there have been advancements in the protection of civil rights. Nevertheless, certain fundamental freedoms continue to be infringed upon. A significant issue is the accessibility of fair trials. A UNICEF survey conducted in 2023 revealed that only 38.2% of respondents believe an average citizen can rely on a fair trial. While this figure remains low, it represents a significant improvement compared to previous years – for instance, 13% in 2016, 22.5% in 2018 and 38.2% in 2020.

Protection against hate speech, social welfare and health care – particularly in rural areas – are also inadequately guaranteed. Hate speech directed against the LGBTQ+ community is prevalent in Moldova, emanating not only from religious leaders but also from influential pro-Russian figures. Hate crimes are often unreported and inadequately investigated. At the same time, persecution based on religion, ethnicity, race or political affiliation is minimal and not systemic.

Civil rights

7

'06 _____ '26 10



1

The conditions in most prisons and detention centers remain severe. Key issues in penitentiary institutions include overcrowding, insufficient lighting and ventilation, noise pollution, the absence of minimum detention standards, inadequate medical care and a shortage of medical personnel and health care services. The government permits independent monitoring of prison conditions by both local and international observers, and the Ministry of Justice regularly conducts training for penitentiary staff.

4 | Stability of Democratic Institutions

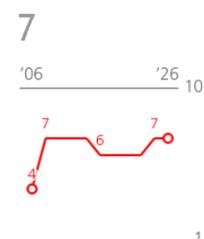
Since 2021, political power in Moldova has been concentrated in the hands of a single party, the Party of Action and Solidarity (PAS). The party holds an absolute majority in parliament and controls the government, while the presidency is occupied by PAS's de facto leader, Maia Sandu, who was elected in 2020 and re-elected in 2024. The Constitutional Court, which regained its independence in 2019, is led by Dominica Manole. The heads of both the Prosecutor General's Office and the Anti-Corruption Prosecutor's Office are aligned with the government's reform agenda. This configuration has helped minimize institutional friction that could otherwise impede the functioning of democratic institutions. However, corruption persists in the lower and middle levels of the judiciary, where some judges have actively sought to obstruct the transformation and vetting processes designed to clean up the system.

Tensions between state institutions nonetheless exist. Most are typical of democratic systems and stem from personal rivalries, administrative inexperience or the political ambitions of individual officials. Some appointees who entered public office after PAS took power, including senior officials, lack prior administrative experience, occasionally leading to missteps and strained interinstitutional communication. The sharpest frictions occur between the central government and opposition-controlled local authorities – particularly in some municipalities and in the autonomous region of Gagauzia.

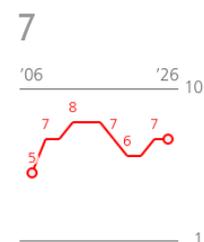
The PAS government has shown an unequivocal commitment to democratic governance and continues to work toward strengthening it. Although its legitimacy is occasionally questioned by opposition forces and Kremlin-backed anti-Western circles, these challenges have not undermined its effectiveness. The Constitutional Court functions in accordance with its constitutional mandate, and its rulings are respected. The rest of the judiciary still struggles with corruption and clientelism, but this is gradually changing thanks to the ongoing vetting process.

All principal political and social entities, including political parties and CSOs, profess – at least in principle – their unwavering commitment to the democratic system and its institutions. Even the pro-Russian parties do not overtly reject democratic norms and values. Nevertheless, a considerable segment of the political elite uses democracy as a rhetorical façade. Opposition factions, particularly those with pro-Russian or

Performance of democratic institutions



Commitment to democratic institutions



centrist inclinations (i.e., calling for an equal distance from Russia and the West), frequently position themselves as defenders of the democratic system, leveling accusations against the ruling pro-Western majority for purported violations of democratic principles or outright usurpation of power. This instrumental approach to democracy can largely be attributed to the country’s Soviet legacy, the absence of a robust and well-established democratic state and the fact that most interest groups in Moldova operate primarily in pursuit of their own political and material gains.

While the Moldovan Orthodox Church formally endorses democracy, it often voices opposition to and acts against decisions made by the ruling majority, thereby undermining the legitimacy of democratically elected authorities. The military plays a peripheral role in the nation and remains uninvolved in Moldovan political affairs.

5 | Political and Social Integration

Moldova’s party system is defined less by ideology such as liberalism and conservatism than by geopolitics and identity – between pro-Russian and pro-Western camps, and between advocates of Moldovan sovereignty and supporters of unification with Romania.

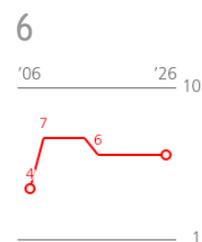
Recently, a third political force has emerged – centrist “peace” parties advocating for Moldova’s neutrality, particularly regarding the Russian-Ukrainian war. They seek balanced relations with major global actors, including the European Union, United States, Russia and China. While often expressing formal support for European integration, they argue it should respect Moldova’s values and traditions. Many of these parties receive backing from Russia, which views them as a counterweight to the ruling pro-Western Party of Action and Solidarity (PAS).

The political arena remains highly polarized, and voter volatility is low, as Moldovans tend to align with one of the three ideological groups mentioned above.

Moldovan politics has long been dominated by leader-driven parties that serve the political and business interests of their sponsors. Many of these parties are led by figures who are facing criminal charges and living abroad to evade prosecution. However, a shift is occurring, with bottom-up, democratically structured parties like PAS gaining prominence since its rise to power in July 2021.

Despite this, public trust in political parties remains extremely low. The 2024 Public Opinion Barometer shows that only 9.4% of citizens have confidence in parties, making them the least trusted institution in Moldova. This marks a sharp decline from 17.3% in August 2023 and 18.5% in June 2021, reflecting continued skepticism toward a system still seen as serving the elite rather than the public.

Party system



Social self-organization in Moldova remains at a low level. According to the Public Opinion Barometer (BOP) conducted in October 2024, trust in non-governmental organizations (NGOs) was 19.2%. This marks a slight decline compared to the figures recorded in October 2020 (23.1%) and November 2022 (23.8%). While trade unions have seen some improvement in public confidence, they still do not maintain a positive reputation among the Moldovan populace. In October 2024, 17.3% of respondents expressed trust in trade unions, which is comparable to the levels observed in October 2020 (17.1%) and November 2022 (19.9%). The negative perception of social organizations can be attributed to both the legacy of the Soviet era and the dynamics of the Moldovan political landscape. Many Moldovans view NGOs as effectively controlled by political parties and interest groups – a perception further reinforced by the significant movement of personnel from the third sector to public administration following the rise to power of the Party of Action and Solidarity (PAS) in 2021.

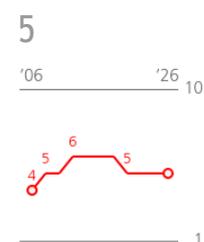
The overall number of NGOs operating in Moldova is relatively small, and most are concentrated in Chişinău. To a lesser extent, they are also present in the two other major cities – Bălţi and Comrat, the capital of Gagauzia. In smaller towns and rural areas, civil society activity is minimal or entirely absent. Social movements advocating for groups such as women and sexual minorities remain weak, and trade unions exert limited influence, lacking the capacity to effectively challenge employers or drive legislative change.

Moldovans generally support democratic norms, but trust in the system remains limited because of persistent perceptions of corruption.

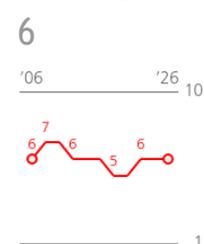
Since the collapse of Vlad Plahotniuc’s oligarchic system in June 2019, perceptions of democracy have improved. In January 2019, only 8.6% of Moldovans believed that the country was governed according to the people’s will. By December 2019, this figure had nearly doubled to 16.9%, reaching 32.1% in October 2024. Trust in state institutions has fluctuated over time. By late 2024, 23.7% of respondents expressed confidence in the government – up from 15.2% in 2019 but down from a peak of 28% in 2022. Trust in parliament stood at 20.5%, compared to 11.4% in 2019 and 24.3% in 2022. Confidence in the presidency reached 35.3%, slightly higher than in 2019 (30%) but almost unchanged from 2022 (34.1%).

Confidence in electoral integrity has improved more markedly. In January 2019, only 16% of respondents considered elections free and fair. This share increased to 24.7% in February 2021 and to 42.2% in October 2024, ahead of the presidential election and the EU integration referendum. Nonetheless, parliamentary representation remains a key concern: by October 2024, only 23.2% of Moldovans felt that parliament represented their interests, while nearly 70% believed it did not.

Interest groups



Approval of democracy



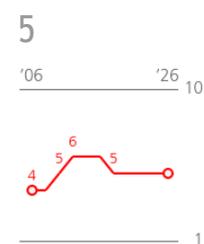
Moldovans are generally hesitant to engage in collective action, a tendency largely inherited from the Soviet era, when social cooperation was politicized and discredited. In 2019 – the last time this question was asked in the Barometer of Public Opinion (BOP) survey – only 7.7% of Moldovans stated that they had interacted with any NGO in the last three years. Social participation in NGOs and volunteering remains low, particularly in small towns and villages, where social self-organization is either minimal or nonexistent.

This reluctance is further influenced by widespread distrust in the democratic system, the rule of law and even fellow citizens. Social solidarity in Moldova remains low, but family ties are highly valued, as evidenced by the significant inflow of remittances. Family connections also play a central role among political elites, fostering a culture of nepotism and favoritism as political leaders often involve relatives in their activities.

On a positive note, the environmental movement – which was almost nonexistent – has gained some traction in recent years, partly because of growing awareness among public officials and the introduction of national programs such as a reforestation initiative.

The 2022 SCORE Index assessed social cohesion in Moldova as moderate (5.9/10), with notably low levels of social tolerance (4.4/10) and intergroup contact (4.1/10). National and ethnic groups in the country generally show little interest in one another and often harbor distrust. The Gagauz, residing in the southern region with strong ties to Russia and Türkiye, feel marginalized by the majority population and make limited efforts to integrate into broader society. However, this situation has not led to significant tensions or violence.

Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

Social exclusion in Moldova is closely linked to poverty and geography – urban vs. rural and north vs. south. Factors such as gender, ethnicity and religion also play a role, though a minor one. The proportion of individuals living below the national absolute poverty line (MDL 3,340, ~€170 in 2023) remains high and has increased in recent years. This rise is due to the economic impact of COVID-19 and sharp price hikes – particularly in energy prices – from 2021 to 2023, with inflation peaking at 35% in October 2022. In 2023, Moldova’s absolute poverty rate reached 31%, up from 26.7% in 2019, while extreme poverty (below MDL 2,670, ~€140) increased from 10.7% to 13.8%. Rural areas experience higher poverty rates and reduced access to essential services.

Larger families are more affected – 41% of households with three or more children lived in poverty in 2023, compared to 26.6% with one child and 28.2% with two. Education levels strongly correlate with poverty: 80% of households headed by individuals with only primary education were below the poverty line, compared to 11.2% of those with higher education. Poverty is also prevalent among agricultural workers, pensioners and people with disabilities. Among those over 60, 31% report insufficient income for basic needs and 44.6% can afford only the bare minimum (BOP, September 2023).

Moldova’s Human Development Index has improved slightly, rising from 0.653 in 1990 to 0.763 in 2022, surpassing the global average of 0.739 and ranking 86th out of 193 countries. The Gini index score was 26 in 2021, highlighting income inequality, particularly between urban and rural areas.

Gender inequality persists despite progress. Moldova’s Gender Inequality Index (GII) improved to 0.156 in 2022 (41st globally), down from 0.205 in 2021 and 0.348 in 2001. However, women still earned 15.6% less than men in 2023. Their participation in government and the economy has increased but disparities remain.

Question
Score

Socioeconomic
barriers

4

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	13691.9	14525.3	16711.9	18200.3
GDP growth	%	13.9	-4.6	1.2	0.1
Inflation (CPI)	%	5.1	28.7	13.4	4.7
Unemployment	%	0.8	0.9	1.6	1.4
Foreign direct investment	% of GDP	2.8	4.0	2.1	1.8
Export growth	%	17.5	29.7	4.8	-5.0
Import growth	%	21.2	18.2	-5.1	5.2
Current account balance	\$ M	-1699.1	-2482.3	-1893.2	-2917.0
Public debt	% of GDP	33.6	35.0	34.9	38.8
External debt	\$ M	9034.5	9723.4	10638.7	-
Total debt service	\$ M	698.9	690.1	1323.1	-
Net lending/borrowing	% of GDP	-1.9	-3.1	-5.0	-
Tax revenue	% of GDP	18.4	18.9	18.6	-
Government consumption	% of GDP	16.8	17.5	17.9	17.9
Public education spending	% of GDP	5.8	6.1	6.6	-
Public health spending	% of GDP	5.1	4.5	-	-
R&D expenditure	% of GDP	0.2	0.2	0.2	-
Military expenditure	% of GDP	0.4	0.3	0.5	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Moldova's institutional and legal framework for market competition is relatively strong. Since de-oligarchization began, political influence over business has declined. Reforms linked to European integration and the 2024 accession negotiations have further improved the business environment. However, corruption – particularly in the judiciary and customs – continues to threaten investment security, though less so than before 2019.

Price-setting mechanisms are largely liberalized, with government regulation limited to essential goods. Energy and fuel prices are managed by an independent regulator. The leu is fully convertible, and currency exchange presents no barriers for businesses.

Moldova has made significant progress in reducing market entry barriers. A limited liability company (SRL) can be registered within 24 hours or in just four hours if expedited. A 2021 digitalization package introduced online company registration, electronic labor contracts and EU-recognized digital signatures. In 2023, the government also launched the National Programme for the Promotion of Entrepreneurship and Competitiveness Growth (PACC 2027) to improve business regulations and reduce administrative burdens. No significant cases of discrimination based on company origin – domestic or foreign – or ownership – private or state – have been reported.

However, the informal sector remains a challenge. The International Labour Organization estimates that more than 52% of Moldova's workforce is engaged in informal employment, though the National Bureau of Statistics reported a much lower figure of 16.2% in the enterprise sector in 2023. About 80% of informal workers live in rural areas.

The Competition Council, an independent authority reporting to parliament and a member of the International Competition Network, enforces competition and state aid laws. It can halt unlawful activities, impose fines and assess legislative proposals for their impact on competition. In 2023, it reviewed 171 such documents – three times more than in 2021 and 2022. In July 2023, Moldova amended its Competition Law to align with EU Directive 1/2019, strengthening the council's investigative powers. Key changes included higher fines, expanded inspection powers and increased thresholds for economic concentration reviews. The law also mandates the direct application of EU competition rules and case law by the council, courts and businesses.

Market organization

7



Competition policy

7



Despite these gains, competition in Moldova continues to face challenges because of smuggling, which remains a major issue partly due to corruption in customs authorities. Smuggling through Transnistria has declined since Ukraine closed the de facto border in February 2022. Meanwhile, de-oligarchization has reduced the influence of political and business elites over market regulation.

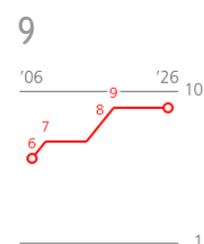
In 2023, Moldova provided MDL 2.125 billion in state aid (0.71% of GDP) – significantly lower than the EU average of 1.4% in 2022.

The Moldovan economy is characterized by its openness to international trade, with minimal use of non-tariff barriers. Licensing requirements are limited to specific products such as alcohol, tobacco and fertilizers. As of 2022, the simple average most-favored-nation (MFN) applied tariff stood at 5.3%, and eight non-tariff measures are in effect. However, there are notable disparities in the application of tariffs across different economic sectors – with agriculture, agroindustry and textiles facing significantly higher tariffs compared to other sectors.

Moldova became a member of the World Trade Organization (WTO) in 2001 and in December 2006 joined the Central European Free Trade Agreement (CEFTA). In December 2012, the Moldovan parliament ratified the agreement that established the Free Trade Zone of the Commonwealth of Independent States (CIS), replacing previous bilateral and multilateral free trade agreements with most post-Soviet states. In 2014, Moldova signed a free trade agreement with Türkiye, and in June of the same year the country entered into an Association Agreement with the European Union, including the Deep and Comprehensive Free Trade Area (DCFTA). In December 2015, the European Union extended the DCFTA to Transnistria, albeit under slightly different conditions. More recently, in 2023, Chişinău signed a free trade agreement with the European Free Trade Association (EFTA) – consisting of Iceland, Liechtenstein, Norway and Switzerland.

Trade relations with the European Union have expanded rapidly, particularly after Moldova was designated an EU accession candidate in 2022. In response to the adverse economic effects of Russia’s full-scale aggression against Ukraine, the European Union introduced a regulation granting temporary full trade liberalization for Moldovan agricultural products for one year, initially implemented in July 2022 and later extended until July 24, 2025.

Liberalization of foreign trade



Following the scandal of large-scale banking fraud at the end of 2014, which led to a significant decline in the banking sector's total assets from 84% of GDP in 2014 to 44% in 2019, the government in Chişinău and the National Bank of Moldova, with support from the IMF and foreign partners, implemented a comprehensive reform program for the banking sector. These measures contributed to a gradual restoration of trust in the sector. For instance, while only 24.2% of the population expressed trust in banks in November 2018, this figure increased to 36.8% by August 2023. In 2018, Moldova implemented the Basel III principles and in 2025 joined SEPA.

Nevertheless, a majority of the population (56.7%) still lacks confidence in the banking sector, according to the Public Opinion Barometer (BOP). Since 2021, efforts – albeit with mixed success – have been undertaken to ensure the full independence of the National Bank of Moldova. However, corruption within the banking sector remains a persistent challenge.

During the first three quarters of 2024, the banking system's profit decreased by MDL 421.6 million (12.6%) compared to the same period a year earlier, totaling MDL 2,933.6 million (about \$158 million). Revenues fell by MDL 1,772.6 million (13.7%) year on year to MDL 11,130.9 million (roughly \$600 million).

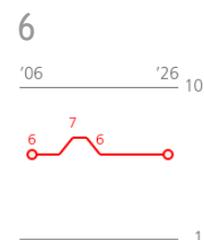
The share of non-performing loans (NPLs) has continued to fall from a peak of 18% in 2017, reflecting stricter standards for bad loan recognition. As a result of successful cleanup efforts, the NPL ratio declined to 7% in 2020, 6.5% as of September 2022, and 4.7% in the third quarter of 2024, with individual bank ratios ranging between 3.0% and 6.2%.

In the same quarter, the total balance of deposits increased by 9.2%, reaching MDL 124,342.3 million (approximately \$6.7 billion). As of September 30, 2024, foreign currency deposits accounted for 35.4% of the total (down from 42.3% in 2022), while deposits in MDL rose to 64.6% (up from 57.7%), suggesting greater confidence in the national currency than in the post-2014 period.

The sector's capitalization has also strengthened: the capital-to-assets ratio reached 13.5% in 2022, up from 12.4% in 2021 and 12.9% in 2020.

By contrast, the Moldovan Stock Exchange – operating in Chişinău since 1994 – remains small and illiquid, registering only 156 transactions in 2023 and 291 in 2024.

Banking system



8 | Monetary and fiscal stability

In October 2022, Moldova recorded its highest inflation rate since the beginning of the 21st century, reaching 34.6% against an inflation target of 5% (+/- 1.5%). This unprecedented surge was primarily attributed to soaring gas and electricity prices, coupled with a severe drought that significantly increased food costs. Additionally, fluctuations in the MDL/U.S. dollar exchange rate contributed to the inflationary pressure. In November 2021, the exchange rate stood at MDL 17.6 to \$1, but by September 2022, it had risen to MDL 19.3, a level last observed in 2017.

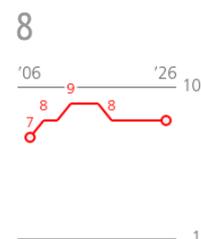
In the months that followed, however, the economic situation began to stabilize. By October 2023, inflation had declined to 6.34%, remaining within the acceptable range of the inflation target through November 2024. Nevertheless, toward the end of 2024 and into early 2025, inflation began to rise once again. A key contributing factor to this renewed increase was the rise in energy prices. In late December 2024, gas tariffs for residents rose by more than 25%, and electricity prices surged by nearly 75% as of January 2025. Simultaneously, a depreciation of the Moldovan leu against the U.S. dollar was observed. While the exchange rate between April 2023 and November 2024 ranged between 17.4 and MDL 18 per U.S. dollar, it had increased to MDL 18.6 by January 2025.

In response to these developments, the National Bank of Moldova resumed raising interest rates, which had been lowered after the inflationary surge of 2022 was brought under control. By January 2025, the base rate had risen to 5.60%, compared to 3.60% in July 2024. For context, the base rate was as high as 21.50% in August 2022. Meanwhile, the required reserve ratio for Moldovan leu deposits, previously set at 40% in August 2022, was reduced to 25% in December 2024. The real effective exchange rate index also saw a steady increase, rising from 128.4 in 2021 and 154.6 in 2022 to 173.3 in 2023.

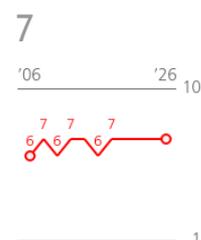
Although government pressure on the National Bank of Moldova has visibly diminished in recent years, further measures are still needed to strengthen the institution's independence.

Despite the challenges posed by the pandemic and Russia's full-scale invasion of Ukraine, nominal revenues to Moldova's national budget – including local budgets and social and medical insurance funds – have continued to grow steadily. In 2023, fiscal revenues reached MDL 102.3 billion (\$5.5 billion), an 18.2% increase compared to 2022. Between 2020 and 2023, total budget revenues rose by 63.3% in nominal terms. This upward trend persisted into 2024, with revenues increasing by nearly 10% during the first nine months of the year relative to the same period in 2023.

Monetary stability



Fiscal stability



In 2023, national budget expenditures exceeded MDL 117.871 billion (approximately \$6.35 billion), resulting in a deficit of MDL 15.6 billion – nearly double the figure from 2022 and 3.3 times higher than in 2021. For the state budget specifically, revenues amounted to MDL 64.6 billion (\$3.5 billion), while expenditures reached nearly MDL 80.7 billion (\$4.35 billion). The resulting budget deficit stood at 5.2% of GDP, slightly below the planned target of 5.9%.

Moldova’s gross external debt stood at \$9.74 billion at the end of the second quarter of 2024, representing 56.7% of GDP. This marked an improvement compared to the same quarter in 2023 (64.8% of GDP) and 2022 (60.5% of GDP). Public external debt accounted for 37.3% of total external debt, with the International Monetary Fund as Moldova’s primary creditor (30.4% of total public debt), followed by the World Bank (28.8%) and the European Investment Bank (12.6%).

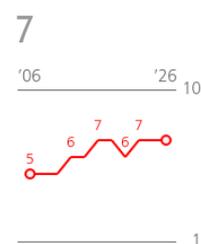
While the general government debt level has been gradually increasing, it remains relatively modest. In 2024, it reached 36.9% of GDP, a share comparable to that recorded in 2020. Data from the Ministry of Finance indicate a significant rise in public debt servicing expenses (interest and commissions), which amounted to \$275 million in the second quarter of 2024 – twice the amount recorded in the first quarter of 2021. This figure represented 19.6% of total exports of goods and services.

9 | Private Property

The constitution of Moldova, the law on property and other legal instruments guarantee the right to private property. For many years, these rights were repeatedly undermined by hostile takeovers of assets, commonly referred to as “raider attacks,” often facilitated by corrupt judges. In recent years, the incidence of such cases has notably decreased, and with the ongoing judicial reforms initiated in 2021 – including a vetting process for the judiciary – this decline is expected to continue.

This marked and systematic improvement can be attributed to the dismantling of the oligarchic system that dominated Moldova until 2019, the reform-driven agenda of the current PAS administration and the country’s international commitments. Since signing the Association Agreement with the European Union in 2014, Moldova has steadily advanced reforms aligned with European standards. Following the country’s designation as an EU candidate in June 2022 and the launch of official accession negotiations in 2024, the pace of regulatory harmonization has accelerated. For example, in February 2024, Moldova adopted a new law on trademarks designed to align national trademark protection with EU standards and ensure full compatibility with European legislation. According to the 2024 International Property Rights Index, published by the Property Rights Alliance (PRA) and the Tholos Foundation, Moldova achieved a score of 4.689 – up from 4.191 in 2022 – ranking 71st out of 125 countries assessed.

Property rights



The rights of entrepreneurs in Moldova are safeguarded by the Law on Entrepreneurship and Enterprises, along with other protective measures. However, private enterprises remain highly unproductive and less resilient. In recent years, the business environment for private entrepreneurs in Moldova has shown notable improvement. Starting in 2021, the Moldovan government has pursued an ambitious reform agenda meant to help create a more level playing field for entrepreneurs, ensure the protection of their property and reduce “raider” takeovers. Additionally, the government’s ongoing efforts to combat corruption – including within public institutions that entrepreneurs frequently interact with – have further enhanced the business climate.

The position of private companies relative to SOEs has improved as the government gradually privatizes state assets. Unfortunately, for many years privatization did not always follow market principles. A notable example of nontransparent privatization occurred in 2018 with the sale of the national airline, Air Moldova. As a result, the authorities imposed a moratorium on the sale of state-owned enterprises in 2019. Although this moratorium was lifted in 2020, the privatization process was not resumed until 2024.

10 | Welfare Regime

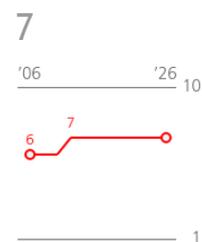
The Moldovan social security system is public, with the pension system based on contributions deducted from employees’ wages. The system is inclusive, although access to certain services – such as health care – for urban residents is clearly better than in rural areas.

The effectiveness of social assistance remains limited due to the country’s challenging financial situation. The pension system is both underfunded and overstretched, primarily because of the difficult demographic situation and widespread emigration. By the end of 2024, the dependency ratio – the ratio of the working-age population to the retirement-age population – had reached 1.35.

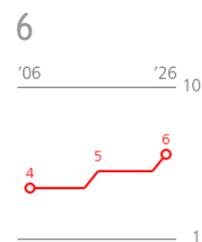
In December 2021, after assuming power, the PAS party reintroduced a previously discarded reform regarding the retirement age. As of January 1, 2022, the retirement age for men was set at 63 years. For women, the retirement age is being increased by six months each year, with the goal of reaching 63 years by 2028. Women who have given birth to and raised five or more children will be eligible to retire three years earlier than the standard retirement age.

In October 2021, the government introduced the largest pension increase in years. The average pension rose by 22.5%, reaching MDL 2,578 a month (approximately \$135) in early January 2022, and has continued to be indexed annually. By 2024, the minimum pension had increased to MDL 2,777 (\$147) and, according to government plans, is expected to reach MDL 3,300 (\$175) in 2025. However, even with these adjustments, pension levels remain below the absolute poverty threshold, which stood at MDL 3,337 (\$177) in 2023.

Private enterprise



Social safety nets



Unemployment benefits are generally set at 40% of an individual's average salary over the last 12 months, subject to a cap based on the national average wage, and are paid for up to nine months depending on the length of previous employment. Supplementary social security benefits are provided primarily to individuals with disabilities, caregivers of children with disabilities and certain elderly individuals who have reached retirement age. Beginning in 2022, the Moldovan government introduced subsidies to help citizens cope with rising energy costs – a fairly expansive program.

As a rule, Moldovans are also covered by health insurance. However, Moldova's public health service is largely inefficient and underinvested – which leads to a situation where patients sometimes have to cover some of the health care costs themselves – and faces severe staff shortages, especially in smaller towns and villages, also due to the emigration of specialists for work. The country has a shortage of about 700 doctors; the total number of doctors has fallen by 20% over the past 25 years. In some regions of the country, there are about 2.2 primary care physicians per 10,000 residents – three times fewer than in the capital.

Women constitute 53% of the population in Moldova and are increasingly well represented in the country's political and economic spheres. In 2020, Moldova made history by electing its first female president – Maia Sandu, who is also the country's first unmarried and childless head of state. She was re-elected in 2024. As of January 1, 2025, six of the 16 cabinet members (38%) are women.

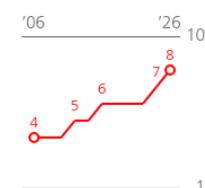
Since 2016, political parties in Moldova have been required to include at least 40% female candidates on their electoral lists. This policy has resulted in increased female representation in parliament, where 40% of members elected in the July 2021 parliamentary elections were women, up from 25% in 2019. The participation of women in local government has also grown. After the November 2023 local elections, women hold 24% of mayoral positions – a 3.4% increase from 2015 and a 2.2% rise from 2019.

Women are active in the business sector, but the number of female entrepreneurs remains significantly lower than that of their male counterparts. In 2022, women operated 34.2% of all companies in Moldova, a figure consistent with 2016 data. According to the National Bureau of Statistics (NBS), women earned on average 15.5% less than men in 2023. However, men are more likely to experience unemployment, with 5% of men unable to find jobs compared to 4% of women. Employment rates for women with children were approximately 20% lower than for women without children.

Access to education for women and girls is generally strong. The enrollment ratio for females and males in primary and secondary education is 1.0, and the overall adult literacy rate is 99.6%. The gross enrollment ratio for primary education is 107% and for secondary education it is 97.6%. Women ages 25 to 64 have higher educational attainment than men, particularly in tertiary education, where women outnumber men by a ratio of 3 to 1.

Equal opportunity

8



Despite these advancements, certain groups such as LGBTQ+ individuals, people living with HIV and tuberculosis and those with mental health conditions continue to face social stigma and, at times, mistreatment by authorities. Another concern is the quality of education in ethnic-minority schools, particularly regarding the teaching of the official language, which is hindered by teacher emigration and a shortage of new teaching staff.

While discrimination against nonwhite individuals in the labor market is rare, it has not been entirely eliminated. The same holds true for religious discrimination, including against Muslims, though there is no evidence of systemic bias.

11 | Economic Performance

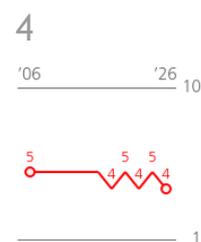
The Russian-Ukrainian conflict has had a profoundly negative impact on the Moldovan economy. According to the Moldovan National Bureau of Statistics (NBS), the country's GDP (in local currency, current prices) contracted by 5.9% in 2022, compared to 2021, when the economy experienced robust growth of 13.9%. The economic situation showed a slight improvement in 2023, with growth stagnating at a modest 0.7%. A similar trend continued into 2024, as GDP growth amounted to just 0.1% according to Moldova's National Bureau of Statistics. The outlook is only slightly better: according to the World Bank, Moldova's economic growth in 2025 will be the lowest in the region, reaching only about 0.9%. A return to growth is projected for 2026, when – according to both the IMF and the World Bank – Moldova's GDP is expected to grow by 3.7% and 2.4%, respectively.

Moldovan exports, which surged by 37.8% in 2022 largely due to re-exports driven by wartime trade disruptions, have since experienced a sharp decline. Exports fell by 6.5% in 2023 and by an additional 13% during the first three quarters of 2024. The steepest drops were recorded in exports to Romania, Moldova's main trading partner (down 18%), followed by Germany (down 17.5%), Italy (down 9%), and Russia (down 12%), where trade volumes have been shrinking for several years. Exports to Ukraine also fell by about 50% during the same period.

Total remittances from Moldovan labor migrants, estimated at more than 1 million individuals, reached \$1.75 billion in 2022 but began to decline thereafter, falling by about 7% to \$1.63 billion in 2023 and by another 2% in the first three quarters of 2024. This trend reflects changing migration patterns, as more Moldovans permanently relocate abroad with family members, leaving fewer dependents in the country to receive transfers. The official unemployment rate remains low, between 3% and 4%.

Public debt, which had risen sharply after the 2014 banking scandal, declined to 28.4% of GDP by 2019, according to IMF data. However, it has since risen again, reaching 35.3% of GDP in 2023. The net inflow of foreign direct investment has

Output strength



fluctuated between 2.5% and 4.0% of GDP over the past three years. Like many countries, Moldova faced intense inflationary pressure in 2022, with the rate peaking at 34.6% in October of that year. By December 2023, inflation had fallen back to around 5%, within the National Bank's target range of ± 1.5 percentage points. Yet by December 2024, it had risen again to nearly 7%, driven primarily by persistently high energy and gas prices, with continued upward pressure expected into 2025.

12 | Sustainability

In recent years, environmental protection has gained importance on Chişinău's political agenda and led to significant improvements in the legal framework.

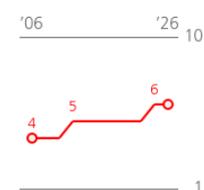
In April 2024, the Moldovan parliament passed a comprehensive climate action law, committing the country to achieving net-zero emissions by 2050, and the Environmental Strategy 2030 was approved in June 2024. The government actively works toward reducing greenhouse gas (GHG) emissions by 70% below 1990 levels by 2030. Moldova nearly achieved this target in 2020, when GHG emissions fell by 69% compared to 1990. However, a slight increase in emissions was observed in subsequent years. By 2023, Moldova emitted 13.54 million tons of CO₂ equivalent, representing a 64% reduction compared to 1990 levels. Nonetheless, Moldova is expected to meet its planned reduction target within the specified timeframe.

Several minor reforms were also introduced as the European integration process gained momentum. For instance, in 2024, Moldova adopted the Extended Producer Responsibility (EPR) policy, requiring businesses importing and selling items such as electronic equipment, batteries, accumulators, packaging and oils to collect and properly dispose of them as waste. Additionally, the government passed a law in 2024 requiring individuals and legal entities that cause environmental damage not only to pay fines but also to bear the costs of restoring ecosystems to their pre-pollution state. Enforcement of key environmental laws and policies still remains a problem – both because the relevant services do not have sufficient capacity to track down violations and because abuses in this area are not prioritized.

These legal advancements align with a significant increase in renewable energy production. According to the National Energy Regulatory Agency of Moldova (ANRE), between 2020 and 2023, electricity production from renewable sources increased 3.5 times, rising from 81,353,000 kWh to 282,823,000 kWh. By 2023, renewable energy accounted for approximately 7% of electricity consumption. The most substantial growth occurred in the photovoltaic sector, which expanded 24-fold from 3,275,000 kWh in 2020 to 77,748,000 kWh in 2023, driven by the increasing popularity of individual photovoltaic installations. Currently, wind energy accounts for 67.6% of renewable energy production while photovoltaic panels contribute 27.5%.

Environmental
policy

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Despite these advancements, Moldova remains one of the least forested countries in Europe, with forests covering only 11% of its territory (approximately 370,000 hectares), compared to 39% of the European Union. To address this, in February 2023, the government approved the National Programme for the Enlargement and Reclamation of Forest Areas for 2023 – 2032. This program aims to increase forested areas by 145,000 hectares over 10 years, raising forest coverage to approximately 15% of the country’s total territory. However, implementation has been slow due to a lack of funding, with only 14,500 hectares afforested between 2023 and 2024, which is half the planned amount.

Expenditure on education as a proportion of GDP in Moldova remains relatively high. In 2023, it reached 6.3%, up from 6.1% in 2022 and 5.8% in 2021. Despite the rapid increase in education funding in absolute terms – reaching approximately \$1 billion in 2023, a 55% increase compared to 2019 – Moldova’s education system across all three levels remains underfunded, which affects its overall effectiveness.

One of the key challenges in secondary education is the disparity in educational outcomes between rural and urban areas, particularly Chişinău. To enhance access to quality education for disadvantaged students, especially those from smaller rural communities, the Moldovan Ministry of Education and Research launched the Model Schools Network project in 2024. This initiative aims to renovate and fully equip 35 secondary schools and high schools across the country, creating “poles of attraction” in each district. The total cost of the project is estimated at €70 million, with primary funding from development partners. Furthermore, in an effort to improve educational quality and address the teacher shortage – estimated at around 8,000 teachers in 2023 – the government increased teacher salaries by 15% in 2024, allocating an additional 1 billion MDL (approximately \$54 million) from the state budget.

Underfunding continues to undermine the quality of higher education in Moldova. As of 2025, no Moldovan universities were featured in the main QS World University Rankings, which list more than 1,500 institutions worldwide. Only Chişinău State University and the Technical University of Moldova appeared in the regional “Europe” category, both ranking below 600. To address these shortcomings, a major higher education reform was launched in 2022. The reform aims to merge public universities to reduce maintenance costs, streamline administration and reallocate resources more efficiently. Once the process is complete, only four of the current 13 public universities are expected to remain.

Moldovan society is generally well-educated. According to the 2022 Human Development Index (HDI), 96.3% of women and 98.1% of men in the country have completed secondary education (albeit partially). In 2022, Moldova scored 0.807 on the U.N. Education Index.

Education policy /
R&D

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However, research and development (R&D) spending remains minimal, hovering around just 0.2% of GDP (World Bank, 2022). Collaboration between local universities and industry in R&D is limited, contributing to Moldova's ranking of 68th in the 2024 Global Innovation Index (36th in Europe). On a positive note, the IT sector has seen dynamic growth in recent years. In 2023, IT exports from Moldova reached \$605 million, accounting for 6.7% of the country's total exports, up from \$349.82 million in 2021.

Governance

I. Level of Difficulty

The Moldovan economy, characterized by its small size and significant vulnerability to external shocks, remains a fundamental structural challenge. As one of the poorest countries in Europe, Moldova's GDP was \$16.5 billion in 2023, or \$6,729 GDP per capita, as reported by the World Bank (current U.S. dollars).

The Moldovan economy faces multiple challenges: a lack of competitive advantages, political instability, corruption and security risks like the Transnistrian conflict. These factors make it less attractive to foreign investors. The country's underperformance has contributed to a persistent poverty rate, reaching 31% in 2023. Economic hardship has led to mass emigration, with roughly 40% of the working-age population employed abroad. This outflow of skilled labor has further strained the economy. Moldova's population has shrunk by about 35% since independence, exacerbating the demographic crisis. With a fertility rate of just 1.6 in 2023 – well below the replacement level – the aging population is expected to further burden the state budget, putting pressure on the already inefficient pension system.

In addition, Moldova's infrastructure, inherited from the Soviet era, is severely underfunded and hinders economic growth. Lacking direct access to the sea, Moldova relies on a small port at Giurgiulești on the Danube for maritime trade. With limited natural resources, Moldova depends heavily on imports of gas, electricity and fuel, creating vulnerability to supply disruptions despite efforts to diversify.

Russia's influence also poses a major structural challenge for Moldova. Moscow has long worked to undermine Moldova's sovereignty, weaken its pro-Western leadership and block its integration into Western institutions. The situation is further complicated by the breakaway region of Transnistria, where the Russian military presence remains a threat and a factor of instability.

Structural constraints

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Civil society organizations (CSOs) in Moldova emerged in the late 1980s during the anti-communist reformist movement. The legal framework for CSOs was established in 1996 with the Law on Public Associations. That year, about 500 organizations were registered. Since then, the number of CSOs has steadily increased, reaching approximately 17,400 by January 2025, up from 14,300 in 2020 and 15,500 in December 2022.

Despite this growth, many CSOs are inactive, with about 24% engaged in any activities by October 2022 (according to Tudor Lazar of the NGO Council). The largest groups are religious organizations (over 1,700) and foundations (nearly 500). Smaller categories include trade unions, employers' associations and local action groups. A significant challenge is the concentration of CSOs in Chişinău, where about 80% of active organizations are located. CSOs in Transnistria face severe restrictions, including the inability to monitor human rights and democratic processes, along with politically motivated persecution.

Sustainability remains a major issue for Moldovan CSOs. About 80% to 90% of their funding comes from foreign sources, including the European Union, UNDP and the United States, making them vulnerable not only to external policy shifts – such as President Donald Trump's freeze on U.S. aid funding in early 2025 – but also to criticism from local politicians and businessmen who accuse them of serving foreign interests. This has contributed to a decline in public trust. According to the Public Opinion Barometer, confidence in CSOs was 17% in 2017, rose to 23.1% in 2020 and 24% in 2022, but dropped to 19.2% in October 2024.

On a positive note, the number of taxpayers donating 2% of their tax to support NGOs is growing. In 2024, about 38,000 people donated a total of 14.51 million lei (about \$778,000), up from 27,000 donors and 5.82 million lei in 2020.

Ethnic minorities, primarily Ukrainians, Russians and Gagauz, make up about 20% of Moldova's population. Although relations between ethnic Moldovans and minorities are sometimes marked by mutual distrust, ethnic tensions remain very limited, with only sporadic and isolated violent incidents in recent years.

Despite the legacy of the 1992 Transnistrian war, there is no significant hostility between Moldovans on the right bank of the Dniester River and residents of separatist Transnistria. Transport connections between the two regions remain regular, and Moldovan authorities do not conduct document checks along the administrative line. Many Transnistrians work in Moldova, and a considerable number of students from Transnistria attend Moldovan universities.

Tensions persist primarily between the authorities in Chişinău and Tiraspol. The Russian-backed leadership in Transnistria often portrays the Moldovan government as hostile. During the 2025 energy crisis, when Russia halted gas supplies to Transnistria, Tiraspol accused Chişinău of attempting to "starve" or "freeze" the separatist republic, seeking to stir resentment toward the Moldovan authorities.

Civil society traditions

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Conflict intensity

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Nonviolent ideological tensions also stem from differing historical narratives and approaches to national identity, polarizing Moldova’s population over its geopolitical orientation. Russian media – despite government efforts to limit their influence – and pro-Russian political groups exploit these divisions. This exacerbates societal tensions and reinforces East–West polarization. Pro-Russian groups often accuse pro-Western political forces of seeking Moldova’s reunification with Romania “against the will of the people,” a narrative that resonates particularly with ethnic minorities. After 2022, Russian media increasingly label the pro-Western government as “Nazi” or “fascist,” narratives that are popular in Gagauzia, where the population is strongly pro-Russian and distrustful of Romania.

Language remains another factor that periodically generates tensions. Despite differing views on the war in Ukraine, these perspectives have not caused significant societal conflict.

II. Governance Performance

14 | Steering Capability

Since August 2021, the Party of Action and Solidarity (PAS), backed by President Maia Sandu (elected in 2020 and re-elected in 2024), has pursued key political priorities, chiefly European integration, including the aim to become an EU member. This goal is viewed as a means of modernization and as a framework for implementing Moldova’s structural reforms, supported by the European Union’s expertise, resources and financial aid. The October 2024 referendum further reinforced this priority, making EU integration a constitutional goal. Cooperation with the European Union is also part of the government’s strategy to achieve independence from Russian influence. At the same time, there is a solid pro-Russian camp challenging the current main priority of EU membership.

Other significant priorities include de-oligarchization and democratization of the state, which involve comprehensive judicial reform and restoration of the rule of law. Energy diversification is also emphasized as a way to reduce Moldova’s vulnerability to Russian energy pressure. Although reintegration of Transnistria remains a long-term objective, it is not currently a focus.

The key drivers of these reforms include the government, the parliamentary majority, the presidential administration, pro-Western segments of civil society and certain media outlets. The European Union and the United States provide strong external support. Conversely, the pro-Russian opposition, including associated media, NGOs and oligarchic elites, defends the status quo. Some centrist opposition parties, while

Question
Score

Prioritization

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supporting European integration, advocate maintaining good relations with Russia or adopting a neutral stance on the Russian-Ukrainian conflict. Several of these figures are suspected of having links to the Kremlin or to the oligarchic circles removed from power in 2019. The Moldovan Orthodox Church also strongly opposes the reforms.

As of the second half of 2021, power in the country remained in the hands of those committed to deep state reforms, democratization and de-oligarchization. Government efficiency has been enhanced by the fact that the parliamentary majority has been unitary since the 2021 elections, the government is formed by a single party and the state is led by a president who is also the de facto leader of the ruling party and supportive of its agenda. As a result, opposition forces have been unable to block decisions made by the cabinet or parliament.

Yet certain public institutions – particularly at mid- and lower levels, as well as within the judiciary – continue to be at least partially staffed by individuals who represent the interests of the oligarchic circles that have been removed from power. These individuals seek to undermine reform efforts, as evidenced by the case of the long-serving head of the Moldovan parliament’s legal department, who was accused of espionage and detained in 2023. Additionally, implementation of the wide range of reforms and policies is highly dependent on external funds, which may jeopardize them in certain conditions, such as the freezing of USAID by Donald Trump in February 2025.

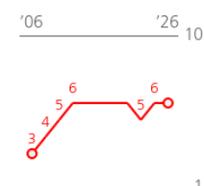
Despite these challenges, the government is gradually advancing judicial reform. An extensive vetting process for judges is underway, and personnel changes are being implemented within judicial oversight bodies. At the same time, efforts to reduce Moldova’s dependence on Russian energy continue, including the construction of a high-voltage transmission line linking Chişinău directly to the Romanian power grid.

In recent years, Moldova has seen significant improvements in policy learning. The July 2021 snap elections brought many young, Western-educated individuals with experience in civil society into parliament and government. These officials are receptive to external expertise from academia and civil society and benefit from extensive technical support from Western partners. Advisers from the European Union, United Kingdom, United States and other countries are embedded in ministries and public institutions, providing valuable guidance. In response to Moldova’s needs, the EU Partnership Mission, established in April 2023, strengthens local administration’s resilience to hybrid threats, crisis management, cybersecurity and countering foreign disinformation.

A key example of adaptability is energy sector reform. Since 2022, Moldova no longer depends on Russian gas, instead diversifying its energy sources. In partnership with Ukraine, Moldova synchronized its power grid with ENTSO-E in 2022, allowing electricity imports from Europe.

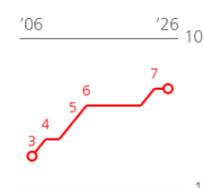
Implementation

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Policy learning

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However, challenges persist. Low wages continue to reduce the motivation and effectiveness of civil servants, contributing to high turnover and weak institutional memory. Additionally, the administration at times struggles to learn from past mistakes. For example, in 2024, Moldova’s energy institutions failed to stockpile sufficient gas during the low-price months of spring and summer. This oversight led to purchasing gas at higher winter prices, resulting in increased tariffs for consumers. This failure stemmed from poor coordination between institutions and personal biases of decision-makers.

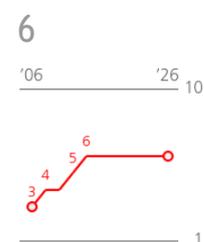
15 | Resource Efficiency

Over the past decade, Moldova has made moderate progress in improving the quality and efficiency of its public administration. However, several challenges hinder further advancements. A key issue is low salaries, which contribute to staff shortages and discourage highly educated individuals from pursuing careers in the public sector. The skills gap is compounded by inadequate civil servant development systems, including a lack of specialized training programs, insufficient qualified trainers and the absence of a competitive training market. Furthermore, understaffing overburdens officials – reducing efficiency and leaving little time for professional development. Although political affiliation is no longer the main hiring criterion, the pool of qualified candidates remains limited, as the ruling PAS majority is cautious about individuals from the previous oligarchic regime – regardless of their involvement in corruption.

The efficiency of the government is further hampered by insufficient horizontal cooperation among ministries and government agencies, as well as occasional personal animosities among members of the administration. Additionally, Moldova’s specific administrative culture exacerbates these challenges. This culture is characterized by centralized decision-making and a reluctance among lower and middle levels of administration to take responsibility for decisions. At the same time, a lack of trust in subordinates among senior officials has fostered a tendency toward “manual control” of institutions, leading to inefficiency and overcentralization. Moreover, the management of successive crises – such as the energy and refugee crises, high inflation and the broader effects of the war in Ukraine – has further strained the already limited capacity of Moldova’s administrative apparatus.

Local administration effectiveness, particularly in rural areas, remains moderate due to corruption, political and business influence, insufficient funding and a shortage of qualified staff. A critical issue is the fragmentation of local government units. Nearly 95% of Moldova’s 898 councils are in rural areas, which house 57% of the population. On average, each rural council serves just 2,000 people, resulting in administrative costs five times higher than those of urban councils. This makes rural councils heavily dependent on central government funding.

Efficient use of assets



There have been recent improvements to the legal framework with the adoption of the Public Administration Reform Strategy for 2023 – 2030 in March 2023. This strategy aims to strengthen central administration, enhance digitalization, improve professionalization and introduce decentralization reforms.

The national budget is adopted transparently, with minimal controversy. Budget deficits remain moderate, at 3.2% of GDP (\$470 million) in 2022, 5.3% (\$860 million) in 2023 and 3% (\$520 million) in the first 11 months of 2024. Audit institutions are operational, but their performance can still be improved.

Officially, policy coordination is managed by various state institutions, commissions and specialized task forces. Sectoral coordination councils have been established under all ministries and central authorities. Furthermore, the State Chancellery plays a pivotal role in addressing potential challenges in policy coordination, particularly regarding the division of competences. However, despite recent changes in the administrative apparatus and the PAS's assumption of power, Moldova's policy coordination system remains predominantly personalized and centralized.

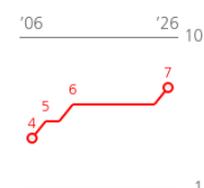
Mid-level public servants are reluctant to make independent decisions – which adds to the burden of already heavily overloaded top officials – and communication between different branches of government is often limited, hindering the effectiveness of the administrative apparatus. Occasional overlaps also exist in the competences of various public institutions or offices.

The central decision-making authority rests with President Sandu and a small group of politicians and officials close to her who set the political agenda for the ruling majority. Horizontal relations among institutions and ministries are somewhat developed but largely depend on personal relationships, such as those between individual ministers. This personalization and centralization can lead to tensions between the executive and certain institutions, particularly when ambitious officials vying for political positions lead them. Additionally, a significant challenge to the effectiveness of policy coordination is the notable shortage of staff within public institutions, where personnel levels are often insufficient and many officials are young and inexperienced.

On a positive note, some improvements in administrative efficiency and coordination – although still minor – have been observed since the start of the negotiation process with the European Union and the creation of working groups based on negotiation chapters.

Policy
coordination

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Moldova has established a comprehensive legal framework for combating corruption, and new regulations continue to be developed. In December 2023, the National Integrity and Anticorruption Program (NIAP) 2024 – 2028 and its corresponding action plan were adopted, entering into force in February 2024. On January 24, 2024, Moldova also approved a new methodology for verifying assets and interests. To strengthen safeguards, individuals holding senior executive positions are now required to recuse themselves from decision-making in cases involving conflicts of interest. In June 2024, parliament approved, in the first reading, amendments to the law on the declaration of assets and personal interests aimed at enhancing the effectiveness of the National Integrity Authority (NIA).

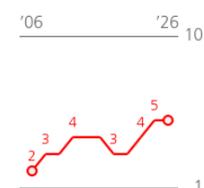
Despite the measures implemented by the pro-Western government since 2021 and the reforms initiated, Moldova's anti-corruption institutions continue to demonstrate limited effectiveness. One of the major challenges undermining the anti-corruption system in recent years has been the persistent tensions and conflicts between the two principal institutions in this sector – the National Anti-Corruption Centre (CNA) and the Anti-Corruption Prosecutor's Office (PA). The leadership of both entities has accused each other of obstructing their respective activities. In an effort to resolve this issue, the authorities adopted legislative amendments in March 2023 to delineate the competencies of the two bodies, assigning the CNA to handle petty corruption and the PA to focus on high-profile cases. However, these changes did not lead to significant improvements. In October 2023, the director of the CNA, Iulian Rusu, resigned and was swiftly replaced by Alexander Pînzari. Furthermore, as of early 2025, tensions persisted between the head of the PA, Victoria Dragalin – a former assistant U.S. attorney in Los Angeles who was appointed under the PAS government – and the pro-Western parliamentary majority, adversely impacting the effectiveness of prosecutorial activities.

The anti-corruption authorities have recently intensified their focus on illicit political party financing. Between 2023 and 2024, the CNA, with support from the Intelligence and Security Service (SIS), conducted multiple searches of party offices and organizations linked to the fugitive oligarch Ilan Șor. They also investigated large-scale vote-buying ahead of the presidential elections and the late 2024 referendum.

Nevertheless, no major investigations into corruption or illicit party financing have reached a conclusive outcome. Despite ongoing inquiries spanning several years into high-profile figures including oligarchs Vladimir Plahotniuc and Veaceslav Platon, former Prosecutor General Alexandru Stoianoglo and the current Bashkan of Gagauzia, Evghenia Guțul (who is linked to Șor), no convictions have been secured to date. The sole exception remains Ilan Șor himself, who was sentenced in absentia to 15 years in prison in 2023.

Anti-corruption policy

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16 | Consensus-Building

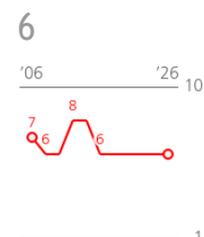
In their public statements, all major political forces in Moldova affirm democracy as the ideal system of governance. However, in practice, many of these groups are more focused on advancing their own narrow interests, often at any cost, rather than genuinely promoting democratic governance. Since the fall of the oligarchic regime and the rise of the PAS party in 2021, Moldovans' views on democracy have improved significantly. Previously, the vast majority of the population considered the system ineffective and corrupt. For instance, under Plahotniuc's rule, 83.7% of voters, according to a November 2018 BOP poll, felt the country was not governed according to the will of the people. By November 2022, this figure had decreased to 65.5%, and by October 2024, it had further dropped to 58.7%.

Some left-wing and populist political parties express support for aspects of a centrally planned economy, such as kolkhozes, to appeal to an electorate nostalgic for the Soviet era, particularly the elderly and the poor, by promising to restore the welfare system. However, in practice, none of Moldova's mainstream political parties are seriously considering a departure from the market economy, which they all recognize as the foundation of the modern state. At the same time, prominent business and political figures – often linked to the opposition and in particular to pro-Russian parties – try to use their influence to protect their own businesses and secure more favorable conditions than their competitors, undermining the principles of a free market.

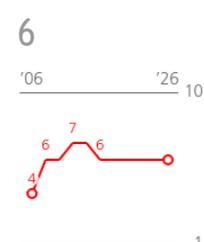
The current government appears committed to implementing real reforms, strengthening the rule of law and fighting corruption. However, its efforts still face significant resistance. Many members of the Moldovan political elite, currently in opposition, represent specific political and business interests – often oligarchic – that do not support reform. Even though these individuals were removed from power, people still linked to them, such as Vlad Plahotniuc, Ilan Șor or Veaceslav Platon, remain in key public institutions like the judiciary, police and intelligence services. These individuals continue to advance the interests of their former allies and undermine the reform process.

A key anti-democratic actor is Ilan Șor, a fugitive oligarch sentenced to 15 years in prison for his role in the 2014 theft of \$1 billion from the Moldovan banking sector. Having fled the country in 2019, he now resides in Russia, where he obtained citizenship in 2024. With financial and political support from the Kremlin and Russian oligarchs, Șor is actively working to undermine Moldova's pro-Western government. For his efforts to destabilize Moldovan democracy, he has been sanctioned by the United States, UK and EU in 2022 and 2023, respectively. A notable example of his disruptive actions was the large-scale vote-buying campaign he orchestrated before the 2024 presidential elections and the referendum on

Consensus on goals



Anti-democratic actors



European integration, which is estimated to have influenced around 130,000 people – approximately 6% of Moldova’s population. Șor controls several political groups in Moldova, the main one being the “Chance” Party, which is part of the “Victorie” political bloc formed in Moscow in 2024. While the Șor party was a dominant force within this bloc, it was banned by Moldova’s Constitutional Court in 2023.

In addition to the Șor party, several pro-Russian political groups such as the Party of Socialists, and some “centrist” parties calling for neutrality and slower European integration are suspected of having ties to anti-democratic forces – primarily Russia and, to a lesser extent, Plahotniuc. These parties are seen as working in the interests of these actors.

Despite this, reform-minded forces can limit the influence of these anti-democratic elements. International support has played an instrumental role in this process. For example, the EU Partnership Mission, established on April 24, 2023, is helping strengthen Moldova’s crisis management structures, improve its resilience to hybrid threats and combat foreign disinformation and interference.

The population of Moldova, comprising the titular majority and various ethnic minorities, remains deeply divided over historical interpretations, national symbols, values and language, including the designation of the official language. The inability to formulate a unifying identity model that resonates with all citizens or to develop a national vision capable of fostering societal cohesion continues to hinder Moldova’s ethnically diverse society. These divisions further complicate efforts to address the issue of Transnistrian separatism and reduce tensions between Chișinău and Gagauzia. Despite these challenges, such divisions have not escalated into violence.

The population is also deeply polarized regarding Moldova’s geopolitical orientation, with divisions between pro-Russian, centrist and pro-European factions. Political leaders frequently exploit these divisions to galvanize their respective electorates. Pro-Russian groups, for instance, accuse their opponents of seeking to dissolve Moldovan statehood through unification with Romania, suppressing the Russian language and Orthodox traditions and promoting the rights of sexual minorities.

Meanwhile, the centrist narrative, which has gained prominence in recent years, advocates for a balanced approach. Although formally supportive of European integration, centrists argue against pursuing it at any cost. Proponents of this political stance emphasize maintaining Moldova’s neutrality, fostering positive relations with Russia and ensuring extensive rights for the Russian-speaking population. Notably, Alexandr Stoianoglo, a prominent centrist figure, was a key challenger to Maia Sandu in the 2024 presidential election. This centrist position is actively supported by Russia, as it aligns with Moscow’s goal of curbing Moldova’s rapprochement with the West.

Cleavage /
conflict
management

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The question of potential unification with Romania elicits strong emotions among Moldovans. Support for unification has grown, reaching approximately 35 – 40%, but this prospect intensifies ethnic divisions. The overwhelming majority of Moldova’s Russian-speaking population – including Ukrainians, Gagauz and Russians – firmly oppose unification with Romania.

As a general principle, current Moldovan authorities exhibit a favorable stance toward non-governmental organizations (NGOs). Many members of the ruling elite, spanning both the highest and middle echelons of government, have backgrounds in the third sector, which has contributed to a certain reduction in civil society oversight. These individuals maintain extensive networks within the sector, possess a comprehensive understanding of its challenges and recognize the role NGOs should play in a democratic state.

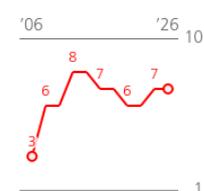
Nonetheless, there remains room for improvement. Although representatives from the third sector are frequently invited to participate in selection commissions for key public positions and consultative bodies, their input is not always given due consideration. Consultation during the legislative process is often considered inadequate, particularly because of insufficient time allocated for analyzing proposed legislation. Journalists and other members of the sector also continue to raise concerns about occasional restrictions on access to public information. Consequently, despite significant improvement in relations between the authorities and civil society organizations, representatives of the third sector consistently advocate for greater involvement in decision-making and consultation processes. Furthermore, the government is often accused – particularly by pro-Russian groups, though not exclusively – of consulting only with convenient civil society members who do not challenge the ruling party.

In response to these concerns, parliament established the Platform for Dialogue and Citizen Participation in the Decision-Making Process in June 2023. This initiative aims to foster citizen-driven initiatives and enhance the effectiveness of stakeholder engagement in the legislative process. While this development was positively received by civil society organizations, it was not without reservations. For instance, civil society representatives pointed out that parliament retained the authority to disregard NGO recommendations without clear criteria and that there was no provision for reopening public consultations when significant amendments are made to previously consulted legislation.

Additionally, there have been instances where experts from civil society were removed, apparently for political reasons, as scapegoats. One such case involved the dismissal of Sergiu Tofilat from the supervisory board of MoldovaGaz (in which the Moldovan state holds a minority stake) by the prime minister in December 2024. The

Public
consultation

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prime minister accused him of complicity in the failure to purchase gas stocks for the winter during the summer months, when prices were lower. This allegation lacked evidence and appeared to be an attempt to divert blame from the prime minister.

NGOs remain highly active in public discourse, with their representatives frequently visible in traditional and online media, offering regular assessments of government actions.

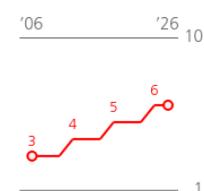
The country's Soviet past remains a central point of historical contention that has yet to be fully resolved. No consensus exists on this issue. Certain segments of society, along with right-wing and center-right parties, view the Soviet era as an occupation and commemorate the victims of the totalitarian regime. In contrast, pro-Russian parties – typically perceived as left-wing in Moldova – and their supporters argue that Soviet troops liberated Moldova in 1944, granting the republic independence from Romania and protecting Moldovans from “Romanization.”

In recent years, pro-Western or nominally pro-Western ruling forces have implemented measures to honor the victims of the communist regime. In 2022, the Moldovan parliament declared a Day of Remembrance for the Victims of the Famine orchestrated by the Soviet regime between 1946 and 1947 in the Moldovan Soviet Socialist Republic. The famine resulted in the deaths of between 120,000 and 200,000 residents of the republic and is observed on the third Saturday of April. Additionally, in 2024, a temporary exhibition titled the “Pain Train” was established in front of the Moldovan government building to commemorate the victims of Stalin's deportations from Moldova during and immediately after the Second World War.

Increased attention has also been given to Moldovan veterans of the 1992 Transnistrian war, a conflict that had previously been largely overlooked by authorities. No consensus exists on the interpretation of these veterans: right-wing factions regard them as patriots, while pro-Russian groups view them as supporters of the pro-Romanian nationalists who were in power at the time. In 2021, the Moldovan parliament designated March 2 – the date the Transnistrian war began – as a Day of “Remembrance and Thanksgiving,” during which war veterans are honored, patriotic education is promoted and exhibitions are organized. Furthermore, parliament declared 2022 – marking the 30th anniversary of the war's outbreak – as the “Year of Gratitude” for the “defenders of Moldova's independence and territorial integrity.” Senior politicians, led by the president and prime minister, have regularly attended ceremonies recognizing Moldovan participants in the Transnistrian conflict since 2021. In March 2022, parliament also resolved that combatants (or their descendants) would receive annual financial assistance of MDL 2,500 (approximately €120). In 2024, parliament further increased benefits for war veterans who had been decorated for their actions in combat.

Reconciliation

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17 | International Cooperation

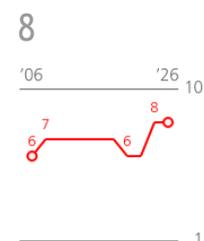
Moldova's development plans are outlined in various strategies and documents, many of which have been created as part of its negotiation process with the European Union. In recent years, the rise in external financial assistance has been driven by both increasing confidence in Moldovan authorities – particularly following the Party of Action and Solidarity's (PAS) rise to power in 2021 – and the numerous challenges the government continues to face. As a result, while net official development assistance (ODA) amounted to just \$260 million in 2018 (current USD), it increased 3.4 times by 2022, reaching \$884 million, or nearly \$370 per capita. The European Union remains Moldova's largest donor, while the United States is the leading individual country providing financial support. Additionally, individual EU member states and international financial institutions such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) play critical roles in supporting Moldova's development.

Between October 2021 and July 2023, Moldova received €1.2 billion in financial assistance from the European Union, the EIB and the EBRD. Of this amount, €404.5 million was allocated to the economic and investment plan, €295 million to macro-financial assistance and €240 million to budgetary support for the energy sector, including energy efficiency measures. Furthermore, €114 million was invested in stimulating the energy sector, combating misinformation and supporting justice reforms.

Since the onset of the full-scale Russian-Ukrainian war, the United States had provided Moldova with nearly \$800 million in assistance by April 2024. This support has focused on strengthening defense capabilities, diversifying and enhancing the energy sector and implementing democratic reforms. External financial assistance has also enabled Moldova to address energy crises caused by Russian actions in the region. A recent example of such support was a €30 million grant provided to Chişinău in January 2025 to purchase gas for Transnistria, which was cut off from free Russian gas supplies at the beginning of the year.

However, the country continues to face challenges in managing financial assistance effectively, primarily because of a shortage of staff and the inexperience of many officials. Although rent-seeking or corruption does not influence the use of assets from external partners, a significant portion of aid is used not for development projects but for crisis management – for example, emergency purchases of gas or to support a state budget burdened by energy bill surcharges. This is not due to mistakes by the authorities but is instead a consequence of the current international situation.

Effective use of support



The credibility of the Moldovan authorities has significantly improved since the PAS government, backed by President Maia Sandu, assumed power in August 2021. This government is widely regarded as trustworthy by its Western partners, as demonstrated by Moldova's granting of European Union (EU) candidate status in 2022 and the launch of accession negotiations in 2024. This increased credibility is also evident in the scale of financial and technical assistance Moldova has received. Between October 2021 and July 2023, the Republic of Moldova received €1.2 billion in grants and preferential loans from the European Union, the European Investment Bank and the European Bank for Reconstruction and Development. In October 2024, the European Commission approved a Growth Plan for Moldova valued at €1.8 billion, supported by a Reform and Growth Facility for 2025 – 2027. This plan, the largest EU financial support package since Moldova's independence, aims to stimulate the economy, accelerate reforms and provide vital financial assistance.

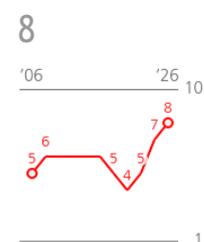
Historically, there have been instances when the European Union withheld financial aid due to a lack of confidence in Moldova's leadership. For example, following the overthrow of Maia Sandu's government by the Socialists in late 2019, relations between Chişinău and its Western partners deteriorated and the credibility of the Socialist government was called into question. This led to the suspension of a macro-financial support program, which had been resumed just months earlier, resulting in the non-payment of the final installment (€40 million out of €100 million).

The current government remains committed to fulfilling its obligations under international agreements and maintains cooperation with relevant monitoring institutions. This commitment extends to the European Union as well as to Moldova's obligations under the climate agreement and other accords.

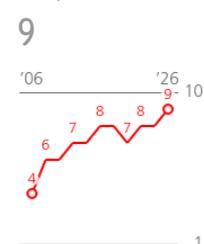
Since 2021, Chişinău has maintained excellent relations with its neighboring countries. Cooperation between Moldova and Romania has reached unprecedented levels. Bucharest has consistently supported Moldova's pro-Western government both politically – by advocating for Moldova within Western institutions, particularly the European Union – and financially, as well as by providing assistance in the energy sector. Since 2022, Romania has supplied electricity to Moldova, a substantial portion of which is sold at prices significantly below market value. This serves as a form of support for Moldovan authorities, which regularly face difficulties securing a stable electricity supply from the largest power plant on its territory, located in Transnistria (which in normal circumstances provides 80% of power consumed by the right bank). Additionally, joint meetings between the governments of Romania and Moldova have been held regularly in recent years.

Chişinău also takes an unequivocally pro-Ukrainian position in Russia's war against Ukraine. After the start of Russia's full-scale invasion of Ukraine, Chişinău strongly condemned Russian actions. Moldova has also received the highest number of Ukrainian refugees per capita, which has had a positive impact on relations with Kyiv. Additionally, Moldova cooperates with Ukraine and Romania within the framework of the troika, established in 2022, through which meetings of the foreign ministers of the three countries are regularly organized; the third meeting was held in July 2024.

Credibility



Regional cooperation



Moldova's relations with the European Union are exemplary, as shown by the country being granted EU candidate status in June 2022 and starting accession negotiations two years later. Conversely, Chişinău's pro-Western and pro-Ukrainian policies have led to deteriorating relations with Russia, which Moldovan authorities consider a significant threat. Since the onset of the war in Ukraine, Russian politicians have issued direct or indirect threats to the Moldovan government, warning of the unpredictable consequences of its current policies and organizing mass protests. Russia also criticizes Moldova's decision to withdraw from the Commonwealth of Independent States (CIS).

Strategic Outlook

Moldova's democratic and reform agenda faces a major test in the parliamentary elections scheduled for autumn 2025. The ruling Action and Solidarity Party (PAS) has only a moderate chance of repeating its 2021 success and securing an outright majority. As a result, it will likely need to form a coalition government. Early 2025 polling suggests that the only other pro-European – at least nominally – party expected to cross the electoral threshold is the Movement of National Alternatives (MAN), led by Chişinău Mayor Ion Ceban. However, given Ceban's pro-Russian background, many analysts view him as an unreliable partner merely adopting a pro-European stance for political gain. A forced PAS–MAN coalition could undermine governmental cohesion and slow Moldova's progress toward EU integration.

Russia is expected to intensify efforts to weaken PAS ahead of the elections. As in previous electoral cycles, Kremlin-linked actors, particularly Ilan Şor and his network, are likely to attempt to manipulate voters through disinformation and vote-buying. Hybrid tactics aimed at destabilizing the country – such as stirring unrest in Transnistria or the pro-Russian Gagauz Autonomy – are also likely to reemerge.

To navigate these challenges, Moldova will require sustained and substantial support from its Western partners. This includes financial assistance to offset rising fuel and energy costs, as well as continued technical expertise and political backing. While Chişinău has already benefited from considerable Western support to counter hybrid threats – which has been instrumental in resisting Russian interference – increased assistance remains essential. International partners should also prioritize support for structural reforms, particularly in purging the judiciary and public administration of individuals linked to entrenched corruption networks. Additionally, investment in infrastructure and the real economy must translate into tangible improvements in living standards to sustain public trust in the reform agenda.

At the same time, the government in Chişinău now has a historic opportunity to address the long-standing Transnistrian conflict. Since 2022, the breakaway region has become increasingly dependent on Moldova. Although Tiraspol remains politically aligned with Moscow, it has grown more susceptible to pressure from Chişinău. Following the closure of the Transnistrian section of the Moldovan-Ukrainian border in 2022, Moldova regained control over trade with the region. By 2024, Chişinău compelled local businesses to pay customs duties equivalent to those on the right bank of the Dniester. Moreover, by 2025, Moldova had expanded its influence in the region's energy sector, making the authorities in Tiraspol more open to dialogue. These developments present a rare opportunity for tangible progress toward resolving the conflict.